

NATIONAL ASSOCIATION *of* REALTORS®

2017 NAR FPC Training & Federal Policy Conference

February 7-9, 2017

The Washington Hilton Hotel
1919 Connecticut Avenue, NW
Washington, DC 20009



NATIONAL
ASSOCIATION *of*
REALTORS®

National Association of REALTORS®

2017 FPC Training & Federal Policy Conference

Table of Contents

Program At-A-Glance	Page 1
New FPC Training Conference Agenda	Page 2
NAR Federal Policy Conference Agenda	Page 4
Veteran FPC Training Conference Agenda	Page 7
2017 NAR Public Policy Survey Questionnaire	Page 9
2017 General Membership Survey Results	Page 36
NAR Federal Policy Issues	Page 43
About Our Speakers	Page 125
Government Affairs Division Directory	Page 144
Community & Political Affairs Directory	Page 147

National Association of REALTORS®

2017 FPC Training & Federal Policy Conference

PROGRAM AT-A-GLANCE

Monday, February 6

- 1:00pm – 6:00pm** **New FPC Arrival and Registration**
Registration Location: Columbia West Foyer
- 6:00pm – 7:00pm** **New FPC Welcome Reception/Lounge*** *(New FPCs only)*
Location: Columbia Hall 1 – 2
**Dinner on your own*

Tuesday, February 7

- 7:30am – 3:30pm** **New FPC Training Conference** *(New FPCs only)*
Location: Columbia Hall 1 – 4
- 6:00pm – 6:30pm** **Federal Policy Conference Networking Reception** *(New FPCs, Veteran FPCs, Policy Conference Attendees)*
Location: Columbia West
- 6:30pm – 8:30pm** **Federal Policy Conference Dinner** *(New FPCs, Veteran FPCs, Policy Conference Attendees)*
Location: Columbia Hall 5 – 12

Wednesday, February 8

- 8:00am – 4:00pm** **Federal Policy Conference** *(New FPCs, Veteran FPCs, Policy Conference Attendees)*
Location: Columbia Hall 5 – 12
- 4:00pm** **Federal Policy Conference Adjourns**

Thursday, February 9

- 7:30am – 3:30pm** **Veteran FPCs Training Conference** *(Veteran FPCs only)*
Location: Columbia 5 – 8
- 3:30pm** **Veteran FPCs Training Conference Adjourns**

National Association of REALTORS®

2017 FPC Training & Federal Policy Conference

New FPC Training Conference

Monday, February 6, 2017

- 1:00pm – 6:00pm **New FPC Arrival and Registration**
Registration Location: Columbia West Foyer
- 6:00pm – 7:00pm **New FPC Welcome Reception/Lounge***
Location: Columbia Hall 1-2
**Note: Dinner on Your Own*

Tuesday, February 7, 2017

- 7:30am – 8:30am **New FPC Breakfast & Welcome**
Location: Columbia 1-4
- 8:30am – 8:45am *BREAK*
- 8:45am – 12:00pm **New FPC Training Conference *Part I***
Location: Columbia 5-12
- I. **How to Create Stories to Move the Hearts, Minds, and VOTES of Lawmakers**
- Speaker: Phil Flewallen, Congressional Management Foundation*
- BREAK*
- II. **Nuts and Bolts of Being an FPC**
- The Role
 - The Resources
 - The Money
 - The Team
- III. **Interactive “Question and Answer Game - What did you Learn”**
- 12:00pm – 1:30pm **New FPC Luncheon**
Location: Columbia 1-4
Speaker: Former Congressman Dennis Cardoza (D-CA)
- 1:30pm – 1:45pm *BREAK*

National Association of REALTORS®

2017 FPC Training & Federal Policy Conference

- 1:45pm – 3:30pm **New FPC Training Conference *Part II***
Location: Columbia 5-12
- I. **Legislative Update NAR Lobbyists**
- II. **Interactive Role Play: Good and Bad Hill Meeting**
- III. **Former Congressional Staff Panel: Top Tips for Interacting with Capitol Hill**
- **Dave Ramey**, *Former Chief of Staff to Congressman Ken Calvert (R-CA)*
 - **Hayden Rogers**, *Former Chief of Staff to Congressman Heath Schuler (D-NC) and Senator Joe Manchin (D-WV)*
 - **Michael Andel**, *Former Chief of Staff to Congressman David Scott (D-GA)*
 - **Jennifer Debes Bang**, *Former Chief of staff to Congressman Ander Crenshaw (R-FL)*
- 6:00pm – 8:30pm **Federal Policy Conference Reception/Dinner**
Location: Columbia West (reception) & Columbia Hall 5-12 (dinner)

National Association of REALTORS®

2017 FPC Training & Federal Policy Conference

Federal Policy Conference Agenda

Tuesday, February 7

(New FPCs, Veteran FPCs, Policy Conference Attendees)

7:00am – 5:30pm **Federal Policy Conference Participants Arrival & Registration**
Registration Location: *Columbia West Foyer*

6:00pm – 6:30pm **Federal Policy Conference Networking Reception**
Location: *Columbia West Foyer*

6:30pm – 8:30pm **Federal Policy Conference Dinner**
Location: *Columbia Hall 5 – 12*

Keynote Speaker: Lou Dobbs

Anchor, Lou Dobbs Tonight, Fox Business Network

Wednesday, February 8

(New FPCs, Veteran FPCs, Policy Conference Attendees)

8:00am – 9:15am **Federal Policy Conference Breakfast**
Location: *Columbia Hall 5 – 12*

Keynote Speaker: Major Garrett

Chief White House Correspondent, CBS News

9:15am – 9:30am **BREAK**

9:30am – 10:45am **NAR's 2017 Federal Policy Survey Results & 2017 Federal Policy Priorities**
Location: *Columbia Hall 5 – 12*

Participants:

- **Lawrence Yun**, Sr. Vice President & Chief Economist, NAR
- **Jerry Giovaniello**, Sr. Vice President, Government Affairs, NAR
- **Megan Booth**, Federal Housing Issues, NAR
- **Evan Liddiard**, Federal Taxation Issues, NAR
- **Austin Perez**, Insurance Issues, NAR
- **Sehar Siddiqi**, Federal Housing Issues, NAR
- **Marcia Salkin**, Business Issues, NAR
- **Vijay Yadlapati**, Financial Services Issues, NAR

Moderator: **Kevin Sears**, 2017 Vice President for Government Affairs, NAR

National Association of REALTORS®

2017 FPC Training & Federal Policy Conference

10:45am – 12:00pm 115th Congress and Tax Reform

Location: Columbia Hall 5 – 12

Keynote Speaker: Honorable Kevin Brady (R-TX)

Chairman, Committee on Ways and Means

U.S. House of Representatives

Participants:

- **Christopher Campbell**, Staff Director, US Senate Committee on Finance
- **Adam Carasso, Sr.** Tax & Economic Advisor, Senate Finance Committee Democratic staff
- **Aruna Kalyanam**, Democratic Staff Director, House Ways and Means Committee, Tax Policy Subcommittee

Moderator: **Kevin Sears**, 2017 Vice President for Government Affairs, NAR

12:00pm – 1:15pm Federal Policy Conference Luncheon

Location: Columbia Hall 5 – 12

Keynote Speaker: Honorable Peter Roskam (R-IL)

Chairman, Subcommittee on Tax Policy, Committee on Ways and Means

U.S. House of Representatives

1:15pm – 1:30pm

BREAK

1:30pm – 2:30pm

The 115th Congress and Housing Finance Reform

Location: Columbia Hall 5 – 12

Participants:

- **Erin Barry**, Professional Staff Member, Senate Banking Committee
- **Charla Ouertatani**, Minority Staff Director, House Financial Services Committee
- **Peter Freeman**, Deputy Chief of Staff/Legislative Director, Rep. Ed Royce (R-CA)

Moderator: **Kevin Sears**, 2017 Vice President for Government Affairs, NAR

2:30pm – 3:30pm

The Political Landscape and Opportunities for Housing Policy

Location: Columbia Hall 5 – 12

Participants:

- **Jerry Giovaniello**, National Association of REALTORS®
- **Jim Tobin**, National Association of Home Builders
- **Bill Killmer**, Mortgage Bankers Association
- **Bob Davis**, American Bankers Association
- **Ryan McCormick**, The Real Estate Roundtable

Moderator: **Kevin Sears**, 2017 Vice President for Government Affairs, NAR

National Association of REALTORS®
2017 FPC Training & Federal Policy Conference

3:30pm – 4:00pm **NAR Leadership Team Wrap-Up**
Location: Columbia Hall 5 – 12

4:00pm **Federal Policy Conference Adjourns**

Veteran FPC Training Conference

Thursday, February 9, 2017

7:30am – 8:30am **Veteran FPC Breakfast & Welcome**
Location: Columbia 5-8

8:30am – 8:45am *BREAK*

8:45am – 12:00pm **Veteran FPC Training Conference *Part I***
Location: Columbia 5-8

- I. **Policy Conference Debrief with NAR Lobbyists**
- II. **Breaking Through the Clutter - What Makes the Most Impact with Hill Staff**
 - *Drew Wayne, Legislative Director to Rep. Tom Reed (R-NY)*
 - *Eric Bergren, Chief of Staff to Rep. Brett Guthrie (R-KY)*
 - *Adam Elias, Chief of Staff to Rep. Bill Foster (D-IL)*
 - *Alyssa Marois, Legislative Director to Rep. Kyrsten Sinema (D-AZ)*

