



INSIDE THIS ISSUE

Notes from the President 1
IREM Chapter 105 News 2-3
Legislative Update 4-5
Calendar of Events 5

2005 Executive Council Members

President

Jason Stowe

919-782-4798

jstowe@incprop.com

President-Elect

Nora Clark

919-832-0768

nclark@spectrum-properties.com

Secretary

Cliff Hamner

919-929-8338

cliff.hamner@craigdavisproperties.com

Treasurer

Jerry Kephart

919-845-3306

jkephart@danielrealty.com

Counselors

Frank Livingston

919-928-0888

deadrock2@nc.rr.com

Crystal Hall

919-828-4148

crystal.hall@cbre.com

Kellie Falk-Tillett

919-846-7300

kft@druckerandfalk.com

Administrator

Candi McDowell

919-863-8057

candimcdowell@yorkproperties.com

Websites

Local Chapter

www.irem105.org

National

www.irem.org

IREM® Mission Statement:

**Educate real estate managers*

**Certify the competence and professionalism of individuals and organizations engaged in the management of real estate*

**Serve as an advocate on issues affecting the real estate management industry*

**Enhance and support the members' professional competence so they can better identify and meet the needs of those who utilize their services*



Notes from the President

Jason Stowe

The 5th Annual IREM Leadership and Legislative Summit was held April 16-20 at the Capital Hilton in Washington, DC. More than 360 IREM leaders from Chapters all over the country attended the 5-day summit. Joining me from our Chapter was President-Elect Nora Clark and Legislative Chair Cliff Hamner. Summit highlights included the State of IREM and Annual Awards Presentation, a Business Solutions Dialogue: "INTEGRITY-DRIVEN® Leadership" presented by Randy Pennington of Pennington Performance Group, and the Keynote Speaker, Dr. Larry J. Sabato, offering attendees a unique perspective on how America elects its leaders.

During the Summit, attendees were asked three questions about the challenges and problems they faced in their jobs. The questions the Governing Council thought were most critical were:

1. What two or three key business challenges do you see facing you over the next two or three years?
2. Is there a business problem that you currently have for which you have not been able to find help?
3. What program or service could IREM provide that would be a "must have" for you?

Some of the answers were enlightening. To read the responses, along with a full summary of the Governing Council session on April 19th and additional Summit highlights, visit <http://www.irem.org> and click on Conferences/Leadership & Legislative Summit.

The 2006 IREM Leadership and Legislative Summit will be on April 22-26, 2006 in Washington, DC.

Deborah Crawley Inducted as Our Latest Certified Property Manager

Our Chapter President Jason Stowe was pleased to induct Deborah Crawley of Daniel Realty as a CPM at our General Meeting on March 16th. Treasurer Jerry Kephart presented her with her CPM certificate once it arrived from IREM headquarters.

Deborah began pursuing her Certified Property Manager designation about 10 years ago when she worked in Charlotte, NC for Guardian Management. She then transferred to LEDIC Management during which time she was promoted to Regional Property Manager of the Charlotte/Raleigh region after three years with the company. In January 2004, she joined Daniel Realty Service as the Property Manager of Cottages of Stonehenge, which is a 188-townhome community undergoing a conversion to condos. She also holds the following licenses and certifications: Certified Occupancy Specialist, Housing Credit Certified Professional, Certified Apartment Property Supervisor, Certified Apartment Manager and her North Carolina Sales License. Join us in congratulating Debbie on her hard earned achievement!



Karnes Research Headlines March Meeting

One Eleven Place welcomed 55 members of our Chapter to the General Meeting on March 16, 2005. Brian Reece with Karnes Research highlighted the 2004 market research in office, industrial/warehouse/flex, and retail. His research also included apartment projects over 50 units, not including tax credit and student housing.

Speaker Reece focused his presentation on vacancy, average rental rates, and projections for 2005. He also discussed the new office projects at Two Progress Plaza, Hock Plaza, and American Tobacco, as well as retail development at Poyner Place, South Square, North Hills, and Beaver Creek—all Target-anchored centers. Speaker Reece also mentioned that Triangle trends include buyers interested in condo/mixed-use development and local buyers purchasing smaller buildings. If you would like further information, please visit the Triangle Commercial Property Exchange website at www.trianglecpe.com.

Our Chapter would like to extend a warm thanks to our March meeting sponsors for their generous support of our Chapter: The Preiss Company and The Apartment Book. Meeting sponsors such as these continue to contribute to the success of our General Meetings!



