



MINUTES

Policy Board
Monday, October 1, 2007
The Lodge
Williamsburg, Virginia

Presiding: Melanie Thompson, 2007 President

1. CALL TO ORDER

The meeting was called to order by 2007 President Melanie Thompson.

PART 1 – Administrative Matters

2. CONSENT AGENDA ITEMS

Motion: To approve the Consent Agenda, containing the Minutes of the August 29-30, 2007 meeting, and the financial statements for the period ending August 31, 2007, showing an operating surplus of \$1,559,138.25, subject to audit.

Policy Board Action: Approve

3. OFFICER REPORTS

a. President's Report – *President Thompson*

Motion: To approve the following definition of the Strategic Reserve Fund: VAR shall maintain a Strategic Reserve Fund that may be utilized to fund specific VAR strategic objectives, as determined by the Policy Board.

LT Recommendation: Recommend approval

Board Action: Approve

b. President-Elect's Report – *President-elect Pat Jensen*

Motion: To approve appointment of Chairs and Vice Chairs for 2008 Advocacy Groups, Special Interest Groups, and Special Committees. (Attachment A)

LT Recommendation: Recommend approval

Board Action: Approve

4. **GOAL C: REALTORS AND THE REALTOR ORGANIZATION ARE SEEN AS THE PRIMARY DRIVERS OF REAL ESTATE RELATED LEGISLATION, REGULATION, AND POLICY.**

Motion: To approve 2008 Standing Advocacy Positions, including new standing position on Real Estate Taxes (Attachment B)

LT Recommendation: Approve

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Board Action: Approve

- I.g. Advocate policy change for addressing regulatory barriers to doing business across state lines.

Motion: Accept Report of the State Line Barriers Work (Attachment C)

LT Recommendation: Recommend Acceptance

Board Action: Accept

5. GOAL D: VAR OPERATES IN AN EFFICIENT, EFFECTIVE MANNER THAT ENHANCES THE VALUE OF REALTORS®' VAR MEMBERSHIP.

Motion: To approve revisions as presented to sections 3 – 8 of the revised VAR Policy Manual.

LT Recommendation: Approval, excluding item 3.6

Board Action: Approve, excluding item 3.6

6. Other Business

The Economic Development Work Group Report was presented. (See Attachment D)

ADJOURNMENT

There being no further business, the meeting was adjourned.

ATTACHMENT A

2008 Chair and Vice Chair Appointments

Committee	Chair	Vice Chair
IMAG	Scott Philip Rogers (Harrisonburg)	Michael R Guthrie, (Charlottesville)
PDAG	Amy Gianniny (Lexington)	Bitsy H Davis, (Lynchburg)
RMAG	Doris M. Brammer, (Lynchburg)	Patricia L Sury, (Charlottesville)
PPAG	Suzy Stone (Fredericksburg)	Bradley Boland (Reston)
SFWG	Kit Hale (Roanoke)	Al Patel (Williamsburg)
INV MGMT COMM	Ned Massie, IV (Richmond) 2 years	N/A
Appraisers	Mack Strickland (Chester)	Christopher Call (Fredericksburg)
Commercial	Curtis M. Mummau, (Richmond)	Conrad E. Koneczny (Winchester)
International	Francisca A. Worley (Fredericksburg)	Mary Bayat, (McLean)
Property Management	Elizabeth Kistler (Harrisonburg)	Gladys M Fain (Virginia Beach)
Virginia Managers	Melanie Thompson (Fredericksburg)	Claire Forcier-Rowe (Fredericksburg)
Relocation		
Specialists	Patricia B Owens, (Charlottesville)	Patricia L. Bodolosky – (Fredericksburg)

2008
LEGISLATIVE AGENDA

Listed below are issues that could result in legislation that VAR will introduce during the 2008 General Assembly session.