Moderator: **Jamie Gregory**, Deputy Chief Lobbyist, NAR

BREAK

- III. **Basic Training Refresher**
 - *Victoria Givens, Manager REALTOR® Mobilization Programs*
- IV. **RPAC and the Decision Making Process**
 - *Scott Reiter, VP RPAC Disbursements & Political Programs*

12:00pm – 12:45pm **Veteran FPC Luncheon**
Location: Columbia 5-8

“Planning Your Year of Engagement and Other Important Tips for Being an Expert Advocate”

- *Mrs. Stephanie Vance, The Advocacy Guru*

1:50pm – 2:10pm *BREAK*

National Association of REALTORS®

2017 FPC Training & Federal Policy Conference

2:10pm – 3:30pm **Veteran FPC Training Conference *Part II***

I. FPC Breakout Sessions

- *FPCs will choose a session they would most like to participate in*

Session A: *Legislator Wrangling (Lobbyist Panel)*

Location: Columbia 1-2

- *How to handle a “tough” legislator.*
- *How to discuss opposition to an issue without offending the MOC.*
- *How to lobby Congress when your Member has changed chambers.*
- *How to professionally control Realtors in a Hill or District meeting who may get out of line and away from Realtor issues.*
- *How to keep the Realtor agenda relevant on a District level with Congressional Staff.*
- *What to do if NAR did not support your Member during the campaign.*

Session B: *Social Media and The Hill - How best to follow and engage your Member of Congress on Social Media*

Location: Columbia 3-4

- ***Brad Fitch*** (data), Congressional Management Foundation
- ***TJ Doyle***, Director, Executive & Digital Communications at NAR
- ***Melissa Horn***, Manager of Online Advocacy at NAR

Session C: *Tools to Reaching the Next Level: Creative Ideas for Your Next Meeting or Hosted Event*

Location: Columbia 9-10

- *Panel of FPCs who have taken risks and gone outside the box to conduct unique events or engage with their Member of Congress above and beyond the FPC scope of responsibilities.*

II. Breakout Session Regroup

3:30pm **Dismissal**



* 1. **Please describe your primary area of real estate business activity** *(check only one)*:

- ☐ National Association of REALTORS® Association Staff
- ☐ State or Local REALTOR® Association Staff
- ☐ Appraisal
- ☐ Sales and Brokerage: Residential only
- ☐ Sales and Brokerage: Mostly residential but also commercial
- ☐ Sales and Brokerage: Mostly commercial but also residential
- ☐ Sales and Brokerage: Commercial only
- ☐ Property Management
- ☐ Other areas of real estate



Listed below are several federal policy issues that the policy committees of the NATIONAL ASSOCIATION OF REALTORS® are currently monitoring. Please indicate, using the scale provided (High Importance to Low Importance), how important you believe each issue is as a priority for the 2017 NAR Public Policy Agenda. If you don't know enough about a particular issue to form an opinion, please indicate that you are "Unfamiliar with this issue".

Keep in mind that we are asking for your views on each issue at the federal level even though some states and localities may be addressing similar policy issues.



Business Issues

- * 2. RESPA Enforcement – The Consumer Financial Protection Bureau (CFPB) enforces the Real Estate Settlement Procedures Act (RESPA), the federal statute governing mortgage-related referral fees and kickbacks. In recent years, the CFPB has broadened traditional interpretations of what constitutes an unlawful referral fee or marketing service agreement.

High Importance				Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- * 3. TRID (RESPA-TILA Integrated Disclosure) Regulations – Since 2015, the Know Before You Owe Mortgage Initiative (TRID) combined prior mortgage disclosures into a new Loan Estimate and Closing Disclosure. A proposed rule issued this year clarified concerns related to closing delays, real estate agent access to the buyer's Closing Disclosure, and what documents are provided to the seller. However, outstanding concerns still remain.

High Importance				Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- * 4. Independent Contractor Status/Worker Classification of REALTORS® – In recent years, there has been litigation challenging the traditional independent contractor status of real estate agents. With the rise of the “sharing or gig economy” (e.g. Uber, Lyft), the U.S. Department of Labor has been examining worker classification issues. While the new Administration may take a different approach, these developments could have ramifications for the independent contractor model in real estate.

High Importance				Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 5. Anti-Money Laundering – The U.S. Department of Treasury issues regulations for the financial industry to combat money-laundering through the purchase of real estate. This year, Treasury required title companies to report on all cash, high-value real estate sales in certain urban markets to identify the individuals behind shell companies used to purchase real estate. While Treasury has not imposed any new obligations on real estate professionals, some are concerned there could be potential impacts on real estate sales transactions.

High Importance	.....	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 6. Data Security – Public concern about the confidentiality of personal data has put pressure on policymakers to increase regulations on the uses of personal information. Continued reports of data breaches by retailers and businesses will likely motivate policymakers to introduce and apply privacy regulations governing the way large and small businesses, including real estate professionals, collect, store and share consumer information.

High Importance	.....	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 7. Patent Litigation Reform – “Patent trolls” are increasingly targeting real estate professionals by sending demands to extract licensing fees for common business technologies like scanner copiers, drop-down menus and web search alerts. Congress is considering legislation to close loopholes and reduce the incentives for trolls to stay in business.

High Importance	.....	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 8. Net Neutrality – Net Neutrality means that Internet service providers may not discriminate between different kinds of content and applications online. The Federal Communications Commission (FCC) implemented an “Open Internet Rule” in 2010, but the rule is being challenged in court and by Congress. If the rule is overturned by the new Administration’s FCC leadership as is expected, real estate professionals and others could find that a network operator can block certain websites or slow them down so much that they are unusable.

High Importance	.....	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Commercial Real Estate Issues

9. 1031 Like-Kind Exchanges – Tax reform proposals have called for the outright repeal or at least limits on the amount of deferral allowed with Section 1031 like-kind exchanges, a vital tool for a thriving commercial real estate market. Like-kind exchanges encourage the efficient use of property, foster economic growth and job creation, and provide flexibility in managing real estate portfolios.

High Importance				Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 10. Internet Sales Tax (Marketplace Fairness) – Passage of internet sales tax fairness legislation would allow states to require online retailers to charge sales taxes on purchases made by state residents. Traditional brick-and-mortar retailers are at a disadvantage to e-commerce retailers, which are often not required to charge sales taxes on purchases. States and localities are losing much needed sales tax revenue on these purchases, which help support the local infrastructure and communities.

High Importance				Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 11. Immediate Write-off (Expensing) of Commercial Buildings – A recent tax reform proposal calls for the replacement of the current-law depreciation system for buildings and equipment with an immediate first-year write off of the entire cost of the investment. This could be a tremendous boon to real estate investment. However, few details currently exist on how this would work and if passive real estate investors could avail themselves of the tax benefit.

High Importance				Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 12. Repeal of Interest Expense Deduction – The same tax reform proposal mentioned above would also repeal the deduction for business and investment interest expense, to the extent that it exceeds interest income. This change is proposed to offset some of the effect of the immediate write-off provision. If the deduction were left intact, proponents of immediate expensing believe it would create a negative tax rate and lead to tax shelter opportunities. Because commercial real estate is often highly leveraged, this proposal could have a significant negative effect on real estate investment, which could more than offset the benefits of immediate expensing.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 13. Carried Interest – Current law allows income from a carried interest to be taxed at a rate lower than that paid on salaries and wages. Many believe this is unfair – especially for hedge fund managers. Yet, many commercial real estate investments also offer carried interests as an incentive to those developers who put the deal together, and many believe the lower tax rate is key to helping ensure success of the venture. Some believe there are critical differences between real estate development and hedge funds that warrant a carve-out for real estate from a law change to raise the rate of tax on carried interests.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 14. 179D Energy Efficient Commercial Buildings Tax Deduction – The Section 179D tax deduction incentivizes energy efficiency in commercial building construction. Section 179D is not a permanent part of the tax code and must be extended by Congress regularly. Short term extensions create uncertainty and limit this provision’s potential for increasing energy efficiency in commercial buildings.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Financial Issues

- * 15. Housing Finance Reform (Fannie Mae & Freddie Mac) – In 2017, the Administration and Congress will continue their efforts to restructure Fannie Mae and Freddie Mac. Concerns have been raised about the amount of government investment in these companies, their lending policies, and their share of the secondary mortgage market.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

- * 16. Guarantee fees (G-fees) and Loan-Level Pricing Adjustments (LLPAs) (Fannie Mae & Freddie Mac) – Fees charged by Fannie Mae and Freddie Mac to hit profit targets continue to impact the number of first time and moderate income home buyers that can use conventional financing, leaving FHA financing as the only affordable option available.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

- * 17. Property Assessed Clean Energy (PACE) Financing – PACE financing allows homeowners to borrow money from lenders backed by local government to make residential energy improvements and pay back the cost over time through their property taxes. PACE loans in primary lien position may make it more difficult for homeowners to refinance their mortgage outside of FHA or VA loans.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

* 18. Credit Scoring – A borrower’s credit score is a critical factor when trying to enter the housing market. Yet, millions of Americans have little to no credit history. By clearing the way for utility, phone, cable and rental payment histories to be reported for on-time payments to the credit reporting agencies, many of these “thin file” individuals would be able to obtain credit and enter the housing market.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 19. Income-Based Student Loan Repayment Underwriting (Fannie Mae & Freddie Mac) – Any borrower making monthly student loan payments is entitled to have their monthly obligations calculated appropriately in their mortgage debt-to-income ratio. Unfortunately, those with income-based student debt repayment plans will be negatively impacted by new Fannie Mae and Freddie Mac mortgage calculation guidelines, which will reduce the number of qualified borrowers able to purchase a home.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Housing Issues

- * 20. Implementation of FHA Condo Rules – FHA has proposed changes to its condo rules to ease some current restrictions. Condos are often the most affordable option for first time home buyers. However, additional changes to owner occupancy and commercial space ratios, as well as easing the project re-certification process, are necessary to ease restrictions on FHA condominium financing and ownership.

