



REALTORS® in MD and LA Put Halt on Using Eminent Domain to Seize Underwater Mortgages—August 2014

At the Annual Meetings in San Francisco last fall, the NATIONAL ASSOCIATION OF REALTORS® adopted as policy a strong opposition to local governments using their power of eminent domain to seize underwater mortgages. At the same time, it urged state associations to work toward amending their respective eminent domain laws to prohibit this legally and economically dubious practice, one that has been strategically promoted by an opportunistic private company, dangerously tempting a number of beleaguered municipalities. When Bill Castelli, Vice President of Government Affairs at the Maryland Association of REALTORS® (MAR,) returned to Annapolis, he learned that the City of Baltimore was one of them.

Luckily for Maryland (and the rest of the country,) NAR had backed up its stance on the eminent domain issue with a special initiative within the REALTOR® Party's Issues Mobilization program. This puts resources at the ready to assist state associations in amending their state laws to eliminate the possibility of this particular mis-use of eminent domain. As the Greater Baltimore Board of REALTORS® fought the city resolution, MAR took the matter to the statehouse. "We would have been interested in NAR's initiative to pre-empt local governments from abusing their power of eminent domain, anyway," says Castelli, "but our urgency was spurred by what was happening in Baltimore."

An Issues Mobilization grant enabled MAR to work with an NAR consultant to draft a bill that was presented to both houses of the legislature, and to provide expert testimony during the legislative process. "He was a tremendous resource," notes Castelli, "always able to find the answers to the tough questions that were asked, especially in the face of opposition in the House." What the legislature passed and the governor signed in to law this spring is a temporary but significant victory for Maryland's homeowners, would-be homeowners, and real estate industry: a two-year moratorium on mortgage seizures by virtue of eminent domain, with a study mandated to explore the issue further.

Down in Baton Rouge, meanwhile, the Louisiana REALTORS® (LR) were taking a proactive approach to closing the legal loop-hole that could allow the state or local governments to exercise their powers of eminent domain against vulnerable homeowners. "We are very fortunate in having a receptive legislature," says Norman Morris, LR's CEO, who was Senior Vice President of Government Affairs at the time. "We've worked hard to build good relationships with legislators from around the state, and they, in turn, have a good understanding of how a vibrant real estate market positively affects the general economy."

With an Issues Mobilization grant from NAR, LR hired the same consultant who was working with Maryland, to draft legislation and testify before the state House and Senate. "There was no opposition," explains Morris, "but the challenge was in articulating the complexities of the issue to the legislators. It wasn't a battle, it was an education, and they wanted to be educated. We had the very best consultant to do just that."

In mid-June, Louisiana's governor signed legislation prohibiting the taking of a mortgage by eminent domain. "Kudos to NAR and the generous support of the Issues Mobilization



Committee!" says Morris. "This is yet another example of NAR helping the state association to further its advocacy efforts to benefit its REALTOR® members and the clients they serve -- and, by simple extension, the economic welfare of Louisiana."

To date, with the help of NAR's special Issues Mobilization initiative, a handful of other state associations are also actively engaged in protecting their citizens from the threat of property seizure by eminent domain. To learn more about how REALTOR® organizations are affecting eminent domain legislation, contact two that have done so: Bill Castelli, the Maryland Association of REALTORS®' Vice President of Government Affairs, at bill.castelli@mdrealtor.org or 800-638-6425; and Norman Morris, CEO of the Louisiana REALTORS®, at norman@larealtors.org or 800-266-8538.



At the signing of the Maryland bill, behind the Senate President, Governor and Speaker, (left to right) Bonnie Casper (MAR Secretary), Russ Boyce (MAR President) and Bill Castelli (VP of Government Affairs).