1. To add a definition and/or disclosure requirements of Automated Value Models
 - Several local associations have reported that they are seeing a higher frequency of Automated Value Models (AVM). An AVM is an electronic method of determining the value of property, based on an on-line search of local government tax records and sales comparables. VAR may seek legislation to define AVM's or require some form of disclosure.
2. Vested rights reform
 - VAR may seek legislation further protecting property owners with vested rights from localities that seek to alter past decisions made in relation to zoning applications.
3. Clarifying amendments to disclosure form requirements
 - VAR Special Counsel Lem Marshall discovered a technical flaw in the legislation passed in the 2007 General Assembly session merging the disclosure / disclaimer forms. This technical flaw related to the obligations of sellers' listing agents and landlords' agents to disclose any "material adverse facts" about a property of which they are aware to prospective purchasers or tenants. The new language clarifies that the disclosure applies only to the physical condition of the property, and not other matters. If a disclosure is necessary, it must be printed either in bold or capital letters, and either underlined or in a separate box. VAR may seek legislation to remove this obligation.
4. Clarifying amendments to overcrowding enforcement provisions
 - Currently, localities have the ability to assess daily fines against landlords whose tenants break zoning laws regarding overcrowding. VAR may seek legislation to provide that localities cannot continue to impose fees upon landlords who take legal action to address overcrowding zoning violations.
5. Grantor tax collection interpretation – assessed value versus sales price
 - VAR may seek legislation to apply consistency to a locality's option of applying the grantor tax to either the assessed amount of the property or the sales price of the property.
6. Amendments to Property Owners Associations Act
 - VAR may seek legislation to address numerous complaints we continue to hear from REALTORS® regarding POA's.

In addition, VAR will consider recommending the following items be included in the 2008 work plan for the Virginia Housing Commission:

1. Regulation of mortgage brokers
2. Regulation of 1031 Qualified Intermediaries

In addition, VAR will consider joining coalitions to support the following initiatives:

1. Capitalizing the Affordable Housing Trust Fund

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2. Consolidation of the State Water Quality Board, the State Air Quality Board and the State Solid Waste Management Board

2008 VAR STANDING POSITIONS

APPRAISERS: ASSOCIATE REAL ESTATE APPRAISERS LICENSE

VAR supports a requirement that entry-level real estate appraisers be licensed and that a license be obtained only after the completion of 75 hours of education. In addition, VAR supports legislation to allow appraisers to have the ability to make their licenses "inactive" under similar rules as those applied to real estate agents.

APPRAISERS: COMPOSITION OF THE VIRGINIA REAL ESTATE APPRAISER BOARD

The Virginia Real Estate Appraiser Board is a nine-member Board. The Real Estate Appraisal Board requires only six licensed appraisers. In the Commonwealth of Virginia, membership on professional boards and commissions has traditionally been limited to practitioners of the occupation or profession to be overseen, plus an appropriate number of citizen members.

VAR supports legislation to amend the *Code of Virginia*, Section 54.1-2012, to change the structure of the Virginia Real Estate Appraisal Board to reflect seven members licensed as real estate appraisers, two as certified general, two as certified residential and three licensed and two citizen members.

AUCTION OF REAL ESTATE

VAR recognizes the need for qualified real estate auctioneers and further, the need to protect the consumers in real estate transactions. VAR supports the requirement that any person selling real estate at voluntary public auction must be licensed pursuant to the Real Estate Board.

BAD CHECK RECOVERY

VAR supports legislation to address the recurring problem of the absence of a meaningful penalty for a tenant giving a landlord a bad check for payment of residential rent. VAR supports strengthening the civil remedies for bouncing checks or making it a criminal offense for repeat offenders.

BPOL EXEMPTION FOR APPRAISERS

In 2002, a law was adopted that exempts real estate brokerages from paying BPOL tax on commissions paid to their affiliated licensees, who are independent contractors but practicing under the broker's license. Registered business entities (Section 54.1-2011E) seek the same exemption for themselves when their staff affiliates are licensed appraisers and independent contractors.

This would fairly assess the BPOL tax on any staff affiliate who is a licensed appraiser and will benefit from the cash receipt/income.

VAR supports exempting appraisers from certain BPOL taxes when their staff affiliates are licensed appraisers and independent contractors.

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BUILDING ACCESS FOR TELECOMMUNICATIONS AND VIDEO SERVICES

VAR supports the right of private property owners to receive compensation for the reasonable value of the services performed by the landlord and the reasonable value of the rental real property used by a telecommunications or video provider in multiple dwelling units (MDUs).