High Importance					Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- * 21. VA Rehab Loans – FHA's 203k loan product allows borrowers to purchase a home and include the costs of rehabilitation and repairs in the mortgage. VA does not have a similar product, and veterans who wish to use their VA home loan benefit cannot purchase a home that needs repairs because it doesn't meet the VA minimum property standards.

High Importance					Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- * 22. FHA Lifetime Mortgage Insurance Premiums – The current lifetime MIP policy increases the long term cost of homeownership and burdens FHA borrowers, especially as interest rates increase and refinancing into a conventional product becomes more costly. FHA has eliminated its policy of canceling the monthly annual premium after the property reaches a prescribed level of equity, as can be done with private mortgage insurance (PMI).

High Importance					Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 23. Fair Housing Protections Based on Sexual Orientation and Gender Identity – Federal law does not provide fair housing protection based on sexual orientation and gender identity. NAR's Board of Directors voted to seek legislative and regulatory changes needed to secure equal housing opportunity based on sexual orientation and gender identity.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Federal Taxation Issues

- * 24. Tax Reform – Plans already being discussed in Congress would technically preserve the mortgage interest deduction (MID) but effectively nullify the tax benefits of owning a home for the great majority of Americans. They would do this by greatly increasing the size of the standard deduction while repealing all itemized deductions except for the MID and the charitable contribution deduction. The result would be that for all but about 5 percent of those who file tax returns, there would be no tax difference between owning a home and renting one.

High Importance	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- * 25. Indexing for the Exclusion on Gain from Sale of a Principal Residence – The exclusion of gain on the sale of a principal residence is becoming less valuable each year as prices rise. In the nation's highest-priced markets, this can discourage owners from selling a larger home and purchasing a smaller one, even in cases when the greater space is no longer needed. In addition to inhibiting homeowners from moving to homes that better fit their needs, this can result in unfair tax treatment simply because one lives in a high-cost real estate market.

High Importance	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- * 26. Exclusion for Cancellation of Debt Income for a Principal Residence – A provision that allows forgiveness of mortgage debt to not be subject to federal taxation is set to expire at the end of 2016. And unlike the case in previous years, the outlook for a retroactive extension is not positive. Yet, millions of American homes are still underwater and expiration of the provision will leave many families owing tax on “phantom income” at a time when they have few resources to pay the tax.

High Importance	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Visa/Immigration Issues

- * 27. Immigration & Visa Reform – Policies that encourage the flow of foreign capital and labor into the United States can benefit both the real estate market and the economy more broadly. Approximately 215,000 residential properties, totaling \$102.6 billion, were purchased in the U.S. by foreign buyers between April 2015 and March 2016. Additionally, visa programs such as the EB-5 visa encourage foreign business investment in the U.S. that results new jobs for Americans and increased economic activity.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Insurance Issues

- * 28. Flood Insurance – Congress should reauthorize the National Flood Insurance Program before it sunsets in 2017, and encourage the development of a private flood insurance market that offers additional consumer options and protections.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- * 29. Natural Disaster – Property insurance for catastrophic events is often not available from private insurers at prices deemed affordable by state regulators. Federal disaster assistance may be made available if there is a formal presidential disaster declaration. Such aid typically comes in the form of a low interest loan. Congress should re-evaluate its current approach and develop a forward-thinking public policy that promotes access to affordable insurance and shifts the emphasis from post-disaster response and spending to pre-disaster preparedness and mitigation.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- * 30. Health Care Reform – The 115th Congress and the Trump Administration are expected to revisit the Affordable Care Act. Reform proposals should continue to address access and affordability challenges that face the self-employed and small employers when looking for – or attempting to maintain – health insurance coverage for themselves, their families, and employees.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Environment Issues

- * 31. Energy Scores/Labels – Congress or a federal agency could mandate the creation and use of scores or labels to measure the energy use of a home. This could place older homes that score poorly at a competitive disadvantage to newer homes.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

- * 32. Transfer of Public Lands – The federal government owns and maintains millions of acres of land, especially in the West. The federal government should encourage the transfer of public lands to the private sector, and better maintain those lands that are left in the public domain.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

- * 33. Waters of the U.S. – The EPA has finalized a regulation that sweeps in more waters of the United States under the jurisdiction of the federal government. Although stayed by the courts at this time, if implemented, this rule would increase the costs and time to develop property and harm property rights.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

- * 34. Wildfires – Wildfires are increasing in size, severity and frequency across the country. The federal government lacks adequate funding for fighting wildfires and would benefit from increased private sector involvement to mitigate wildfire risks and more property owner education on the threat of wildfire.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

* 35. Clean Power Plan – The EPA has finalized a regulation that requires power plants to reduce emissions of CO2. Although stayed by the courts at this time, if implemented, this rule would increase the price of electricity for all users, especially homeowners.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Valuation Issues

- * 36. Appraiser Shortage – Appraisers are leaving the profession at the same time that the number of new appraisers is dwindling. Entrepreneurial opportunities for appraisers are disappearing and many are concerned with over-regulation in the field. Barriers to entry, such as education requirements, also could be affecting incoming appraiser numbers.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

- * 37. Automated or Alternative Valuation Methods - There is much debate on the role of appraisals and their contribution to the safety and soundness of the mortgage lending industry, while at the same time there is an increased reliance on automated valuation models (AVMs) for valuation purposes. A new program proposed by Fannie Mae and Freddie Mac, for example, would rely on proprietary data-based valuation systems to determine home values in lieu of traditional appraisals.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

- * 38. Addressing Differences between Appraised Value vs. Listed Value – Some appraisals are coming in below the listing value, effectively ending transactions. Agents in some areas using certain types of funding, notably VA loans, suggest this happens more often than not. However, data suggests this affects only 10 percent of mortgage transactions.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

* 39. Federally Related Transactions - The current federal de minimis level for requiring an appraisal, rather than an alternative valuation method, in a mortgage transaction is \$250,000. There is debate on increasing that number to \$500,000 to reduce unnecessary burden on lenders, but opponents cite safety and soundness concerns.

High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



State and Local Issues

- * 40. Water Infrastructures – The American Society of Civil Engineers (ASCE) gives the U.S. water supply infrastructure a grade of “D”. In communities with older pipes and water infrastructure, real estate markets may be impacted when water mains are not maintained. This problem is exemplified when water mains or service lines have lead contaminates, such as occurred in Flint, Michigan.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

- * 41. Short-Term Rental Ordinances – Municipalities are implementing local ordinances that regulate a property owners’ ability to rent property on a short-term basis (i.e. rentals less than 30 consecutive days). This is in response to the increased use of online platforms like Airbnb or HomeAway that foster an easy connection between hosts and vacationers.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

- * 42. Sales Tax on Professional Services – Traditionally states focus on sales taxes on goods. However, some state and local governments have considered taxing professional services such as real estate commissions.

High Importance Low Importance Unfamiliar with this issue

☐ ☐ ☐ ☐ ☐ ☐

* 43. Rent Control – Rent control or rent stabilization efforts are gaining popularity in certain markets particularly in areas where housing stock is limited. These types of measures can have significant impacts on property values, landlord/tenant relationships, building maintenance/investments, and several other unintended consequences that limit property ownership rights and may be more harmful to a community than anticipated.






High Importance	.....	.....	.....	Low Importance	Unfamiliar with this issue
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Tax Reform

There has been considerable discussion by commentators and policy makers about the need for tax reform, the size of the federal budget deficit and the national debt.

- * 44. **Which of the following real estate tax deductions and benefits do you think is the most important to the health of the real estate market in your community?** *Please drag the responses to the order you would rank them. Place response with highest importance at the top; response of lowest importance goes at the bottom. Responses can be moved up or down or you can change the numbers on the right side to indicate their importance and they will automatically move.*

	<input type="text" value="1"/>	Mortgage interest deduction for principal residences
	<input type="text" value="2"/>	Mortgage interest deduction for mortgages on non-investment second homes (i.e., vacation homes)
	<input type="text" value="3"/>	The \$250,000/\$500,000 capital gains tax exclusion on the sale of a principal residence
	<input type="text" value="4"/>	Deduction for state and local property taxes
	<input type="text" value="5"/>	15% capital gains tax rate on real estate investments

- * 45. **Which of the following statements is closest to your view?**

- ☐ When it comes to changes in tax deductions, real estate tax preferences and federal spending, we must all share in the sacrifice to reduce our national debt (including reducing or eliminating some real estate-related deductions) to assure the future health of our nation.
- ☐ Existing real estate-related federal tax deductions and preferences, including the mortgage interest deduction and the \$250,000/\$500,000 capital gains exclusion, should be preserved in their current form despite concerns about federal deficits and the national debt.



