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News you can use

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SEPTEMBER 2012

Trustees Announce Candidate Support

In mid-**August**, **CABOR's RPAC** Trustees conducted interviews with candidates for Cuyahoga County Council, Ohio House of Representatives and Ohio Senate.

Candidates were asked a series of questions that addressed their positions on various real estate industry related topics.

The Trustees are pleased to announce the following candidates in the General Election are RPAC supported:

Cuyahoga County Council:
County Council, District 2—Dale Miller
County Council, District 4—Chuck Germana

County Council, District 6—Jack Schron

County Council, District 8—Pernel Jones, Jr.

County Council, District 10—Julian Rogers.

Later this month, we will announce which candidates, running for election to the Ohio General Assembly and U.S. Congress, are receiving RPAC support for the General Election.

Federal candidates are decided by NAR Trustees. State candidates are approved by OAR Trustees. CABOR RPAC trustees approve local candidate support.

The voter registration deadline is October 9th. Voters who have moved or changed their name since they last voted need to complete and return a new [Voter Registration Card](#). After a voter has registered they will receive a post card that lists their ward, precinct, and voting location. To avoid lines on Election Day and to allow extra time to study the ballot, all registered voters may Vote by Mail. Vote by Mail ballot applications are available at the Board of Elections website: www.boe.cuyahogacounty.us, by calling the Board of Elections at 216-443-3298, CABOR, and public libraries. Voters who are interested in serving as poll workers

Property Valuation Class

What: **What's Driving Cleveland**—Property Valuation & Economic Development

Speakers: Keynote address by U.S. Treasury Deputy Assistant Secretary Donet Graves, & panel discussion on the disparity of property values as seen through the eyes of lenders, brokers, and appraisers moderated by David Browning and featuring industry experts Terry Coyne, Mike Dostal, and Don Miller

Date: Wednesday, September 12th

Time: 2 – 5 p.m. (keynote & panel discussion; 3 hrs C.E. credit for real estate and appraisal approved), 5 – 7 p.m. (cocktail reception)

Place: Ohio Theater, 1511 Euclid Avenue, Cleveland, OH Directions & parking information

Cost: \$40 per person, includes continuing education, 2 drink tickets & light hors d'oeuvres. (\$50 at the door) Register online at <https://www.cabor.com/events/2012/09/whats-driving-cleveland/>

NAR-Required Ethics Training: FAQ

Why is NAR requiring ethics training?

Mandatory ethics training requirements for new and continuing REALTOR® members was established by **the National Association's** Board of Directors at the 1999 Annual Convention to heighten member awareness of the key tenets of the Code of Ethics; to create an awareness of and appreciation for the role the Code can and should play in their professional lives; to enhance professionalism and competency; and to encourage REALTORS® to view their Code of Ethics as a living, viable guide in their daily dealings with clients, customers, and the public. This requirement went into effect January 1, 2001 and the enabling policy statements can be viewed in their entirety on the Law and Policy site of REALTOR.org.

When does a member's four-year cycle start?

The applicable dates are the same for all REALTORS®. The current four-year cycle began January 1, 2009 and ends December 31, 2012.

What class should be taken by December 31, 2012?

The class offered at CABOR is Ethics: The Measure of Professionalism. This class has 3 hours of canons of ethics credit for Ohio c.e. and meets the NAR ethics training requirement. REALTORS should check with their local Board to determine if other classes meet the NAR requirement.

Who tracks REALTORS' compliance?

CABOR, or another local Board of REALTORS, will track and report members'

compliance through NRDS Education Records. REALTORS® do not have to report to NAR that they have met this requirement.

Is NAR-required ethics training available on-line?

Yes, there is an on-line training class available at www.realtor.org. The on-line **class on NAR's web site does** not have Ohio c.e. approval.

Can a REALTOR take ethics training online for c.e. credit and for NAR credit?

Yes, there are several options available. CABOR staff is able to provide information on providers.

Who can I call with questions?

Call Therese at CABOR 216/525-4840 with any questions.

“...Poll

workers earn

\$172.10 for

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...”

6,000 Poll Workers Needed Election Day

The Cuyahoga County Board of Elections is seeking civic-minded people to serve as poll workers during the November 6th General Presidential Election.

Poll worker applications are available at municipal buildings and in all public libraries throughout the County. The Board of Elections is looking for the best, most reliable Election Day workforce as possible to help administer a fair, transparent and smooth election day.

Poll workers earn \$172.10 for their service, which includes; successfully completing a poll worker training class, attending a meeting the night before the election, and working Election Day from 5:30

a.m. until about 8:00 p.m. Poll workers must be at least 17 years of age and registered to vote in Cuyahoga County. State law does not allow convicted felons to serve as poll workers.

Bilingual and Republican poll

workers are always in demand.

Each of the county's 1,063 precincts requires two Democrat and two Republican poll workers to ensure political balance during the voting process.

For an application and/or poll worker job description, contact CABOR's Government Affairs Director at (216) 901-0130 or by email

(jmcmillen@cabor.com). Applicants may also apply on-line at www.boe.cuyahogacounty.us.

or call the Board of Elections Poll Worker Department at 216-443-3277.