BUILDING CODE ENFORCEMENT IN EXISTING PROPERTIES—RENTAL INSPECTION AUTHORITY

The Uniform Statewide Building Code (USBC), in the “Property Maintenance” provisions applicable to existing commercial and residential properties, allows a local building official to address maintenance issues that affect the public health, welfare and safety. VAR opposes any effort on the part of local governments to use the USBC to require property owners to retrofit properties, or to inspect rental properties, without the permission of the property owner, except in the one circumstance addressed in the existing state law, which is when the local government has evidence that inspection is necessary for the public health, welfare and safety.

CHESAPEAKE BAY PRESERVATION ACT

VAR is concerned about maintaining the balance between a healthy Chesapeake Bay and a strong, viable economy in Virginia. VAR supports local ordinances that do not go beyond the Commonwealth’s mandated minimums. VAR will continue to support reasonable and fair regulations that promote a balance between economic growth, the protection of private property rights and the preservation of the environment while opposing any initiatives that exceed these criteria. VAR will oppose efforts to expand the CBPA.

DILLON RULE

The Dillon Rule is the foundation of the good business climate we enjoy in the Commonwealth. VAR opposes any substantive changes to Virginia’s Dillon Rule system.

ECONOMIC DEVELOPMENT INITIATIVES

Often times, Virginia finds itself in a highly competitive battle with other states in attracting industry and jobs to the Commonwealth. To lure desirable industries, other states offer comprehensive packages, which include state funding, tax credits and infrastructure development. Given the broad-based economic development fostered by the location of major industries in Virginia, VAR supports the philosophy of providing relocating businesses with fiscally responsible incentive packages, which might include items such as state funding, tax credits, and infrastructure development.

These incentive packages should not diminish, however, the Commonwealth’s commitment to fostering a pro-business environment, which facilitates the growth of small businesses, as they are responsible for the employment of the majority of citizens, and of other established Virginia businesses, which have already shown a commitment to the economic vitality of the Commonwealth.

ENTERPRISE ZONES

VAR supports the expansion and enhancement of the state’s Enterprise Zone Program.

EXTERIOR INSULATING AND FINISHING SYSTEM (EIFS)

VAR believes that EIFS is a disclosure issue, not a material defect. VAR and its local associations continue to monitor this issue, however, as additional studies are conducted, to

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ensure that we reduce potential harm to the public and liability for REALTORS® from EIFS products.

GROWTH ISSUES

Increased population growth and demographic shifts from urban centers have prompted major discussions about poor development patterns and whether local governments have the necessary authority to effectively regulate land use and fund their public infrastructure needs.

VAR and its local associations oppose the expansion of local government authority by the General Assembly in land use powers. VAR has consistently supported additional broad-based revenue sources for public infrastructure funding.

To that end, VAR supports:

- Efforts to encourage regional cooperation; and
- Dedicated, broad-based funding methods.

VAR strongly opposes additional “growth control” measures that will only exacerbate current problems with sprawl and the lack of affordable housing in many regions of the Commonwealth. Examples include:

- Adequate Public Facilities (APF) ordinances, which would require that supporting infrastructure be in place prior to, or concurrent with, governmental approval of a particular project;
- cash proffers;
- Mandatory Transfer of Development Rights (TDR); and
- Exclusionary zoning practices such as drastic increases in minimum lots sizes or other decisions that discourage high-density development.

HISTORIC PRESERVATION ORDINANCES

VAR opposes the implementation of historic preservation ordinances that go beyond the current state law in regulation of historic preservation and create unreasonable costs for property owners. VAR believes that historic preservation benefits the entire community and should be paid for by the entire community by allowing tax credits for compliance with ordinance requirements.

HOMEOWNERS INSURANCE

Due to a difficult insurance market, homeowners insurance has become increasingly difficult to obtain and afford. Since mortgage lenders will not grant a loan without property insurance, this can be the crucial factor in a real estate transaction.

VAR recognizes that homeowners insurance is an essential part of the real estate transaction and is dedicated to ensuring its availability and affordability for all consumers. To that end, VAR supports:

- Measures to improve consumers’ access to their individual credit information, C.L.U.E. report and insurance score;
- Improvements to the underwriting process that would increase predictability for consumers;
- Increased accuracy of the claim information that insurance companies report to the C.L.U.E. database; and

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- Clear legislative and/or administrative guidelines on the practice of credit scoring, which includes requiring that insurers promptly respond to requests for issuance of homeowners' insurance and that insurers not cancel homeowners' insurance policies after closing on the purchase of a home.