Other Issues

46. Is there a particular federal policy issue not mentioned above that NAR should place on its 2017 radar watch?

47. What do you believe is the most critical federal issue that continues to hamper our nation's housing recovery?



About You

* 48. What affiliates or diversity partnerships are you currently a member of?

- ☐ Not a member of an affiliate
- ☐ Certified Commercial Investment Member Institute- CCIM
- ☐ The Counselors of Real Estate- CRE
- ☐ Institute of Real Estate Management- IREM
- ☐ Realtors Land Institute- RLI
- ☐ Global Commercial Real Estate Association- SIOR
- ☐ Real Estate Business Institute-REBI
- ☐ Certified Residential Specialist- CRS
- ☐ Women's Council of Realtors- WCR
- ☐ Asian Real Estate Association of America- AREAA
- ☐ National Association of Real Estate Brokers- NAREB
- ☐ The National Association of Hispanic Real Estate Professionals- NAHREP
- ☐ Multicultural Real Estate Leadership Advisory Group

* 49. What is your gender?

- ☐ Male
- ☐ Female

*** 50. How old are you?**

- ☐ 18 to 24 years
- ☐ 25 to 34 years
- ☐ 35 to 44 years
- ☐ 45 to 54 years
- ☐ 55 to 64 years
- ☐ 65 years or older

*** 51. Please indicate which of the following positions, if any, you currently hold (check all that apply):**

- ☐ State or Local REALTOR® Association President
- ☐ State or Local REALTOR® Association Executive Officer
- ☐ State or Local REALTOR® Association Government Affairs Director (GAD)
- ☐ State or Local REALTOR® Association Committee Chair, Vice Chair or Committee Member
- ☐ NAR Affiliate or Diversity Partner Member
- ☐ NAR Committee or Forum Chair, Vice Chair or Committee Member
- ☐ NAR Board of Directors Member
- ☐ None of these

*** 52. Please describe your primary area of real estate business activity (check only one):**

- ☐ REALTOR® Association Staff
- ☐ Appraisal
- ☐ Sales and Brokerage: Residential only
- ☐ Sales and Brokerage: Mostly residential but also commercial
- ☐ Sales and Brokerage: Mostly commercial but also residential
- ☐ Sales and Brokerage: Commercial only
- ☐ Property Management
- ☐ Other areas of real estate



*** 53. What is your main activity or function in your firm?**

- ☐ Administrative support
- ☐ Appraiser
- ☐ Associate broker
- ☐ Broker-Owner
- ☐ Manager
- ☐ Property manager
- ☐ Personal assistant
- ☐ Sales agent
- ☐ Other

*** 54. For how long have you been active in the real estate business as a REALTOR®?**

- ☐ Less than 1 year
- ☐ 1 year
- ☐ 2 years
- ☐ 3 years
- ☐ 4 years
- ☐ 5 years
- ☐ 6 to 10 years
- ☐ 11 to 15 years
- ☐ 16 years or more

* 55. Is real estate your only occupation at the present time?

☐ Yes

☐ No

* 56. How many hours per week do you typically devote to your real estate business?

☐ Fewer than 20 hours per week

☐ 20 to 39 hours per week

☐ 40 to 59 hours per week

☐ 60 hours or more per week

* 57. In which state does most of your real estate business activity occur?

* 58. What was your gross personal income in 2016 from all real estate related activities (income before taxes and expenses)?

☐ Less than \$10,000

☐ \$10,000 to \$24,999

☐ \$25,000 to \$34,999

☐ \$35,000 to \$49,999

☐ \$50,000 to \$74,999

☐ \$75,000 to \$99,999

☐ \$100,000 to \$149,999

☐ \$150,000 to \$199,999

☐ \$200,000 to \$249,999

☐ \$250,000 to \$499,999

☐ \$500,000 to \$999,999

☐ \$1 million or more

* 59. Would you like to enter a drawing for a \$100 gift card?

☐ Yes

☐ No



60. Please fill out the following information to enter the drawing for a \$100 gift card. The information you provide will not be used for any other purposes.

Name:

Email Address:

Phone Number:



Thank you for participating in our survey. Your feedback is important. For more information go to:
<http://www.realtor.org/political-advocacy>

Results from 2017 NAR Public Policy Survey

Among 8,140 respondents

Rank 2017	Rank 2016		2017 Highest Importance	2016 Highest Importance
1	*	Sales Tax on Professional Services	87 %	*
2	1	Tax reform	87	89
3	*	Health Care Reform	86	*
4	4	FHA Lifetime Mortgage Insurance Premiums	83	84
5	10	Housing Finance Reform (Fannie Mae & Freddie Mac)	81	79
6	6	Indexing for the Exclusion on Gain from Sale of a Principal Residence	81	83
7	5	Guarantee fees (G-fees) and Loan-Level Pricing Adjustments (LLPAs) (Fannie Mae & Freddie Mac)	80	84
8	7	Independent Contractor Status/Worker Classification of REALTORS®	80	82
9	8	Flood Insurance	79	81
10	20	1031 Like-Kind Exchanges	78	71
11	11	Net Neutrality	78	78
12	*	Repeal of Interest Expense Deduction	77	*
13	*	Exclusion for Cancellation of Debt Income for a Principal Residence	77	*
14	12	Implementation of FHA Condo Rules	76	78
15	9	Patent Litigation Reform	76	80
16	*	Credit Scoring	75	*
17	17	Data Security	75	72
18	*	VA Rehab Loans	75	*
19	22	Appraiser Shortage	72	69
20	16	Natural Disaster	72	73
21	*	Water Infrastructures	72	*
22	*	Income-Based Student Loan Repayment Underwriting (Fannie Mae & Freddie Mac)	71	*
23	15	TRID (RESPA-TILA Integrated Disclosure) Regulations	69	74
24	*	Automated or Alternative Valuation Methods	69	*
25	*	Rent Control	66	*
26	25	Waters of the U.S.	64	59
27	*	Addressing Differences between Appraised Value vs. Listed Value	63	*
28	*	Immediate Write-off (Expensing) of Commercial Buildings	62	*
29	28	Carried Interest	60	57
30	*	Clean Power Plan	59	*
31	*	Federally Related Transactions	58	*
32	26	Internet Sales Tax (Marketplace Fairness)	57	57
33	34	Immigration & Visa Reform	56	47
34	*	RESPA Enforcement	55	*
35	32	Property Assessed Clean Energy (PACE) Financing	54	51
36	35	179D Energy Efficient Commercial Buildings Tax Deduction	54	42
37	23	Short-Term Rental Ordinances	53	66
38	*	Anti-Money Laundering	53	*
39	33	Wildfires	53	49
40	*	Fair Housing Protections Based on Sexual Orientation and Gender Identity	51	*
41	38	Energy Scores/Labels	49	31
42	37	Transfer of Public Lands	43	40

* Indicates issue not included in 2016 Policy Survey

Results from 2017 NAR Public Policy Survey

Among 8,140 respondents

	Highest Importance	Moderate Importance	Lowest Importance	Unfamiliar With Issue
Sales Tax on Professional Services	87 %	6 %	7 %	2 %
Tax reform	87	8	5	3
Health Care Reform	86	8	6	1
FHA Lifetime Mortgage Insurance Premiums	83	11	6	5
Housing Finance Reform (Fannie Mae & Freddie Mac)	81	14	5	3
Indexing for the Exclusion on Gain from Sale of a Principal Residence	81	13	6	5
Guarantee fees (G-fees) and Loan-Level Pricing Adjustments (LLPAs) (Fannie Mae & Freddie Mac)	80	14	6	8
Independent Contractor Status/Worker Classification of REALTORS®	80	12	8	7
Flood Insurance	79	14	7	3
1031 Like-Kind Exchanges	78	14	8	13
Net Neutrality	78	15	7	12
Repeal of Interest Expense Deduction	77	16	7	21
Exclusion for Cancellation of Debt Income for a Principal Residence	77	14	9	5
Implementation of FHA Condo Rules	76	15	9	7
Patent Litigation Reform	76	15	8	11
Credit Scoring	75	16	9	2
Data Security	75	17	8	2
VA Rehab Loans	75	15	10	5
Appraiser Shortage	72	18	10	3
Natural Disaster	72	19	9	5
Water Infrastructures	72	18	10	10
Income-Based Student Loan Repayment Underwriting (Fannie Mae & Freddie Mac)	71	19	10	6
TRID (RESPA-TILA Integrated Disclosure) Regulations	69	18	13	5
Automated or Alternative Valuation Methods	69	20	11	7
Rent Control	66	20	14	8
Waters of the U.S.	64	19	17	12
Addressing Differences between Appraised Value vs. Listed Value	63	21	16	4
Immediate Write-off (Expensing) of Commercial Buildings	62	25	14	25
Carried Interest	60	27	13	32
Clean Power Plan	59	23	18	7
Federally Related Transactions	58	28	13	15
Internet Sales Tax (Marketplace Fairness)	57	24	20	8
Immigration & Visa Reform	56	25	19	12
RESPA Enforcement	55	25	20	7
Property Assessed Clean Energy (PACE) Financing	54	27	19	16
179D Energy Efficient Commercial Buildings Tax Deduction	54	28	18	26
Short-Term Rental Ordinances	53	24	23	8
Anti-Money Laundering	53	26	21	8
Wildfires	53	27	20	9
Fair Housing Protections Based on Sexual Orientation and Gender Identity	51	18	31	3
Energy Scores/Labels	49	24	27	7
Transfer of Public Lands	43	26	31	9

Which of the following real estate tax deductions and benefits do you think is the most important to the health of the real estate market in your community?