Top 10 Things to Know about the 3.8% Tax

1. When you add up all of your income from every possible source, and that total is less than \$200,000 (\$250,000 on a joint tax return), you will NOT be subject to this tax.
2. The 3.8% tax will NEVER be collected as a transfer tax on real estate of any type, **so you'll NEVER pay** this tax at the time that you purchase a home or other investment property.
3. **You'll NEVER pay this** tax at settlement when you sell your home or investment property. Any capital gain you realize at settlement is just one **component of that year's** gross income.
4. If you sell your principal residence, you will still receive the full benefit of the \$250,000 (single tax return)/\$500,000 (married filing joint tax return) exclusion on the sale of that home. If your capital gain is greater than these amounts, then you will include any gain above these amounts as income on your Form 1040 tax return. Even then, if your total income (including this taxable portion of gain on your residence) is less than the \$200,000/\$250,000 amounts, you will NOT pay this tax. If your total income is more than these amounts, a formula will protect some portion of your

(Continued on page 4)

“... The 3.8% tax will NEVER be collected as a transfer tax on real estate of any type...”

Mortgage Cancellation Relief Goes Forward

The Senate Finance Committee has crafted and sent to the full Senate a package that would extend the mortgage relief provision for an additional year, through Dec. 31, 2013.

The Senate was unable to act on the bill before adjourning for its August break and the party conventions. The Senate reconvenes on Sept. 10. Chairman Baucus (D-MT) had expressed a wish to finish this package be-

fore the election in order to provide certainty about the extension (or not) of more than 50 provisions. Nonetheless, it is not known if the package would also be considered in the House before the election.

In addition to the mortgage cancellation relief provision, the package also includes a relief provision to limit the impact of the Alternative Minimum Tax (AMT) in 2012 and 2013. The

15-year cost recovery for leasehold improvements is renewed (it had expired Dec. 31, 2011) and extended through Dec. 31, 2013. The provision that permits the costs associated with brown-fields environmental cleanup was NOT included in this extender legislation.

The legislation is not "paid for."

SOURCE: NAR

VA Loan Limits Reinstated, VA ARMs Made Permanent

On August 6th, President Obama signed a bill that reinstated the higher VA loan limits and made the VA ARM programs permanent. Earlier this summer, both the House and Senate passed the "Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012".

Among other things, this bill

restores the higher loan limits for VA guaranteed loans through 2014 (these limits had expired at the end of last year). In addition, the bill makes the current ARM programs under VA permanent.

Adjustable Rate Mortgages (ARMs) are especially useful loan products for active duty military. Since military families

tend to move often, an ARM or hybrid ARM can be a very reasonable choice. The VA does not allow lenders to charge veterans a prepayment penalty, and so the risk is low for the homebuyer if they move or chose to refinance. Authority for the ARMs was set to expire on Sept. 30, 2012.

SOURCE: NAR



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CABOR is the voice for real estate in
Northeast Ohio.



The mission of the
Cleveland Area Board of REALTORS®
(CABOR) is to be the leading resource and
advocate for the real estate
community, to enhance the ability, conduct
and image of its members and to protect and
promote real property rights.

RPAC contributions are not deductible for income tax purposes. Contributions to RPAC are voluntary and are used for political purposes. The amount suggested is merely a guideline and you may contribute more or less than the suggested amount. You may refuse to contribute without reprisal and the National Association of REALTORS® or any of its state associations or local boards will not favor or disfavor any member because of the amount contributed. 70% of each contribution is used by your state PAC to support state and local political candidates. Until your state PAC reaches its RPAC goal 30% is sent to National RPAC to support federal candidates and is charged against your limits under 2 U.S.C. 441a; after the state PAC reaches its RPAC goal it may elect to retain your entire contribution for use in supporting state and local candidates.

(3.8% Tax, continued from page 3)

- investment.
- The tax applies to other types of investment income, not just real estate. If your income is more than the \$200,000/\$250,000 amount, then the tax formula will be applied to capital gains, interest income, dividend income and net rents (i.e., rents after expenses).
 - The tax goes into effect in 2013. If you have investment income in **2013, you won't pay the 3.8% tax** until you file your 2013 Form 1040 tax return in 2014. The 3.8% tax for any later year will be paid in the following calendar year when the tax returns are filed.
 - In any particular year, if you have NO income from capital gains, rents, interest or dividends, **you'll NEVER pay this tax, even** if you have millions of dollars of other types of income.
 - The formula that determines the amount of 3.8% tax due will ALWAYS protect \$200,000 (\$250,000 on a joint return) of your income from any burden of the 3.8% tax. For example, if you are single and have a total of \$201,000 income, the 3.8% tax would NEVER be imposed on more than \$1000.
 - It's true that investment income** from rents on an investment property could be subject to the 3.8% tax. BUT: The only rental income that would be included in your gross income and therefore possibly subject to the tax is net rental income: gross rents minus expenses like depreciation, interest, property tax, maintenance and utilities.
 - The tax was enacted along with the health care legislation in 2010. It was added to the package just hours before the final vote and without review. NAR strongly opposed the tax at the time, and remains hopeful that it will not go into effect. The tax will no doubt be debated during the upcoming tax reform debates in 2013.

Source: NAR

Calendar of Events



- September 6—Ethics: The Measure of Professionalism (meets NAR Requirement)
 - September 12—**What's Driving Cleveland**—Property Valuation & Economic Development
 - October 17th—Northeast Ohio Real Estate Convention
- Call (216) 901-0130 for more information or www.cabor.com to register.