

2010 Priorities

*brought to you by the
Institute of
Real Estate
Management*



CCIM Institute



NATIONAL ASSOCIATION OF REALTORS®

The Voice for Real Estate



Tax Treatment of Real Estate

The impact of real estate on the nation’s economic health and welfare has been apparent in recent years. Real estate plays a part in every American’s life, as it provides the space in which we live, work, shop, recreate, learn, worship and heal. Real estate also is strongly affected by its tax treatment. The turmoil in the industry created by the tax changes of the Tax Reform Act of 1986 was evidence of this.

Real estate tax laws should bear a rational relationship to the economics of the real estate transaction. In cases where certain social results are clear, such as homeownership and affordable low-income housing, tax laws should help bring about such results. They also should not unduly restrict the ability of investment real estate owners to respond to changing economic and market conditions – an ability critical to the competitiveness of any investment asset.

★ TAX TREATMENT PRIORITIES

CAPITAL GAINS

Under current law, capital gains are taxed at a maximum rate of 15%. That rate is temporary, however, and will revert to 20% as of January 1, 2011. Congress should encourage real estate investment by recognizing inflation and a tax differential in the calculation of capital gains from real estate. At the same time, they should be stimulating economic investment, and consequently leveling the playing field for those who choose to invest in commercial real estate.

IREM and CCIM Institute strongly support legislation to continue the capital gains rate at 15%. Increasing the capital gains rate would be especially detrimental at this time in our economy.

CARRIED INTEREST

A carried interest is designed to act as an incentive for a general partner to maintain and enhance the value of the real estate so that the operation of the property is a value-added proposition. The carried interest of the general partner(s) has historically been taxed at capital gains rates, just as the limited partners’ gains are taxed at capital gains rates.

IREM and CCIM Institute urge Congress to oppose an increase to the tax treatment of carried interest for real estate partnerships. The real estate sector is facing an economic crisis. Making changes that would further hinder the flow of capital into real estate markets will prolong the weakening of our economy.

LEASEHOLD IMPROVEMENTS

The permanent law 39-year recovery period for interior building improvements is not economically realistic. Neither the leases nor the improvements are likely to last that long. A realistic cost recovery period, such as 10 or 15 years, provides an incentive for building owners to upgrade and improve their space.

IREM and CCIM Institute urge support for legislation to extend the 15-year recovery period for leasehold improvements — and seek opportunities to make this provision permanent.





Commercial Mortgage Market Liquidity

Having a sound and well-functioning commercial and multifamily real estate sector is critical to our country's economic growth and development—and to millions of U.S. businesses of all sizes that provide local communities with jobs and services. It is estimated that the commercial real estate sector supports more than 9 million jobs and generates billions of dollars in federal, state and local tax revenue. Nonetheless, the overall economic downturn and crisis in the broader financial markets is directly impacting not only the fundamentals of commercial real estate finance, but also the outlook for recovery. And while the commercial and multifamily real estate markets play a vital role in the economy, these markets are now experiencing the worst liquidity challenge since the early 1990s.



★ COMMERCIAL MORTGAGE MARKET LIQUIDITY PRIORITIES

CREDIT UNION LENDING

During previous crises, consumers and businesses have relied on credit unions to fill in the gaps where banks could not serve them. Today, however, credit unions are hampered by a business lending cap of 12.25% of total assets.

IREM and CCIM Institute urge support for H.R. 3380 and S. 2919, which would increase the cap on credit union lending to 25%.

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TERM EXTENSIONS

For properties that can support their current debt, a simple loan extension makes perfect sense. As most commercial loans are short term, these loans refinance frequently. Instead of requiring a refinance at the end of a loan term (and having to deal with the equity gap), lenders could be encouraged to extend the term of the current loan.

IREM and CCIM Institute ask Congress to urge the Federal Reserve and Treasury to provide guidance and encouragement to lenders on term extensions.

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ACCELERATED DEPRECIATION

Improved cash flow for investors/owners of commercial real estate would help to fend off some of the challenges the market faces. The most effective means of improving the cash flow on real property is to provide more generous depreciation allowances. We believe that some combination of accelerated depreciation (or shorter recovery periods) and passive loss relief would be significant investor incentives.

IREM and CCIM Institute urge support for an accelerated depreciation model that will incentivize new investment in performing properties.

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MORTGAGE INSURANCE

Commercial real estate loans are generally short-term — sometimes even less than five years. The problem commercial properties are having is that, when they go to refinance an existing loan, there can be a significant difference between the current appraised value of the property and the debt currently serving the property. A mortgage insurance program would not insure the entire value of the loan, but instead would offer insurance on the difference between the current value and the debt service on performing properties.

IREM and CCIM Institute support a short-term insurance or guarantee program limited to performing properties to cover the equity gap.