	Most Important				Least Important
Mortgage interest deduction for principal residences	70 %	15 %	6 %	5 %	4 %
The \$250,000/\$500,000 capital gains tax exclusion on the sale of a principal residence	12	34	29	18	7
Deduction for state and local property taxes	8	25	29	24	14
Mortgage interest deduction for mortgages on non-investment second homes (i.e., vacation homes)	3	18	20	24	35
15% capital gains tax rate on real estate investments	7	9	16	29	39

Which of the following statements is closest to your view?

Existing real estate-related federal tax deductions and preferences, including the mortgage interest deduction and the \$250,000/\$500,000 capital gains exclusion, should be preserved in their current form despite concerns about federal deficits and the national debt.	81 %
When it comes to changes in tax deductions, real estate tax preferences and federal spending, we must all share in the sacrifice to reduce our national debt (including reducing or eliminating some real estate-related deductions) to assure the future health of our nation.	19

Results from 2017 NAR Public Policy Survey

Among 8,140 respondents

Leadership in Association:	
No Leadership Position	66 %
Leadership Position	34
Region:	
Northeast	12 %
Midwest	19
South	42
West	28
Specialty:	
Residential Brokerage	79 %
Commercial Brokerage	9
Other	12
Years of Experience:	
Less than 5 years	12 %
5 to 10 years	9
11 years or more	79
Hours Worked Per Week:	
Fewer than 20 hours	7 %
20 to 39 hours	25
40 to 59 hours	49
60 hours or more	19
Real Estate is Full-time Profession:	
Yes	89 %
No	11
Function at firm:	
Administrative support	<1
Appraiser	1
Associate broker	19
Broker-owner	26
Manager	5
Property manager	2
Personal assistant	<1
Sales agent	45
Other	1
Age:	
18 to 24	<1
25 to 34	3
35 to 44	9
45 to 54	22
55 to 64	34
65 years or older	30
Gender:	
Male	45 %
Female	55

Results from 2017 NAR Public Policy Survey

Among 8,140 respondents

RANKING OF POLICY ISSUES BY REALTORS® (percent ranking as highest importance)

ACTIVE MEMBERS VS. MEMBERS-AT-LARGE

ALL REALTORS®		GENERAL MEMBERS-AT-LARGE		ACTIVE MEMBERS*	
Sales Tax on Professional Services	87%	Health Care Reform	87%	Sales Tax on Professional Services	92%
Tax reform	87%	Tax reform	85%	Tax reform	91%
Health Care Reform	86%	Sales Tax on Professional Services	85%	Housing Finance Reform (Fannie Mae & Freddie Mac)	88%
FHA Lifetime Mortgage Insurance Premiums	83%	FHA Lifetime Mortgage Insurance Premiums	82%	Flood Insurance	87%
Housing Finance Reform (Fannie Mae & Freddie Mac)	81%	Indexing for the Exclusion on Gain from Sale of a Principal Residence	79%	Health Care Reform	86%
Indexing for the Exclusion on Gain from Sale of a Principal Residence	81%	Independent Contractor Status/Worker Classification of REALTORS®	78%	Independent Contractor Status/Worker Classification of REALTORS®	85%
Guarantee fees (G-fees) and Loan-Level Pricing Adjustments (LLPAs) (Fannie Mae & Freddie Mac)	80%	Net Neutrality	78%	FHA Lifetime Mortgage Insurance Premiums	85%
Independent Contractor Status/Worker Classification of REALTORS®	80%	Housing Finance Reform (Fannie Mae & Freddie Mac)	78%	Guarantee fees (G-fees) and Loan-Level Pricing Adjustments (LLPAs) (Fannie Mae & Freddie Mac)	84%
Flood Insurance	79%	Guarantee fees (G-fees) and Loan-Level Pricing Adjustments (LLPAs) (Fannie Mae & Freddie Mac)	78%	1031 Like-Kind Exchanges	83%
1031 Like-Kind Exchanges	78%	Patent Litigation Reform	76%	Repeal of Interest Expense Deduction	83%
Net Neutrality	78%	1031 Like-Kind Exchanges	76%	Indexing for the Exclusion on Gain from Sale of a Principal Residence	83%
Repeal of Interest Expense Deduction	77%	Repeal of Interest Expense Deduction	76%	Implementation of FHA Condo Rules	81%
Exclusion for Cancellation of Debt Income for a Principal Residence	77%	Exclusion for Cancellation of Debt Income for a Principal Residence	76%	Patent Litigation Reform	79%
Implementation of FHA Condo Rules	76%	Credit Scoring	75%	Net Neutrality	79%
Patent Litigation Reform	76%	Implementation of FHA Condo Rules	75%	Exclusion for Cancellation of Debt Income for a Principal Residence	78%
Credit Scoring	75%	VA Rehab Loans	75%	Natural Disaster	78%
Data Security	75%	Data Security	74%	Data Security	77%
VA Rehab Loans	75%	Flood Insurance	74%	Credit Scoring	77%
Appraiser Shortage	72%	Water Infrastructures	73%	Income-Based Student Loan Repayment Underwriting (Fannie Mae & Freddie Mac)	74%
Natural Disaster	72%	Appraiser Shortage	72%	VA Rehab Loans	74%
Water Infrastructures	72%	Income-Based Student Loan Repayment Underwriting (Fannie Mae & Freddie Mac)	71%	Appraiser Shortage	73%
Income-Based Student Loan Repayment Underwriting (Fannie Mae & Freddie Mac)	71%	Natural Disaster	70%	TRID (RESPA-TILA Integrated Disclosure) Regulations	72%
TRID (RESPA-TILA Integrated Disclosure) Regulations	69%	TRID (RESPA-TILA Integrated Disclosure) Regulations	69%	Automated or Alternative Valuation Methods	72%
Automated or Alternative Valuation Methods	69%	Automated or Alternative Valuation Methods	68%	Water Infrastructures	70%
Rent Control	66%	Rent Control	65%	Waters of the U.S.	68%
Waters of the U.S.	64%	Addressing Differences between Appraised Value vs. Listed Value	64%	Rent Control	67%
Addressing Differences between Appraised Value vs. Listed Value	63%	Waters of the U.S.	62%	Immediate Write-off (Expensing) of Commercial Buildings	63%
Immediate Write-off (Expensing) of Commercial Buildings	62%	Immediate Write-off (Expensing) of Commercial Buildings	61%	Carried Interest	62%
Carried Interest	60%	Clean Power Plan	60%	Addressing Differences between Appraised Value vs. Listed Value	62%
Clean Power Plan	59%	Carried Interest	59%	RESPA Enforcement	61%
Federally Related Transactions	58%	Federally Related Transactions	58%	Federally Related Transactions	59%
Internet Sales Tax (Marketplace Fairness)	57%	Internet Sales Tax (Marketplace Fairness)	56%	Internet Sales Tax (Marketplace Fairness)	58%
Immigration & Visa Reform	56%	Immigration & Visa Reform	56%	Clean Power Plan	58%
RESPA Enforcement	55%	Property Assessed Clean Energy (PACE) Financing	55%	Immigration & Visa Reform	57%

Results from 2017 NAR Public Policy Survey (*continued*)

Among 8,140 respondents

RANKING OF POLICY ISSUES BY REALTORS® (percent ranking as highest importance)

Property Assessed Clean Energy (PACE) Financing	54%	Anti-Money Laundering	54%	Short-Term Rental Ordinances	57%
179D Energy Efficient Commercial Buildings Tax Deduction	54%	179D Energy Efficient Commercial Buildings Tax Deduction	54%	179D Energy Efficient Commercial Buildings Tax Deduction	54%
Short-Term Rental Ordinances	53%	Wildfires	54%	Fair Housing Protections Based on Sexual Orientation and Gender Identity	54%
Anti-Money Laundering	53%	RESPA Enforcement	52%	Property Assessed Clean Energy (PACE) Financing	53%
Wildfires	53%	Short-Term Rental Ordinances	52%	Energy Scores/Labels	52%
Fair Housing Protections Based on Sexual Orientation and Gender Identity	51%	Fair Housing Protections Based on Sexual Orientation and Gender Identity	48%	Wildfires	51%
Energy Scores/Labels	49%	Energy Scores/Labels	47%	Anti-Money Laundering	50%
Transfer of Public Lands	43%	Transfer of Public Lands	43%	Transfer of Public Lands	42%