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HOUSING OPPORTUNITY

VAR is concerned about the limited supply of "workforce" housing in many localities throughout Virginia.

On the homeownership front, the decreased housing supply in many localities has caused home prices to increase dramatically, which follows the basic laws of economics.

We are committed to improving the affordability of housing, committed to the development and preservation of Virginia's housing stock and making it available to the widest range of potential homebuyers.

As a means of addressing our concerns, VAR will continue to identify regulatory impediments, on both the state and local levels, to the development of housing that meets the needs of all Virginians. VAR will also look for innovative methods that can be utilized by state and local government to address these issues.

IN-FILL DEVELOPMENT and INNER CITY REVITALIZATION

VAR believes that the revitalization of our inner cities and policies which promote in-fill development are central to addressing sprawl. In short, we believe revitalizing older neighborhoods and encouraging in-fill development are sound public policy, as these practices utilize already existing infrastructure. Officials at all levels of government should cooperate and collaborate to alleviate obstacles inherent in efforts to achieve such revitalization. Every effort should be made to address the concerns of current residents who worry about the impact of planned in-fill development upon their quality of life.

LEAD-BASED PAINT

VAR supports the current federal law that mandates lead warning and disclosure in the sale or lease of homes built prior to 1978, but opposes mandatory lead testing and/or abatement tied to any aspect of the real estate transaction process. VAR supports the goal of assuring that residential properties are made "lead-safe" rather than "lead-free," and supports government backed financial incentives and relief to encourage the abatement and/or encapsulation of residential lead hazards. VAR supports efforts similar to ones proposed in California, which specify that disclosure in purchase contracts is sufficient for disclosure purposes. However, VAR is opposed to efforts to mandate that lead paint risk assessments be conducted.

LICENSE REVOCATION/SUSPENSION FOR SEXUAL OFFENDERS

The current Virginia statutes do not require the Real Estate Board to suspend or revoke the license of a real estate licensee who is found guilty of a sexual crime and listed on the Sex Offender and Crimes Against Minors Registry. The Real Estate Board Regulations define such conduct as being in violation of the Regulations, with the Real Estate Board having the authority to suspend or revoke the license of a real estate licensee, upon conviction, once all appeals have been exhausted.

Many local associations offer lockbox and keypad services, which allow electronic entry into homes listed for sale or rent. Many of the policies and bylaws for local associations and their

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keypad program also prevent termination of services for members convicted of sexual offenses until all appeals processes are completed, or their licenses have been revoked or suspended.

VAR supports amending the *Code of Virginia* allowing the Virginia Real Estate Board to summarily revoke or suspend a real estate licensee who has been convicted of a sexual offense and/or listed on the Sex Offender and Crimes Against Minors Registry, prior to exhaustion of all appeals.

LOCAL REGULATIONS WHICH EXCEED STATE MANDATES

VAR supports legislation which would prohibit a local government from imposing a stricter regulation or standard than the standard established by any state regulatory agency. Conversely, VAR opposes legislation that would grant local governments the authority to impose stricter regulations or standards than those established by state law.

PRESERVATION OF OPEN SPACE and the ENVIRONMENT

We support the preservation of lands through public action as long as those efforts respect private property rights and are not achieved through "takings." We believe lands designated for open space or other preservation should always be purchased from a willing seller who is compensated at fair market value. We believe that those who benefit from open space – the general public—should fund its purchase. We oppose the use of real estate fees as a dedicated funding source for open space that is enjoyed by the general public.

PRIVATE PROPERTY RIGHTS

VAR strongly supports fair and comprehensive federal and state private property rights legislation that balances restrictions on property with the constitutional private property rights guaranteed by the Fifth Amendment of the United States Constitution.

PRIVATIZATION OF GOVERNMENT SERVICES

VAR supports continued efforts to transfer appropriate government services into the private sector, both at the state and local levels.