IREM Institute of Real Estate Management

OVERVIEW

IREM has been the source for education, resources, information and membership for real estate management professionals for more than 75 years. An affiliate of the NATIONAL ASSOCIATION OF REALTORS®, IREM is the only professional real estate management association serving both the multifamily and commercial real estate sectors. With 80 U.S. chapters, 12 international chapters and several other partnerships around the globe, IREM is an international organization that also serves as an advocate on issues affecting the real estate management industry.

MISSION

IREM exists to advance the profession of real estate management while helping real estate managers prosper and add value to their companies and the properties they manage.

MEMBERSHIP

Membership includes more than 18,000 individual members and 525 corporate members. IREM promotes ethical real estate management practices through its credentialed membership programs, including the CERTIFIED PROPERTY MANAGER® (CPM®) designation, the ACCREDITED RESIDENTIAL MANAGER® (ARM®) certification, the ACCREDITED COMMERCIAL MANAGER (ACoM) certification and the ACCREDITED MANAGEMENT ORGANIZATION® (AMO®) accreditation. These esteemed credentials certify competence and professionalism for those engaged in real estate management. In addition, IREM offers Associate, Student and Academic memberships.

Collectively, IREM® CPM® members in the United States manage more than \$1.5 trillion in real estate assets, including 8.4 million residential units and 8.4 billion net square feet of commercial space. An additional 977,400 residential units are managed by IREM® ARM® members. IREM® members are employed by some of the most prestigious real estate firms in the world, and nearly 70% hold upper-level management positions. Due to their professionalism and vast experience, property owners and investors worldwide continually seek out the management services of IREM® members.

Collectively, IREM CPM® members in the U.S. manage more than \$1.5 trillion in real estate assets.



CREDENTIALS/MEMBERSHIP CATEGORIES

IREM offers four different education and experience-driven credentials, each of which comprises a membership category:



CPM® (CERTIFIED PROPERTY MANAGER®) designation is the premier real estate management designation for property and asset managers, especially those who manage large residential, commercial, retail or industrial properties or mixed portfolios. Individuals who complete a comprehensive program earn this esteemed credential and notice increased recognition in the marketplace.



ACoM (ACCREDITED COMMERCIAL MANAGER), IREM'S newest credential, is for commercial site managers of mid-size office buildings, retail properties, industrial and other commercial properties. Requirements to earn this certification include education, experience and examination.



ARM® (ACCREDITED RESIDENTIAL MANAGER®) certification is the industry's most respected credential for specialists in residential real estate management whose responsibility is primarily at the site level, including conventional or subsidized apartments, homeowners' or condominium associations, single-family homes or mobile home parks. An established curriculum guides members through the certification process.



AMO® (ACCREDITED MANAGEMENT ORGANIZATION®) accreditation is the mark of distinction among real estate management firms. The AMO® accreditation recognizes excellence among real estate management firms that achieve the highest level of performance, experience and financial stability. Recommended for those who are principals of their real estate management firms, or the heads of the property management department within their companies, and have earned or are working on earning the CPM® designation.

IREM also has Student and Academic memberships, and an Associate membership category open to real estate professionals who are involved in virtually any area of real estate management.

ORGANIZATIONAL STRUCTURE

IREM is directed by a leadership team of volunteer members and is run day-to-day by a group of association management professionals. A member-driven organization, it consists of committees, regional vice presidents, chapter presidents and a national Governing Council.

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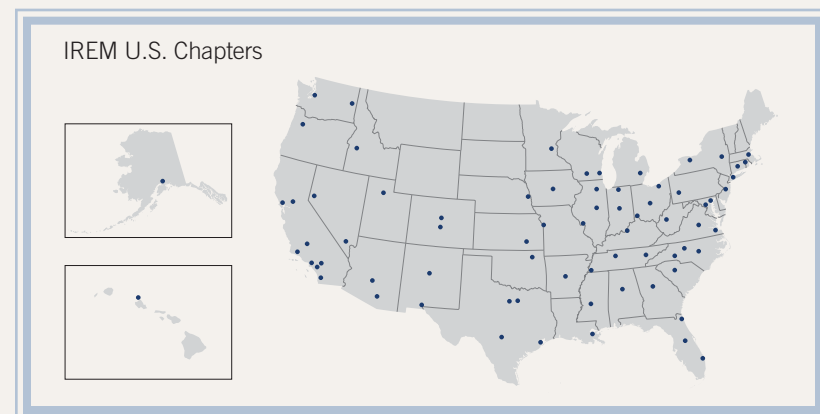
MEMBER SERVICES

IREM helps its members advance their careers by providing them with state-of-the-art educational programs that are delivered in three ways – through traditional classroom course instruction, via home study courses and online. It also offers products to members such as books and marketing tools, as well as insightful, in-depth research reports that help them benchmark their operating costs against others in their market area.