**Active Members include: State and Local Association Presidents, Executive Officers, Government Affairs Directors, Committee Chairs, Vice Chairs or Committee Members, and NAR Affiliate or Diversity Partner Members, NAR Committee or Forum Chairs, Vice Chairs, or Committee members, NAR Board of Directors Members*

Results from 2017 NAR Public Policy Survey

Among 8,140 respondents

RANKING OF POLICY ISSUES BY REALTORS® (percent ranking as highest importance)

COMMERCIAL VS. RESIDENTIAL

ALL REALTORS®		RESIDENTIAL PRACTITIONERS		COMMERCIAL PRACTITIONERS	
Sales Tax on Professional Services	87%	Tax reform	89%	RESPA Enforcement	40%
Tax reform	87%	Sales Tax on Professional Services	88%	TRID (RESPA-TILA Integrated Disclosure) Regulations	49%
Health Care Reform	86%	FHA Lifetime Mortgage Insurance Premiums	87%	Independent Contractor Status/Worker Classification of REALTORS®	80%
FHA Lifetime Mortgage Insurance Premiums	83%	Health Care Reform	87%	Anti-Money Laundering	51%
Housing Finance Reform (Fannie Mae & Freddie Mac)	81%	Housing Finance Reform (Fannie Mae & Freddie Mac)	83%	Data Security	71%
Indexing for the Exclusion on Gain from Sale of a Principal Residence	81%	Guarantee fees (G-fees) and Loan-Level Pricing Adjustments (LLPAs) (Fannie Mae & Freddie Mac)	83%	Patent Litigation Reform	74%
Guarantee fees (G-fees) and Loan-Level Pricing Adjustments (LLPAs) (Fannie Mae & Freddie Mac)	80%	Independent Contractor Status/Worker Classification of REALTORS®	82%	Net Neutrality	75%
Independent Contractor Status/Worker Classification of REALTORS®	80%	Indexing for the Exclusion on Gain from Sale of a Principal Residence	82%	1031 Like-Kind Exchanges	91%
Flood Insurance	79%	Implementation of FHA Condo Rules	80%	Internet Sales Tax (Marketplace Fairness)	64%
1031 Like-Kind Exchanges	78%	Net Neutrality	79%	Immediate Write-off (Expensing) of Commercial Buildings	77%
Net Neutrality	78%	Credit Scoring	79%	Repeal of Interest Expense Deduction	88%
Repeal of Interest Expense Deduction	77%	Exclusion for Cancellation of Debt Income for a Principal Residence	79%	Carried Interest	73%
Exclusion for Cancellation of Debt Income for a Principal Residence	77%	Flood Insurance	79%	179D Energy Efficient Commercial Buildings Tax Deduction	64%
Implementation of FHA Condo Rules	76%	Patent Litigation Reform	78%	Housing Finance Reform (Fannie Mae & Freddie Mac)	68%
Patent Litigation Reform	76%	Repeal of Interest Expense Deduction	77%	Guarantee fees (G-fees) and Loan-Level Pricing Adjustments (LLPAs) (Fannie Mae & Freddie Mac)	62%
Credit Scoring	75%	VA Rehab Loans	77%	Property Assessed Clean Energy (PACE) Financing	46%
Data Security	75%	Data Security	76%	Credit Scoring	57%
VA Rehab Loans	75%	1031 Like-Kind Exchanges	76%	Income-Based Student Loan Repayment Underwriting (Fannie Mae & Freddie Mac)	52%
Appraiser Shortage	72%	Income-Based Student Loan Repayment Underwriting (Fannie Mae & Freddie Mac)	75%	Implementation of FHA Condo Rules	62%
Natural Disaster	72%	Appraiser Shortage	75%	VA Rehab Loans	67%
Water Infrastructures	72%	TRID (RESPA-TILA Integrated Disclosure) Regulations	73%	FHA Lifetime Mortgage Insurance Premiums	65%
Income-Based Student Loan Repayment Underwriting (Fannie Mae & Freddie Mac)	71%	Natural Disaster	73%	Fair Housing Protections Based on Sexual Orientation and Gender Identity	38%
TRID (RESPA-TILA Integrated Disclosure) Regulations	69%	Water Infrastructures	72%	Tax reform	80%
Automated or Alternative Valuation Methods	69%	Automated or Alternative Valuation Methods	71%	Indexing for the Exclusion on Gain from Sale of a Principal Residence	74%
Rent Control	66%	Addressing Differences between Appraised Value vs. Listed Value	66%	Exclusion for Cancellation of Debt Income for a Principal Residence	70%
Waters of the U.S.	64%	Rent Control	64%	Immigration & Visa Reform	62%
Addressing Differences between Appraised Value vs. Listed Value	63%	Waters of the U.S.	63%	Flood Insurance	72%
Immediate Write-off (Expensing) of Commercial Buildings	62%	Federally Related Transactions	60%	Natural Disaster	64%

Results from 2017 NAR Public Policy Survey (*continued*)

Among 8,140 respondents

RANKING OF POLICY ISSUES BY REALTORS® (percent ranking as highest importance)

Carried Interest	60%	Immediate Write-off (Expensing) of Commercial Buildings	59%	Health Care Reform	87%
Clean Power Plan	59%	Clean Power Plan	59%	Energy Scores/Labels	45%
Federally Related Transactions	58%	Carried Interest	58%	Transfer of Public Lands	46%
Internet Sales Tax (Marketplace Fairness)	57%	RESPA Enforcement	57%	Waters of the U.S.	70%
Immigration & Visa Reform	56%	Property Assessed Clean Energy (PACE) Financing	56%	Wildfires	47%
RESPA Enforcement	55%	Immigration & Visa Reform	56%	Clean Power Plan	57%
Property Assessed Clean Energy (PACE) Financing	54%	Internet Sales Tax (Marketplace Fairness)	55%	Appraiser Shortage	62%
179D Energy Efficient Commercial Buildings Tax Deduction	54%	Anti-Money Laundering	54%	Automated or Alternative Valuation Methods	56%
Short-Term Rental Ordinances	53%	179D Energy Efficient Commercial Buildings Tax Deduction	53%	Addressing Differences between Appraised Value vs. Listed Value	47%
Anti-Money Laundering	53%	Wildfires	53%	Federally Related Transactions	49%
Wildfires	53%	Short-Term Rental Ordinances	53%	Water Infrastructures	69%
Fair Housing Protections Based on Sexual Orientation and Gender Identity	51%	Fair Housing Protections Based on Sexual Orientation and Gender Identity	52%	Short-Term Rental Ordinances	49%
Energy Scores/Labels	49%	Energy Scores/Labels	49%	Sales Tax on Professional Services	88%
Transfer of Public Lands	43%	Transfer of Public Lands	42%	Rent Control	69%

1031 Like-Kind Exchanges Issue Summary

What is the fundamental issue?

Since 1921, U.S. tax law has recognized that the exchange of one investment or business-use property for another of like-kind results in no change in the economic position of the taxpayer, and therefore, should not result in the immediate imposition of income tax. The like-kind exchange rules permit the deferral of taxes, so long as the taxpayer satisfies numerous requirements and consummates both a sale and purchase of replacement property within 180 days. Real estate investors and commercial real estate practitioners place a very high priority on retaining the current like-kind exchange rules.

I am a real estate professional. What does this mean for my business?

The exchange rules often provide a real estate professional with an opportunity to facilitate two transactions: the sale of the relinquished property and the purchase of the replacement property. Any curtailment of the exchange rules will make both pieces of exchange transactions more difficult to conclude and would mean that many transactions would not take place. The like-kind exchange technique is among the most important of all tax provisions for real estate investors and commercial real estate professionals.

NAR Policy:

NAR opposes any change that would undermine the deferral mechanisms associated with exchanges or lead to fewer transactions.

The like-kind exchange technique is fundamental to the real estate investment sector. The current law provides investors with a great deal of flexibility in managing their real estate portfolio. Real estate is essentially an illiquid asset that requires substantial commitments of cash. Flexibility is needed in order to assure the free movement of property and capital. This, in turn, results in economic growth and job creation.

Opposition Arguments:

Opponents of NAR policy may argue that deferring taxation of any investment is improper, especially when it has been disposed of. Moreover, with capital gains tax rates for most individuals at their lowest level since World War II (15% for most), the burden on investments is modest.

Legislative/Regulatory Status/Outlook

No bipartisan legislation related to Section 1031 was introduced in the 114th Congress or so far in the new 115th Congress (which began in January 2017). However, identical bills were introduced in the 114th Congress in both the House and Senate that would limit the use of the like-kind exchange deferral as a way of partially offsetting the cost of provisions that would shore up multiemployer pension plans. Support for these bills was limited to a relatively small number of Democrats, which indicates that there is not much chance of this legislation moving forward in a Republican-controlled Congress.

Of more concern, however, is the fact that Members of Congress in both Houses and both parties continue to express the desire to overhaul the tax system, with some leaders indicating that "everything is on the table." A staff discussion draft released by former Finance Committee Chairman Max Baucus (D-MT) in November 2013 proposed repealing Section 1031. A similar tax reform draft

plan was released by former Ways and Means Committee Chairman Dave Camp (R-MI) in February 2014, which would also repeal Section 1031.