PROPERTY OWNERS ASSOCIATION ACT

The Property Owner's Association Act (POA) requires a disclosure by the association of rules and regulations of that association to potential homebuyers, prior to the purchase of a property subject to the POA. For some smaller, older associations, it can be difficult to meet the requirements because they have no staff or inadequate records. VAR believes that the current provisions of the POA strike the right balance and provide a fair and reasonable process for all parties.

REAL ESTATE SETTLEMENT PRACTICES

VAR will oppose any proposal that would substantially amend CRESPA or CRESPA's legislative intent either through the Virginia State Bar or in the General Assembly. We also oppose any language that prohibits REALTORS® and other lay settlement agents from having the right to conduct fair business practices and giving consumers their rightful choices in settling transactions.

REGIONAL COOPERATION

VAR encourages local governments to work together in regional efforts to save costs and eliminate duplication of services. The General Assembly should continue to develop and implement incentives for local governments to work together in regional cooperative efforts to

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provide services to citizens at a lower cost, and to enhance the region's opportunities for future economic development.

REGULATION OF HOME INSPECTORS

VAR supports the expansion of the voluntary certification program toward the creation of a licensing and continuing education protocol. Currently Virginia home inspectors participate in a voluntary certification program. VAR would like the system to become mandatory and include a rigorous continuing education program to ensure consumers who use a home inspector are assured of having a well trained professional.

REGULATION OF SEPTIC INSPECTORS

VAR supports the creation of a licensing and continuing education protocol for septic inspectors. Currently the Commonwealth lacks a septic system inspector licensing system. These associations are committed to working with the Virginia Department of Health to develop an inspection-licensing program to protect the public health.

REMOTE ACCESS OF PUBLIC RECORDS

Remote access (via the Internet) to public records, e.g., residential tax data, facilitates greatly the daily business practices of REALTORS®.

Nevertheless, given the public access to the data that invariably results from its posting on the Internet, protection of private and personal data is a legitimate concern of government.

VAR respects an individual's right to privacy and believes that government can protect that right while at the same time fulfilling its legal obligation to provide public records upon inquiry and to provide these records through the most efficient means possible, including remote access. VAR opposes any legislation that would place unnecessarily burdensome and costly regulations upon governmental entities that seek to provide public records via remote access.

RESIDENTIAL RENTAL LATE FEES/ VRLTA

VAR continues to oppose any attempts to limit late fees recoverable by a landlord against a tenant who pays rent late. Landlords currently have the authority in the Virginia Residential Landlord Tenant Act (VRLTA) to require all tenants to pay rent in a timely fashion in accordance with a lease agreement.

ROLL BACK TAXES/LAND USE PROGRAM

VAR generally supports current law for counties utilizing the "land use" assessment program. We oppose any efforts by local governments to impose roll back taxes upon a change in the local comprehensive plan. In an effort to raise money, some localities have attempted to impose roll back tax assessments by changing the local comprehensive plan to project a non-agricultural use for the land. There are inequities under the existing statute, in particular, the authority of a local government to impose roll back assessments when there has been a zoning change, which discourages responsible zoning by landowners when they do not have a specific user for the property being rezoned. VAR supports local governments having the authority to impose roll back assessments upon the "change in use", not based upon a change in the comprehensive plan or zoning for a property.

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SPECIAL EXCEPTION PERMITS/ ZONING REQUIREMENTS

VAR is concerned about the misuse of the Special Exception Zoning Process to control or restrict land use options. VAR will support legislative efforts to ensure the fair application of zoning laws.

STORM WATER MANAGEMENT

VAR supports responsible storm water control programs that do not overly burden the property owner.

SUBDIVISIONS: FAMILY

VAR supports existing state law with respect to family transfers. VAR will oppose any local government restrictions that would limit families (as defined in the *Code of Virginia*) in their rights to divide, sell or gift their property among themselves.

TAXATION IN VIRGINIA

VAR supports broad-based taxation, as opposed to taxation on only a portion of the population.

Business, Professional and Occupational License (BPOL) Tax:

VAR remains concerned over the equity in the application of the BPOL tax, limits on the real estate tax and taxes on services. VAR will continue to work towards a more equitable method of application of the BPOL tax, and at the appropriate time will push for its repeal. However, VAR opposes efforts to repeal the BPOL tax in lieu of a tax on services.