Fond Farewell to Kellie Falk-Tillett



Our very own counselor Kellie Falk-Tillett will be relocating with Drucker and Falk, LLC to Atlanta, Georgia. Chapter 105 would like to sincerely thank her for her service to the Board during 2005.

Please wish Kellie well in her new endeavors!

2005 President's Cup Challenge Golf Tournament

IREM Chapter 105's annual golf tournament to honor past presidents was held at Crooked Creek Golf Course in Fuquay-Varina on May 18, 2005. Although last year's event set the bar rather high, we were



not to be disappointed! With over 108 participants and 18 generous sponsors, the event was clearly a success and allowed our Chapter to raise funds to benefit Urban Ministries of Raleigh.

Past Presidents Will Alston, Bob Dascombe, and Rick Soles participated in the golf portion of the tournament and Fred Dean and Don Cariss attended the meeting afterwards. All Past Presidents were presented with a plaque in appreciation of their leadership as Chapter 105 celebrates our 15 years of service as a chapter. Plans are underway for our 2006 tournament, which promises to be yet another IREM success!

Another special thanks to all of our sponsors for their contribution to the tournament:

Advantis Construction
BFI
The Brickman Group, LTD
Castle and Cooke
Chick-Fil-A
Cintas Corporation
Coke
Daniel Realty
Danny's BBQ
Greenscape, Inc.

Income Properties
Martin Properties
Rick Soles Property Management, Inc.
RCS
Scottie's Building Services
Southeast Mechanical Services
St. Augustine's College
Triangle Business Journal
Yukon Exterior Services

Our winning foursomes are below:

1st place – with a score of 55 (16 under par)
Cintas Corporation
Steve Slater
John Barth
Jim Montgomery
Craig Moody

2nd place – with a score of 58 (13 under par)
Chick-Fil-A
Terry Butler
John York
Mitch Twiddy
Guest

3rd place – with a score of 60 (11 under par)
Triangle Business Journal
Dennis Wise
Doug Wise
Scott Wojnovich
Chip Mayer

Putting Contest Winners
St. Augustine's Team
Glenn French
Aaron Gibbs
Tracey Johnson
Hugh Allen

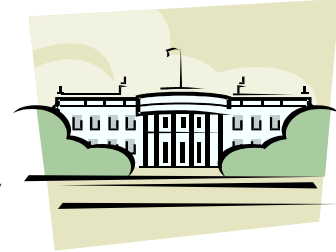




Legislative Update

Cliff Hamner, Legislative Chair

I had the pleasure of accompanying Jason and Nora to this year's Leadership and Legislative Summit and Capitol Hill Visit day. This year's Capitol Hill Visit Day focused on five issues of importance to the commercial real estate industry: Banks in Real Estate, Small Business Health Plans, Terrorism Insurance, Real Estate Mortgage Investment Conduit Modernization, and Tax/Depreciation Reform. Chapter 105 representatives met with the staffs of Senator Dole and Congressman Price (4th) and met personally with Senator Burr, Congressman Etheridge (2nd), and Congressman Miller (13th). Two other issues of significance to our industry, Tort Reform and Bankruptcy Reform, had previously been passed by the Congress and signed into law. These two new laws are expected to have beneficial effects on the profitability of real estate endeavors.



In an effort to bring about a final resolution on the Treasury Department's proposed rule to allow banks to enter into real estate brokerage or property management, we asked that our elected officials support the "Community Choice in Real Estate Act" (H.R. 111 and S. 98). During the past several years, appropriations bills have prevented the Treasury Department from acting on its proposed rule by eliminating funding for it. This has kept the issue alive and unresolved. Ultimately, the bank providing the financing for a project would have a competitive advantage over real estate firms for service contracts as they could make it a requirement of loan approval to use a bank's in-house real estate services. Alternately, rate reductions or other financial incentives to the loan could be offered if the financed project utilized the in-house real estate services of the bank making unaffiliated real estate companies uncompetitive. We received generally favorable and positive comments from our elected officials and it is hoped that this year will bring final resolution to this issue, though its final outcome is not known.



One of the new issues discussed was the "Small Business Health Fairness Act of 2005" (H.R. 525 and S. 406) to address the inability of small business employers to provide cost effective health insurance benefits to their employees. Small Business Health Plans would allow small businesses to better bargain with health care providers and lower overhead costs by as much as 30%. This legislation had mixed reviews as some felt that it overstepped the federal bounds, thus bypassing state insurance commissioners. Others felt that it would allow insurers to "cherry pick" the best risks from the available pool currently insured by individual policies, leaving the individual market with only the worst risks. This issue will most likely be a part of the great debate on health insurance in the country.

