

**CREDIT UNIONS SEEK TO FILL LENDING GAP;
NEW STUDY SHOWS DEVASTATING IMPACT OF LEASE
ACCOUNTING RULES**

Credit Union Lending Increase

- There's been some recent activity to build support for legislation that would allow credit unions to increase their lending cap on loans to small businesses.
- You may recall that this is an issue that NAR supports since it would improve access to financing that is badly needed in the commercial real estate industry.
- Increased access to lending would help the commercial real estate industry get back on its feet sooner, rather than later.
- For some background, the legislation introduced in the House and the Senate proposes increasing credit unions' small business lending cap from 12 and a quarter percent (12.25%) to 27 and a half percent (27.5%) for well-capitalized credit unions.

- **The Credit Union National Association (CUNA) met with members of Congress on Feb. 7-8 in support of a bill introduced in the House by Congressman Ed Royce (R-CA), and a similar bill introduced in the Senate by Mark Udall (D-CO).**
- **NAR participated as well, voicing its support of the legislation.**
- **Both bills have a tremendous number of cosponsors (116 and 22, respectively) and bipartisan support.**
- **Despite this, there is still some back and forth between the credit unions and community banks, with the banks saying they don't believe there is enough demand among small businesses to lend money, and credit unions indicating that in fact there is plenty of pent up demand.**
- **To bolster their point, rather than bringing in credit union leaders for the meetings, CUNA was accompanied by small business owners from across the country to urge passage of the legislation.**
 - **The meetings, held Feb. 7-8, were a huge success and could add momentum to the issue.**

- **NAR and CUNA are working together to ensure that Congress passes this important legislation which would help get commercial real estate and the economy moving again.**

Lease Accounting

- **Lease accounting is a complicated issue because it affects the way commercial assets are treated on a balance sheet.**
 - **The bottom line is that a proposed rule on lease accounting would reduce the availability of credit in the market.**
- **Now, an independent study confirms this – and provides the numbers to back it up.**
 - **For example, if the proposed rule were implemented it would increase the liabilities of U.S. publicly traded companies by \$1.5 trillion.**
 - **At a minimum, the new standard would destroy approximately 190,000 U.S. jobs, and possibly many times more than that.**
 - **In the best case scenario, the U.S. GDP would be reduced by \$27.5 billion annually.**

- **Household earnings would be reduced by \$7.8 billion annually and possibly much more than that.**

- **The study will be out the week of Feb. 13 and a joint press conference between**
 - **NAR**

 - **the U.S. Chamber of Commerce**

 - **the Real Estate Roundtable, and**

 - **NAIOP, the Commercial Real Estate Development Association**

 - **BOMA, or Building Owners and Managers Association International**

 - **will be held on Feb. 16.**

- **The Wall Street Journal, The New York Times, and the Financial Times are already eagerly anticipating its release.**
 - **So you know that the study will draw a lot of attention to the negative impact these proposed lease accounting rules will have on credit availability in the commercial sector.**

- **This is great news.**
- **NAR will continue to push hard on this issue so look for more information to come.**

Marketplace Fairness Act

- **NAR and a coalition made up of dozens of organizations sent out two letters to Congress in the first week of February.**
- **The letters voice support for the Marketplace Fairness Act.**
- **The Marketplace Fairness Act would help create a level playing field for brick-and-mortar shops to compete with Internet retailers.**
- **Internet retailers don't require sales tax.**
 - **This means that states don't benefit from the sale, by collecting sales tax.**
 - **It also provides an unfair advantage over brick-and-mortar stores that are required to charge a sales tax.**

- **This acts as a subsidy to online retailers.**
- **We will keep you posted on this issue.**

REALTOR Rally in Washington, D.C.

- **REALTORS are going to show Washington – in a big way -- that we care about the state of real estate in the country.**
- **A major REALTOR Rally near the Capitol will take place on May 17, during the Midyear Legislative Meetings.**
- **You will want to be a part of it and a part of history as we rally for real estate – the first of its kind just steps from the Capitol.**
- **We want Congress to know not just about the residential market, but commercial real estate as well.**
 - **That's why we need you to be there.**
 - **But don't come alone. Bring a colleague with you. If everyone does this we can truly show our strength and tell those legislators on Capitol Hill that they need to do something about real estate NOW.**
- **We'll continue to have more information about the Rally and will keep you posted on REALTOR.org.**

Commercial Real Estate Forecast, Feb. 24

- **The next commercial real estate forecast is expected on Feb. 24.**
- **Look for it at REALTOR.org/Commercial.**

CommercialSource

- **Be sure to visit REALTOR.org/Commercial for all the latest information from NAR.**
- **Don't forget about CommercialSource.com, to search and post properties nationwide and tap into industry news.**
 - **Going to the upcoming ICSC Recon in Las Vegas? CommercialSource.com is rolling out a new scheduler for the conference.**
 - **You'll be able to schedule meetings in the NAR booth free of charge on a first-come, first-serve basis. Meet with clients and close a deal!**
 - **Look for it on [CommercialSource](http://CommercialSource.com) later this month.**