Real Estate Taxes:

VAR opposes efforts to limit or "cap" real estate taxes, unless those caps are but one aspect of a substantial reformation of the state's tax code.

VAR opposes efforts to establish a separate tax classification for various classes of real property including but not limited to different classifications for residential and commercial real property.

VAR, however, does support legislation to provide voluntary authority to local governments to exempt a percentage of assessed value of residential housing provided any such exemption is targeted to those homeowners whose owner-occupied residential housing is affordable as defined by the locality, or the homeowner's income falls within that of the population being served by the affordable housing programs of the locality.

Recordation and Grantor and Transfer Taxes:

VAR recognizes the need for Virginia's localities to raise revenue to address critical infrastructure needs, particularly for school construction. VAR opposes additional increases in recordation, grantor and other transfer taxes for the following reasons:

- Increasing recordation and grantor taxes places an additional burden on homebuyers and sellers at the time of settlement and places an unreasonable burden on real property owners;
- Recordation, grantors and other transfer taxes are an unstable and unpredictable source of revenue. Because home sales are cyclical, when a downturn in the housing market occurs, revenues from recordation and transfer taxes fall, creating added pressures for a tax increase;

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- Any transfer tax also is a regressive tax. In general, people tend to spend a smaller share of their income on housing as their income increases; and
- Recordation, grantors and transfer taxes are more severe than an increase in a broad-based tax designed to generate the same amount of total revenue. The base transfer tax is very narrow relative to a more general tax, such as a local option sales tax; so fewer people pay the tax in a given year. Distributing the burden among a wider group of taxpayers reduces the tax burden per taxpayer.

TERMITE AND PEST CONTROL INSPECTOR REGULATION

VAR supports a licensing/certification program for termite and pest control inspectors and will continue to work with the Virginia Pest Control Association to accomplish this goal.

TRANSPORTATION PROJECTS

VAR recognizes the need to develop a balanced transportation system that can effectively move people and products throughout the Commonwealth while enhancing the economy and preserving a high quality of life. VAR believes that our transportation system, provided by the state and in conjunction with local governments, should be funded by broad-based revenue sources.

Accordingly, VAR supports:

- A dedicated long-term funding source for transportation;
- A constitutional amendment that would dedicate funds to transportation construction and maintenance;
- The use of bonding authority to underwrite the costs associated with major transportation projects;
- Creative approaches to transportation construction and maintenance through increased use of the Public-Private Transportation Authority (PPTA);
- Creative approaches to congestion management efforts through proven practices;
- Creation of regional entities authorized to collect and distribute public funds for transportation projects and maintenance; and
- Road improvements, as well as accommodations for car/vanpools, light rail, and a feeder bus system that ties into Metrorail.
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VANDALISM OR CRIMES TO PROPERTY

VAR opposes legislation that would give local governments the authority to require businesses to be responsible for crime (including vandalism) occurring on their property. The property owners in these circumstances are themselves victims of crime and should not be ordered by local governments to make repairs within a certain time or face penalties of the local government, or even lose the right to occupy the property.

VIRGINIA RESIDENTIAL LANDLORD TENANT ACT

VAR supports a balance in the Virginia Residential Landlord Tenant Act (VRLTA) and clarifications in the law to avoid confusion for public officials, lawyers, judges, real estate professionals, the general public, and most of all, landlords and tenants.

WATER RIGHTS

VAR believes that a landowner's use of groundwater on real property is just one "stick" in the "bundle" of real property rights. Virginia has always followed the common law practice of what

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is called the “American Rule,” which means that a landowner can have unlimited use of the groundwater beneath his property so long as the use is “reasonable” and the water is not exported off the land.

VAR views the use of groundwater as an inherent part of private property rights and opposes any attempts by state or local officials to infringe upon this right, except in instances of a water emergency. VAR also opposes any local government efforts to link water supply planning and growth management without any consideration of increased capacity.

WETLANDS--CLEAN WATER ACT

VAR supports government policies that would:

- Ensure that appropriate scientific criteria are used to identify regulated areas;
- Focus on preserving high value wetlands;
- Require that local officials and affected property owners be notified of the program and the presence of wetlands; and
- Encourage the use of wetlands mitigation banking.