IREM has an award-winning bimonthly magazine, the *Journal of Property Management*, which delivers news and information that members need to solve management problems and improve business operations. As well, IREM® conferences enable members to interact, share ideas and attend leading-edge programs led by top industry speakers.

CHAPTER SERVICES

IREM has 80 chapters across the United States, as well as established chapters and partnerships around the world. Ranging in size from under 20 to more than 400 members, each chapter offers a wide variety of locally sponsored educational events and other support services.



Chapters serve as both a voice in the local market and a direct influence on the business of the national organization.

ETHICS

All IREM® members must abide by a rigorous Code of Professional Ethics that is strictly enforced by the association.

LEGISLATIVE ADVOCACY

IREM is strongly committed to legislative advocacy. Through its affiliation with the NATIONAL ASSOCIATION OF REALTORS®, IREM is part of a legislative advocacy team that consistently monitors and advances issues of public policy to promote and protect the right to own, use and transfer real property. IREM® members have access to the most up-to-date legislative and regulatory information available, as well as communication channels to help them understand issues and seek solutions to relevant public policy problems.

OVERVIEW

The CCIM Institute is an affiliate of the NATIONAL ASSOCIATION OF REALTORS® (NAR). The Institute confers the Certified Commercial Investment Member (CCIM) designation through an extensive curriculum and experiential requirements. The CCIM designation was established in 1969 and is recognized as the mark of professionalism and knowledge in commercial investment real estate.

MISSION

Founded upon the principles of education, networking and ethical practice, the CCIM Institute, as an affiliate of the 1.2 million-member NATIONAL ASSOCIATION OF REALTORS®, helps shape policy and legislation affecting the industry and safeguards the interests of commercial investment real estate practitioners.

MEMBERSHIP

Membership includes qualified professionals in all disciplines of commercial investment real estate, as well as allied professionals in appraisal, banking, corporate real estate, taxation and law. Of the approximately 150,000 commercial real estate practitioners nationwide, 9,000 currently hold the CCIM designation, with an additional 7,000 candidates pursuing the designation.

Nine thousand commercial real estate practitioners currently hold the CCIM designation.





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CURRICULUM

Recognized for its preeminence within the industry, the CCIM curriculum represents the core knowledge expected of commercial investment practitioners, regardless of the diversity of specializations within the industry.

A Certified Commercial Investment Member (CCIM) is a recognized expert in the disciplines of commercial and investment real estate. A CCIM is an invaluable resource to the commercial real estate owner, investor and user—and is among an elite corps of approximately 9,000 professionals across North America and 30 countries who hold the CCIM designation.

The CCIM curriculum consists of four core commercial investment real estate courses that incorporate the essential CCIM skill sets:

- financial analysis
- market analysis
- user decision analysis
- investment analysis

Additional curriculum requirements may be completed through CCIM elective courses, transfer credit for graduate education or professional recognition, and qualifying non-CCIM education. Following the course work, candidates must submit a resumé of closed transactions and/or consultations showing a depth of experience in the commercial investment field. After fulfilling these requirements, candidates must successfully complete a comprehensive examination to earn the CCIM designation. This designation process ensures that CCIMs are proficient not only in theory, but also in practice.

With such a wide range of subjects to be mastered—and in a dynamic business such as real estate—the educational process doesn't end once the designation is earned; there is a strong commitment among CCIMs to continuing education.

The designation process ensures that CCIMs are proficient not only in theory, but also in practice.



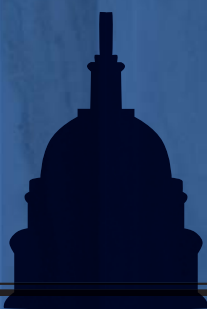
Courses leading to the CCIM designation are now offered throughout the world.

WHAT IS A CCIM?

Only six percent of the estimated 150,000 commercial real estate practitioners nationwide hold the CCIM designation, which reflects not only the caliber of the program, but also why it is one of the most coveted and respected designations in the industry. The CCIM membership network mirrors the increasingly changing nature of the industry and includes brokers, leasing professionals, investment counselors, asset managers, appraisers, corporate real estate executives, property managers, developers, institutional investors, commercial lenders, attorneys, bankers and other allied professionals. Through this business network and through revolutionary technology tools, CCIMs successfully complete thousands of transactions and assignments annually.

Certified Commercial Investment Members are in more marketplaces in North America — 12 CCIM regions representing 1,000 cities — than all major real estate companies combined. Regions and chapters provide designees and candidates the opportunities to promote business and educational goals through local and regional forums and meetings.

Conferred by the CCIM Institute, the CCIM designation was established in 1969. Courses leading to the designation are now offered throughout the world. For more information, call (800) 621-7027.



LEARN MORE ABOUT GOVERNMENT AFFAIRS:
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TO ACCESS INFORMATION ON CURRENT ACHIEVEMENTS



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