

**NATIONAL ASSOCIATION OF REALTORS® (NAR)
RPAC CONGRESSIONAL CANDIDATE SCREENING QUESTIONNAIRE**

Brian Lentz
PA Congressional District 7
July 15, 2010
9:30 am

RPAC CANDIDATE QUESTIONNAIRE: NAR LEGISLATIVE CONCERNS

I. TAXES

A) 2010 promises to be a lively tax year. Congress will continue to work on solving problems related to the Alternative Minimum Tax, the imminent expiration of the 2001 Bush tax cuts and other programmatic funding needs. To find revenues for these efforts, Congress could retool the entire tax base, impose a flat tax, eliminate or reduce itemized deductions (including mortgage interest and state and local taxes), impose a national sales tax (including sales taxes on home sales) or devise some combination of all of the above. In addition, President Obama has proposed limiting itemized deductions. Many of these proposals would have an adverse impact on current homeowners and could create a barrier for prospective purchasers.

1) What is your position on tax reforms that eliminate or curtail the mortgage interest deduction and/or imposes a sales tax on home purchases?

Support Oppose Don't Know

Please explain: **They should be a reform of last resort. I am currently a legislator; you can check my record on this. Often, when we need revenue, the first place that they look is real estate. When they looked to increase the RTT, I opposed that. I do not know what the nation will face, but I feel that should be a last resort. We want to get the real estate market going in this economic climate.**

B) Current tax law makes a distinction between capital gain income and ordinary income. NAR has always supported this distinction and believes that capital gains tax rates should be significantly lower than ordinary income tax rates. NAR believes that low capital gains rates unlock investment, generate additional federal revenues and increase economic growth. The lower rate is also a proxy that reduces the effects of inflation when appreciated assets are sold. Unfortunately, however, Congress has focused on real estate investors and has both debated and, in some cases, enacted legislation that has the effect of imposing a higher tax rate on sales of real estate investments than on financial assets such as stocks and bonds. In addition, the current capital gains rate of 15% is scheduled to revert to 20% in 2011.

1) What is your position on the capital gains tax rate? Should the current 15% rate be permitted to revert to 20% in 2011 as scheduled under current law?

**NATIONAL ASSOCIATION OF REALTORS® (NAR)
RPAC CONGRESSIONAL CANDIDATE SCREENING QUESTIONNAIRE**

Support Oppose Don't Know

Please explain: **I have to talk to people that have expertise about issues such as this. The real estate rate should not be higher than financial assets. In this climate of economic recovery, it would be wise to keep this rate where it is. In the narrow area of real estate, it would be reasonable for these rates to stay. I am opposed to increases of the real estate transfer tax. We need to work to get the market going.**

2) What is your position on reducing the capital gains tax rate on the sale of investment real estate to the same lower rate as gains on the sale of financial assets are taxed?

Support Oppose Don't Know

Please explain: **Again, it would be wise to keep this rate at 15%. Rates should be equal on all gains.**

II. HOUSING & MORTGAGE FINANCE

A) Currently, there is increasing discussion of the need for banking and financial services regulatory reform. Included in the mix of discussions are reforms of the secondary mortgage market, which include Fannie Mae and Freddie Mac, two of the nation's Government-Sponsored Enterprises (GSEs). The different models for reform of the secondary mortgage market range from total privatization of Fannie Mae and Freddie Mac to total public ownership of the GSEs. While arguments for approaches on both ends of the spectrum have been made, the current problems with liquidity in the housing mortgage markets have illustrated the importance of some degree of public involvement when private lending activity is constrained.

Do you support some level of government participation in the secondary mortgage market to ensure liquidity?