The likelihood of comprehensive tax reform moving toward enactment has gone up considerably with the election of Donald Trump and another Republican-controlled Congress. So far, none of the leading tax reform plans explicitly state that Section 1031 Like-Kind Exchanges are targeted for repeal. However, these plans are not fully developed and tax policy experts believe that as tax reform moves through the legislative process, more provisions will be eliminated to help keep tax reform revenue neutral. And because 1031 is generally perceived by much of the population and even some policymakers as an unwarranted “loophole” that is only available to the wealthy, the provision is thought to be vulnerable to attack.

NAR is working with other interested stakeholders to oppose the repeal or limitation of the like-kind exchange provision and to educate Members of Congress and their staffs on the importance of this provision to the economy. For example, NAR is an active member of two separate coalitions devoted to preserving the 1031 like-kind exchange. These coalitions have funded two separate studies on the impact that repealing Section 1031 would have on the economy and on the real estate sector. Moreover, the coalitions continue to have meetings with Members of Congress to explain the importance of tax-deferred exchanges in their states and districts. Also, NAR lobbyists often mention the importance of keeping 1031 when meeting with Members and staff on other issues.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Federal Taxation Committee

Commercial Legislation and Regulatory Advisory Board

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Anti-Money Laundering Issue Summary

What is the fundamental issue?

Real estate professionals should understand their responsibilities in the current efforts being made to combat money laundering.

I am a real estate professional. What does this mean for my business?

The USA PATRIOT Act, the Bank Secrecy Act, and Executive Order 13224 have increased the level of the government's scrutiny of financial transactions in an effort to prevent money laundering and block the financial dealings of terrorists. Under the USA PATRIOT Act, financial institutions are required to create anti-money laundering (AML) and customer identification programs. The Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and individuals. OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries collectively called Specially Designated Nationals (SDNs).

The laws impose the following duties on real estate professionals:

1. Real estate brokers and agents must report, using IRS form 8300, any single or series of related transactions in which they receive cash in excess of \$10,000.
2. SDN assets are blocked, and all businesses (including real estate agents and brokers) have a responsibility to ensure that they are not dealing with any SDN by checking the list provided by OFAC. The SDN list can be found at: www.treasury.gov/sdn.

At this time real estate professionals engaged in brokerage or property management activities and their real estate firms are not required to implement anti-money laundering or anti-terrorist financing (AML/TF) programs, but the Treasury Department has the authority to expand coverage of these requirements to include real estate professionals.

NAR Policy:

NAR supports continued efforts to combat money laundering and the financing of terrorism through the regulation of entities using a risk-based analysis. Any risk-based assessment would likely find very little risk of money laundering involving real estate agents or brokers. Regulations that would require real estate agents and brokers to adopt anti-money laundering programs would prove burdensome and unnecessary given the existing AML/TF regulations that already apply to United States financial institutions.

Opposition Arguments:

Some believe that real estate agents and brokers should be required to have specific anti-money laundering plans and procedures in place. NAR believes that such requirements would be overly burdensome compared to the risks. NAR worked with the Department of the Treasury to develop suggested voluntary guidelines for real estate professionals to follow to be on guard for possible money laundering situations and how to report those situations.

Legislative/Regulatory Status/Outlook

In 2003, one of the U.S. Department of Treasury's lead agencies in the fight against money laundering, the Financial Crimes Enforcement Network (FinCEN) issued an advance notice of

proposed rulemaking regarding anti-money laundering program requirements for “person involved in real estate closing and settlements” including real estate agents. NAR submitted comments stating “without evidence suggesting that regulation would substantially benefit the fight against money laundering, the burden on brokers of having to adopt and implement anti-money laundering programs clearly outweighs any perceived benefit.” In proposed rules published in 2010, FinCEN deferred proposing rules for real estate agents and others until it could conduct further research and analysis on business operation and money laundering vulnerabilities. FinCEN released its Final Rule in 2012, which continues to defer on covering real estate brokers and agents pending further study and analysis.

NAR continues to monitor closely and has worked with FinCEN to develop an educational publication informing real estate agents and brokers of their responsibilities under current law. To date, educational items have included a fact sheet, suggested voluntary guidelines, and a FinCEN/NAR podcast. The Association of Real Estate Licensing Law Officials (ARELLO) has published the NAR Fact Sheet which is now being distributed by many state real estate offices.

Current Legislation/Regulation (bill number or regulation)

In early 2016, FinCEN issued two Global Targeting Orders (GTOs) imposing new data collection and reporting requirements on specific title companies involved in certain high-end real estate transactions. Effective March 1, 2016, through August 27, 2016, these GTOs required title companies to identify natural persons with 25 percent or greater ownership interest in a legal entity making an all cash real estate purchase in excess of \$3 million dollars in the Borough of Manhattan in New York, and an all cash real estate purchase in excess of \$1 million in Miami-Dade County, Florida.

Under these GTOs, FinCEN discovered that a significant portion of the individuals revealed to be the beneficial owners of the shell company purchasers were linked to possible criminal activity. As a result, FinCEN has expanded the covered geographic areas where title companies must comply with the GTO’s data collection and reporting requirements. Effective August 28, 2016, through February 23, 2017, the new [GTO](#) covers the following geographic areas and transactions:

- \$500k and above – Bexar County, Texas
- \$1m and above – Miami-Dade, Broward, and Palm Beach Counties, Florida
- \$1.5m and above – New York City Boroughs of Brooklyn, Queens, Bronx, and Staten Island
- \$2m and above – San Diego, Los Angeles, San Francisco, San Mateo, and Santa Clara Counties, California
- \$3m and above – New York City Borough of Manhattan

NAR Committee:

Business Issues Policy Committee

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Capital Gains Exclusion on Sale of Principal Residence Issue Summary

What is the fundamental issue?

In 1997, Congress enacted an exclusion for the gains on the sale of a principal residence. Taxpayers who file a joint return can exclude up to \$500,000 of gain from taxation. All others may exclude \$250,000. The 1997 provision was not indexed for inflation. In 2007, Congress enacted a modest limitation on the value of the exclusion when an individual sells a home that once was used as a second home or rental property and then later converted to a principal residence.

In some areas of the nation that have experienced high amounts of residential real estate price appreciation, the \$250,000/\$500,000 maximum exclusion amounts sometimes prove too small to entice some homeowners with very large unrealized gains to want to sell their homes, even when they wish to do so because of the need to downsize or for other reasons. This has a tendency to freeze the real estate market in certain areas, resulting in fewer transactions.

I am a real estate professional. What does this mean for my business?

The exclusion is the most taxpayer-friendly provision enacted in many years. It offers an excellent retirement planning foundation. The 1997 legislation eliminated the requirement that proceeds from the sale of a principal residence be reinvested in another property of the same or greater value. This change facilitated mobility from high cost to lower cost areas, and also greatly simplified the tax compliance burden for homeowners. Moreover, it allows the homeowner the greatest freedom in the use of his/her capital. Proceeds from the sale of a principal residence may be used to purchase another principal residence, a second home, investment property or in any other manner the owner chooses.

The lack of an indexing feature for the maximum exclusions means that every year the exclusion becomes less valuable as home sales prices reach and exceed the \$250,000 and \$500,000 amounts. Thus, the benefits of the 1997 change erode as prices climb due to inflation, but the thresholds do not.

NAR Policy:

The \$250,000/\$500,000 exclusion amount should be indexed for inflation.

Opposition Arguments:

Opponents may say that this is just another tax benefit that mostly benefits higher-income taxpayers.

Legislative/Regulatory Status/Outlook

No proposals have been introduced that would modify present law as it applies to the exclusion. However, NAR believes that a good tax reform plan should correct problems such as the lack of the exclusion being indexed for inflation. Therefore, NAR is urging Members of Congress to support such a change.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Federal Taxation Committee

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Carried Interest Issue Summary

What is the fundamental issue?

Policy makers from both parties, including President Trump and various Members of Congress, have proposed changing the treatment of a general partner's carried interest as from capital gains income to ordinary income. Capital gains tax rates are much lower than ordinary income tax rates.

Many real estate partnerships are organized with general partners, who contribute their expertise (and, occasionally, some capital) and limited partners who contribute money and property (capital) to the enterprise. Generally any profits of the partnership are divided among the limited partners who contribute capital. A common practice among real estate partnerships, however, is to permit the general partner to receive some of the profits through a "carried interest," even when the general partner has contributed little or no capital to the enterprise. The general partner's profits interest is "carried" with the property until it is sold.

During the time that the real estate is held, the general partner usually receives compensation in the form of fees that are taxed as ordinary income. The limited partners receive both ordinary income from operations and capital gains income from any profits generated during the year. When the property is sold, the limited partners receive their profits distributions (the earnings on the capital they have invested) as capital gains. In most cases the general partner also receives the value of any carried interest as capital gains income.

I am a real estate professional. What does this mean for my business?

A residential real estate sales agent and/or broker will not generally be directly affected by the proposal, as it applies only to real estate investment partnerships that have carried interests. Real estate brokerages are rarely, if ever, organized in that model.

Real estate investment, however, is typically held in partnership (or LLC) form. Not all partnerships include both general and limited partners or carried interests for the general partners, but real estate investments that are held in that form would be harmed by the proposal. By increasing the tax burden on these real estate partnerships, and particularly on those with operational expertise, the proposal would make real estate a less attractive investment. When the value of real estate investment is impaired, there is an indirect impact on all real estate.

