

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

**Patrick Meehan
PA Congressional District 7
July 22, 2010
10:00am**

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:

I am not in support of changing the traditional encouragement we have by imposing a sales tax on transfers of property or the mortgage interest deductions. I remember that moving into a home, the mortgage interest deduction encouraged me to become a homeowner. Every homeowner, wherever you fall in this line, has the advantage of being able to get a deduction. I am also very concerned about using a revenue generating thing for government. That could have a chilling impact on a person's choice to buy a home. People look at their resources when they are buying a home, and taxing that could really impact their abilities.

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.

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

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?

Support Oppose Don't Know

Please explain:

I do not support the expansion of the capital gains rate to 20 percent. That would also chill investment. The reality is that for many businesses and families, their principle asset is real estate.

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:

I have already come out in support of reduced capital 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. I do support some level of government involvement. We have to look at what has transpired to determine if there are things that need to be done. I think that this is central to our economy. The participation of the greatest level are homeowners that spur the economy. The government has a role in participating and supporting that.

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

(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 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, I do. I had some experience with the predatory lending issue as United State Attorney. It goes back to very basic things...there was a loosening of standards. It is about doing an accurate measurement of what you are evaluating, and assuring that that is true. I think that there need to be appropriate checks on the capacity of people to make payments on those loans. It has as much to do with people's truthful representations as it does of the instruments. There needs to be the appropriate securities.

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:

I don't know that I understand enough about the details to just automatically put funding there. I would think that if this is such a successful program, it would make sense to support it. We do not want to create roadblocks to these types of transactions from taking place. There may be a way to get resources to match the demand without creating a long term staff that may not be needed in the future because of fluctuations in demand.

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

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?

- 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:

To some extent, stay out of things. This is another measure that the federal government may not need to be involved. This is why we have home inspections. In a region like ours, with older housing stock, this could create a rating system that would put unfair impediments on older homes. In a region like ours, you have to be able to move all of the housing stock. The appropriate thing to do would be to create incentives. There is an inherent reward for investing in such improvements, but we should not create a situation of government run amuck.

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:

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

Generally, it would look at it as an issue where there are regional challenges from one area to another. It seems to me the way that the way to start that is that the states would evaluate their situation, and the state should determine what they should do to provide for insurance issue. The federal government, on a case by case basis, providing relief could be a backstop.