Support Oppose Don't Know

Please explain: **Yes. There are obviously many problems with the execution of Freddie Mac and Fannie Mae's mission, but their role is valuable. They did some things that were reckless, but their overall mission was a valid one. We should fix the execution, but we should not completely do away with them altogether. We had a similar debate at the state level, and we considered the role of government in the student loan arena. I have not reached a conclusion as to whether that should become a completely government operation or remain a hybrid.**

(B) The business practices of a number of mortgage lenders and investors were direct contributors to the collapse of the housing market. As public outrage for these practices grew, a national discussion ensued regarding necessary reforms of lender compensation, the consumer's use of certain mortgage products, and the utilization of lending terms that can be detrimental to some consumers' financial well-being. However, some proposed reform efforts had the potential

**NATIONAL ASSOCIATION OF REALTORS® (NAR)
RPAC CONGRESSIONAL CANDIDATE SCREENING QUESTIONNAIRE**

to hurt consumers by stifling the development of future innovative mortgage products, as well as constraining mortgage choices for those consumers whose personal circumstances would justify a less standardized alternative mortgage product.

Do you support efforts to further discourage abusive lending practices so long as these efforts allow consumers to continue to have a range of mortgage types from which to choose?

Support *Oppose* *Don't Know*

Please explain: Yes. There are sometimes tendencies to overreact to problems, and that is a danger. It is key to acknowledge that you do not always understand business as a legislator. We do not want to undercut the ability to do business or prevent people from having access to credit.

C) With the collapse of the private secondary market, the FHA mortgage insurance loan program has handled a volume of loan applications that are 4 times larger than its 2007 levels. During this same time, FHA's market share has increased to over 30 percent of the nation's total mortgage lending activity. Despite its key role in today's mortgage markets, the FHA's Single Family program currently operates with a nation-wide staff shortage of 160 positions and technology that is an average of 18 years old.

Do you support additional funding for the FHA to allow the mortgage insurance program to fulfill its critical new role in the nation's mortgage market?

Support *Oppose* *Don't Know*

Please explain: Yes. I think the FHA is a success story. The FHA has been historically successful, and we should reinforce that. The investment in 160 jobs and updating their technology, there would be a very likely return on that. The debt is a very real issue, but we should not let it constrain us in areas that will have a direct positive impact on our economy.

III. ENERGY EFFICIENCY

An existing voluntary ENERGY STAR program compares commercial buildings and provides energy labels and ratings. Proposals in Congress would make this program mandatory in some instances and expand it to all multi-family and single-family homes in the U.S. NAR does not believe these ratings will be widely understood and would stigmatize older, historic and inner-city homes, driving down selling prices and government revenues -- all without any assurance that ratings lead to needed energy improvements and savings.

What do you believe is the most effective role of the Federal government in improving building energy efficiency?

NATIONAL ASSOCIATION OF REALTORS® (NAR)
RPAC CONGRESSIONAL CANDIDATE SCREENING QUESTIONNAIRE

- Providing the right financial incentives (i.e. retrofit tax credits, low interest loans, etc.) and tools to encourage home owners to make energy improvements.*
- Mandate state energy programs that rate and label every home and building in the U.S.*
- Don't Know*

Please explain: **The climate change bill that passed the house did include some of these measures for new construction. The point is a good one, and there probably is some use in having new construction with mandatory energy efficiency. Financial incentives are the way is the best practice. Creating incentives and allowing for exceptions are the way to go. When you talk about our energy policy, the best thing we can do is use less. I practice this myself. The greatest thing that we can do for homeowners is to help them to use less. It is a good goal, but it should be done with precision.**

IV. PROPERTY INSURANCE ISSUES

A) The affordability and availability of property insurance is a significant problem for some homeowners, particularly those in disaster-prone areas. Even prior to Hurricane Katrina, recent natural disasters have made adequate, affordable homeowners' insurance difficult to obtain. As a result of recent hurricanes, a number of insurance companies declined to write new policies, cancelled existing policies, or imposed strict limits on existing policies in certain parts of the country. A number of states have created their own insurance programs to address insurance availability and affordability concerns.

1) Do you support development of a federal backstop for state property insurance markets to help alleviate this crisis?

- Support Oppose Don't Know

Please explain: **Yes. I supported that at the state level. It is an issue in our area. I have worked very hard with Congressman Sestak to come up with a comprehensive flood plan. You really need to have an understanding of the whole picture. I also supported legislation for a state backstop. I have voted for it in committee, and I would vote for it in the US House.**