STATE LINE BARRIERS WORKING GROUP RECOMMENDATIONS

REALTORS® represent their clients in neighboring states everyday, but their efforts are often hindered by obstacles placed in their paths by state regulators.

The State Line Barriers Working Group was charged with investigating regulatory and practical barriers to conducting real estate transactions across state lines and making recommendations for reducing those barriers. To that end, the group met on May 7 and August 21, 2007, at VAR headquarters and via conference call on June 27, 2007.

The group decided early in its meetings that its focus should be two-fold: Finding ways to reduce barriers for our members seeking to work in contiguous states, and improving access for out-of-state REALTORS® transacting business in Virginia.

Reducing Barriers With Virginia's Neighboring States

It became clear during the group's discussions that some states are easier to work with than others. In order to gain a more accurate assessment of our relationships with different states, the group requested that VAR staff and selected members of the working group gather data concerning reciprocity requirements from other states (see the attached data).

The Virginia Real Estate Board (VREB) indicated that Virginia has written reciprocity agreements only with Oklahoma and West Virginia. However, despite the absence of written agreements, some states grant reciprocal licenses liberally.

Virginia REALTORS® working in Washington, D.C., and Maryland have experienced relatively few problems receiving reciprocal licenses. D.C. does not currently have recognition or reciprocal agreements with any other jurisdiction, but Maryland and Virginia applicants may take the D.C. law portion of the exam and complete a 3-hour Fair Housing Course without having to submit to a waiver application. Maryland requires a state exam, proof of licensure in good standing and a review of credentials for standard agents.

The Tennessee Real Estate Commission's website indicates a written reciprocity agreement with Virginia, but VREB staff does not have a record of such an agreement. Nevertheless, Tennessee is very generous in granting reciprocal licenses to Virginians.

On the other hand, Virginia REALTORS® have found it more difficult to work in North Carolina. North Carolina has reciprocity agreements with thirteen other states, but Virginia is not one of them. Therefore, Virginia REALTORS® face much more stringent reciprocity requirements than, for example, a Nebraska REALTOR® would.

Larry Outlaw, Director of Education and Licensing with the North Carolina Real Estate Commission (NREC), made clear in a phone conversation that Virginia has not approached NREC about creating a reciprocity agreement. Mr. Outlaw also stated that NREC would be open to the idea, but it is behind on finishing other agreements and it has not received much

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indication that North Carolina REALTORS® want better access to Virginia. In fact, his sense is that Virginia REALTORS® want greater access to North Carolina markets but North Carolina REALTORS® want to keep them out.

Clearly, REALTORS® face very different, and sometimes onerous, reciprocity standards depending on the state. The State Line Barriers Working Group offers the following proposals to improve access for Virginia REALTORS® in other states:

- 1. Formally request that VREB approach the North Carolina Real Estate Commission about creating a reciprocity agreement.** Many Virginia REALTORS® would like to do business in North Carolina and we should work to improve their access.
- 2. Recommend to VREB that it create mechanisms for regularly communicating with surrounding state boards.** As demonstrated by the group's feedback from North Carolina's Larry Outlaw, VREB has not consistently worked with contiguous state boards on topics important to REALTORS® who conduct business across state lines. VAR will work with VREB to carry out this objective.
- 3. Request that ARELLO provide guidance to regional real estate boards and commissions to create more seamless reciprocity agreements.** ARELLO is a national authority on real estate licensure and can provide valuable input for improving and facilitating reciprocity agreements.
- 4. Initiate a meeting of regional real estate commissions and boards to improve relationships and work towards reducing barriers.** A meeting that brings together staff with commission and board members to discuss common issues of concern will improve relationships and understandings among the various states.
- 5. Include funding in VAR's budget to encourage cooperation with neighboring states and organizations.** Communicating and working with neighboring states and stakeholders to reduce barriers will require travel, mailings, and other administrative costs.

Improving Access for Commercial REALTORS®

Commercial real estate transactions contribute a great deal to the Commonwealth's economic health, and many are consummated between firms from neighboring states. However, Virginia's laws and regulations do not reflect the fact that commercial real estate transactions increasingly are conducted across state lines. For example, it is illegal to pay a commission to a business entity or individual not licensed in Virginia for a licensed activity performed in Virginia. This often leads to situations in which deals are completed, but out-of-state REALTORS® are treated unfairly and not paid their due compensation.