The Terrorism Risk Insurance Act (TRIA) was enacted in 2002 as private insurers were not providing adequate terrorism insurance following the event of 9/11. This act provided for a federal backstop for commercial property and casualty insurers arising out of terrorism. The program was extended through the end of 2005 last year. In light of the economic uncertainties still evident in the economy and the continued war on terrorism, IREM[®] is concerned that insurers will not make terrorism insurance available after this date or significantly increase the premiums. Without this insurance, some projects would not be able to move forward and others could technically be in default of their loan requirements, which could have negative consequences on the industry. Significant rate increases would be detrimental to both owners and tenants of real estate assets. All Representatives and Senators were asked to support the "Terrorism Insurance Backstop Extension Act of 2005" (H.R. 1153 and S. 467) to extend TRIA for two more years, which also sets up a committee to create long-term solutions to the issue from the insurance industry to ultimately remove the government from a potential bailout scenario. To date, TRIA has had no cost implications for the federal government.

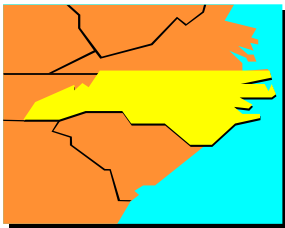
The Real Estate Mortgage Investment Conduits (REMIC) Modernization Act (H.R. 1010 and S. 580) was discussed again this year. REMICs are tax vehicles created by Congress in 1986 to support investments in real estate by making it easier to issue real estate-backed securities. However, current rules

Legislative continued...

often prevent common loan modifications or are cumbersome to work through. As an example, a property whose mortgage is held as a part of a REMIC may not be able to demolish a portion of a building to construct space for a new anchor store. Current rules stipulate that any change in collateral requires a tax opinion, and if that opinion finds that more than 10% of the collateral is modified, the renovations cannot go forward. IREM® believes that modernizing the rules would allow owners to make common modifications to property and will result in the securitization of more commercial loans resulting in increased capital investments in commercial real estate. As this is not a hot button issue, most Representatives did not have a strong opinion on this issue. It is hoped that these bills can be passed, but it is just as likely that they could be overlooked in the fight over bigger issues.

President Bush has appointed a "President's Advisory Panel on Federal Tax Reform" commission to explore ways to reform the IRS Tax code and report by July 31, 2005 on its findings. In light of this, our elected officials were asked to look at ways to simplify the tax system while continuing to recognize real estate as a vital part of the economy. In particular, support for legislation to decrease the depreciable lives for tenant improvements to 10 years from 39 years (currently at 15 years, but this sunsets in 2008), allow remaining tenant improvement costs to be written off upon expiration of the lease and reduce depreciation recapture rates to 15% (the current capital gains rate). Each and every one of our elected Representatives was in favor of simplifying the tax code and supported changes to tax code changes as long as they don't have negative impacts on tax collections, but no one could comment on how this should be done. Tax reform will be an issue in the mid-term elections next year.

On the State level, effective April 1, new methamphetamine lab decontamination rules went in to effect. Local Health Departments are empowered to inspect property before, during, and after decontamination to enforce these rules. Contact local health department officials for a complete list of the decontamination steps required.



In the North Carolina legislature, bills have been introduced in the House and Senate addressing Reducing Franchise Tax (H.B. 342), 2005 Military Support Act (H.B. 942), Domestic Violence Laws (S.B. 1029), Real Estate Licensing Law (S.B. 1120), Utilities Savings in Government Facilities (S.B. 402), Green Square Project (S.B. 692), Fair Housing Act Amendments (S.B. 782), Vacation Rental Act Amendments (S.B. 794), and Real Estate Trust Monies (S.B. 895). All of these bills are currently in committee and more information will be provided as they move through the legislature.

The information provided is a summary of information provided by briefings and handouts at the IREM Leadership and Legislative Summit held from April 16-20, 2005 and information from NAA. If you have any questions, have a legislative issue that our membership should be aware of, or would like further details, please contact Cliff Hamner at cliffhamner@craigdavisproperties.com



GENERAL MEETING SCHEDULE

JULY 20, 2005

Topic: Panel Discussion
Speakers: North Hills, Brier Creek and Crabtree Property Managers
Location: North Hills Mall
Registration: 11:45AM

NOVEMBER 9, 2005

Officer Installation Dinner
Speaker: IREM President Tony Smith
Location: Angus Barn
Time: 6:00PM



SEPTEMBER 2005

Date between September 15-22
Joint meeting with TCAR, CREW, NAIOP
Speaker and topic to be determined