Recognizing the benefit of encouraging commercial transactions in Virginia, the working group recommends that VAR staff conduct research on ways to improve access for out-of-state commercial licensees. Utilizing this data, the working group will propose legislation aimed at reducing barriers for commercial transactions crossing state lines.

Economic Development Work Group
October 1, 2007

The working group was charged to:

Make recommendations for enhancing REALTOR® influence and usefulness in local and state economic development efforts, including investigating development of a REALTOR®-specific economic development certification course.

Chairman Sawyer, John Broadway and Carole Umbel met with the current president of the Virginia Economic Developers Association, Jay Langston, and the association's executive director, Connie Long, to discuss and identify areas of common interest where VEDA and VAR could work together on economic development initiatives. In addition, a conference call was initiated that included Kimberly Weir, International Investment Manager for VEDP's Virginia International Trade Alliance Task Force (VITAL); Angela Eliopoulos, Chair of VAR International Committee; Chairman Sawyer; John Broadway and Carole Umbel.

Prior to formally meeting at the offices of the Virginia Economic Development Partnership on July 18, 2007, each member of the work group was tasked to contact economic development officials in their market area. The information gathered through these contacts was reported to the work group at the July 18th meeting and is herein included as part of the work group's final report.

As a result of these meetings, discussions and outreach initiatives by members of the Economic Development Working Group, the following recommendations and findings are respectfully submitted for consideration:

Premise:

The Virginia Economic Development Partnership needs assistance in developing and implementing economic growth strategies and would, for the most part, welcome qualified VAR participation. However, the structure for implementing economic development in the Commonwealth is fractured in that the state has an office, as do many localities and jurisdictions -- over 200 offices in total. While cooperation and concentration of efforts between the state and the different cities and jurisdictions would seem logical, many times it is aspirational in reality.

To be effective, VAR must recognize the different entities and formulate strategies that incorporate both state and regional offices. To that end the Working Group offers the following recommendations:

Educational Initiatives:

- It is highly recommended that VAR members take advantage of the educational courses currently available through VEDA.
- VAR, in cooperation with VEDA should advertise these courses as to content, time and place they are given to provide its members every opportunity to participate.
- VAR should maintain a database identifying members who have taken courses directly related to economic development issues and share this with the VEDP as requested. Data should also include unique skills such as being bilingual, a residential relocation specialist, a commercial practitioner and other accomplishments or recognition that indicate professionalism and expertise in serving the economic development community.
- It is not recommended that VAR create a separate curriculum for the sole purpose of enlightening its members on economic development procedures, terms and/or priorities.

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VAR Leadership Initiatives:

Interact with VEDA by initiating the following:

- Sponsor a reception at the primary meeting of VEDA to provide direct exposure for VAR and provide a venue for interaction with members of both organizations.
- leadership and select Initiate and provide for a structured “Think Tank” meeting on a yearly basis between members of each organization to explore new initiatives and means of cooperation to successfully obtain common goals.
- Invite personnel from the VEDP to host an educational session at one of the VAR yearly meetings.
- Provide and encourage members of VAR staff to join VEDA and actively participate in their functions.
- Recognizing that economic development is systemic in nature, affecting all parts of a community, VAR should nurture an environment that encourages its members to actively participate in community affairs to improve quality of life and thus attract economic initiatives from a competitive and global community.

- Within the Special Interest Group, create a separate entity to address economic development issues and serve as a platform to recognize successful economic development initiatives by its members.

Summary:

As in any working relationship, it takes time to build trust and the confidence that one can deliver on promises. Unfortunately, many REALTORS® find themselves in a position to actively participate in economic development transactions by circumstance and then find that they are totally unprepared to deliver on uniquely needed services. These “failures” contribute to an environment within the economic development community that is not conducive to including REALTORS® as an active participant in their efforts.

Building upon the recommendations outlined in this report, the work group recommends that VAR seek to change that environment. We believe these initiatives can serve as a catalyst for enhancing the role of REALTORS® and the real estate industry in economic development efforts on the state and local levels, with resulting benefits accruing both to the real estate community and to the Commonwealth.