NAR Policy:

NAR opposes any proposal that would eliminate capital gains treatment for any carried interest of a real estate partnership.

Utilization of the carried interest mechanism for real estate partnerships is a standard operating practice that has not, historically, been seen by either courts or policy makers as a "loophole." Rather, capital gains treatment for income from a carried interest is seen as a reward for entrepreneurs (general partners, in this case) who take the risks inherent in new projects and in making capital investments. Capital gains treatment of carried interests also mitigates the impact of inflation on a long-term investment.

Opposition Arguments:

Opponents of NAR policy will say that high-earning taxpayers should pay their “fair share.” The past two presidential election campaigns highlighted the divide between those who believe that Wall Street high-rollers such as certain hedge fund and private equity fund managers should pay ordinary income tax rates on income from carried interests and those who believe the tax law should provide incentives in the form of lower tax rates for those who risk their time and capital in risky long-term investments. Opponents also believe that capital gains treatment for carried interests favor higher-income taxpayers over those of more modest means, who usually do not have access to investment vehicles that offer a carried interest.

Legislative/Regulatory Status/Outlook

While the House has passed bills that would change the tax treatment of carried interest several times, no such bill has passed in the Senate. However, bills designed to change the taxation of carried interest income from capital gains to ordinary income were introduced in both the House and Senate in the last Congress. Moreover, both President Trump and many Members of Congress on both sides of the political aisle have indicated that a change in the tax treatment of carried interest is needed.

Many observers believe that as tax reform is considered by Congress, the tax treatment of carried interest could likely be changed. So far, however, there is no solid indication that major tax reform plans being developed in the House or the Senate will include the change. Notably, one tax reform plan, released by former Ways and Means Chairman Dave Camp (R-MI) in February 2014, would have changed the tax treatment of carried interests from capital gains to ordinary income. However, the draft specifically exempted real estate interests from this change.

Current Legislation/Regulation (bill number or regulation)

None at this time

NAR Committee:

Federal Taxation Committee

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Credit Scoring Issue Summary

What is the fundamental issue?

Your credit score is the critical access point when trying to enter the housing market; with a poor score, or none at all, you stand little to no chance of obtaining a loan. Yet millions of Americans, particularly minorities and people with modest incomes, come from backgrounds that avoid debt, leading many to have little to no credit history. Unfortunately, many responsible Americans with "thin" credit files have been kept out of the housing market.

I am a real estate professional. What does this mean for my business?

With new credit scoring models that incorporate additional predictive metrics and payment history, many of these "thin file" individuals would be able to obtain credit and enter the housing market. These new models would help many households, especially minorities and potential first-time homebuyers, achieve the American Dream by responsibly boosting consumer access to mortgage credit.

NAR Policy:

NAR believes that homeownership is an integral part of the American Dream that shouldn't be out of reach for individuals and families that lack access to traditional forms of credit. Thus, NAR supports alternative credit scoring models aimed to responsibly expand mortgage credit for millions of hardworking families.

Opposition Arguments:

Some opponents of NAR policy believe that alternative credit scoring models is a "loosening" or "weakening" of current lending standards.

Legislative/Regulatory Status/Outlook

Congress and the Trump administration will likely reevaluate credit scoring policies in 2017.

Current Legislation/Regulation (bill number or regulation)

Rep. Green (D-TX) has introduced H.R. 123, the "FHA Alternative Credit Pilot Program Reauthorization Act of 2017," which has the support of NAR. It amends the National Housing Act to extend from 5 years to 10 years the pilot program to establish an automated process for providing alternative credit rating information for prospective borrowers who have insufficient credit histories. This is an extension of Section 2124 of the "Housing and Economic Recovery Act of 2008 (HERA)," which directed the U.S. Department of Housing and Urban Development (HUD) to create a pilot program at FHA to automate alternative credit rating information such as rent and utility payments.

Other pieces of legislation that were supported in the past by NAR, but have not been reintroduced yet include:

H.R. 4211, the "Credit Score Competition Act of 2015" (Reps. Royce (R-CA) and Sewell (D-AL)). This legislation would have responsibly expanded access to mortgage credit by instructing Fannie Mae and Freddie Mac to update their credit score requirements so that lenders might be able to use other credit scoring models that are empirically derived and both demonstrably and statistically sound.

H.R. 4172, the “Credit Access and Inclusion Act of 2015” [Reps. Ellison (D-MN) and Fitzpatrick (R-PA)] would have helped individuals achieve homeownership by amending the Federal Fair Credit Reporting Act to allow providers like gas, electric and telecommunication companies to report consumers’ payment histories to credit reporting agencies. The Senate companion bill was S. 2355, the “Credit Access and Inclusion Act of 2015” (Sens. Manchin (D-WV) and Kirk (R-IL)).

NAR Committee:

Conventional Financing and Policy Committee

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Data Security Issue Summary

What is the fundamental issue?

Public concern about the confidentiality of personal medical, financial and consumer data has put pressure on policy makers to increase regulation on the uses of this information. The recent popularity of marketers to use online advertising targeted to individual consumers has also concerned members of Congress. With the recent data breaches of large retailers, a number of privacy and data security bills have been introduced in Congress. Many of these measures will likely: apply privacy regulations to both online and offline data collection, storage and flow; require privacy notices and impose other information safeguards. Some bills may also permit industry to develop their own self-regulatory privacy programs that, if endorsed by the Federal Trade Commission (FTC), would create a safe harbor from regulation.

I am a real estate professional. What does this mean for my business?

Real estate professionals collect, store and share a great deal of consumer information. Often, the collected data is of a sensitive financial nature. The current proposals for comprehensive privacy legislation would require nearly all real estate professionals and REALTOR® Associations to comply with the new rules. NAR is working to ensure that any future privacy law takes into account the burden on small businesses and is narrowly tailored to reduce its impact on members.

Of note is the recent trend in email fraud targeting homebuyers who are approaching closing. Fraudulent emails appearing to come from a trusted source (agent, title company) instruct the buyer to wire funds to a fraudulent account. This scam further heightens the need for REALTORS® and their clients to pay attention to data security.

NAR Policy:

NAR recognizes the importance of protecting client data entrusted to them and supports common sense data privacy and security safeguards that are effective but do not unduly burden our members' ability to efficiently run their businesses. Proposed regulations must be narrowly tailored to avoid burdening businesses, especially small businesses that lack the resources available to larger entities.

NAR Data Privacy & Security Principles

REALTORS® recognize that as data collection continues to become a valuable asset for building relationships with their clients, so does their responsibility to be trusted custodians of that data. Consumers are demanding increased transparency and control of how their data is used. For this reason, REALTORS® endorse the following Data Privacy and Security principles:

Collection of Personal Information Should be Transparent

REALTORS® should recognize and respect the privacy expectations of their clients. They are encouraged to develop and implement privacy and data security policies and to communicate those policies clearly to their clients.

Use, Collection and Retention of Personally Identifiable Information

REALTORS® should collect and use information about individuals only where the REALTOR® reasonably believes it would be useful (and allowed by law) to administering their business and to provide products, services and other opportunities to consumers. REALTORS®

should maintain appropriate policies for the, reasonable retention and proper destruction of collected personally identifiable information.

Data Security

REALTORS® should maintain reasonable security standards and procedures regarding access to client information.

Disclosure of Personally Identifiable Information to Third Parties

REALTORS® should not reveal personally identifiable data to unaffiliated third parties unless: 1) the information is provided to help complete a consumer initiated transaction 2) the consumer requests it; 3) the disclosure is required by/or allowed by law (i.e. investigation of fraudulent activity); or 4) the consumer has been informed about the possibility of such disclosure through a prior communication and is given the opportunity to decline (i.e. opt-out.)

Maintaining Consumer Privacy in Business Relationships with Third Parties

If a REALTOR® provides personally identifiable information to a third party on behalf of a consumer, the third party should adhere to privacy principles similar to the REALTOR® that provide for keeping such information confidential.

Single Federal Standard

NAR supports a single federal standard for data privacy and security laws in order to streamline and minimize the compliance burden.

Opposition Arguments:

Opponents to legislative and regulatory efforts generally oppose the scope of limitations on various business practices that may significantly curtail certain business models or create what is viewed to be excessive costs for business. Others believe that proposed legislation/regulations do too little to protect consumers.

Legislative/Regulatory Status/Outlook

NAR expects data breach legislation to be introduced early in the 115th Congress. NAR supports the approach taken by Senator Warner (D-VA) in his 2016 discussion draft. That draft bill:

1. Covers all entities handling sensitive information – there are no exemptions for banks, telcos, third parties, etc.
2. The scope of the bill is appropriate:
 - a. A breach of security is the acquisition of data (not access or acquisition);
 - b. Sensitive account/personal information are narrowly defined terms (not expansive);
 - c. The trigger for notice is risk-based (requiring what is defined as financial harm).
3. Has reasonable data security standards for non-banks;
4. Has enforcement by banking regulators for banks, and by FTC for non-banks;
5. Has equivalent enforcement by all banking regulators and the FTC, with requirement that the agencies coordinate on equivalent enforcement and penalties; and
6. Gives all covered entities the benefit of solid preemption of state and common law.

NAR is working to refine the legislation and to encourage co-sponsorship.

Finally, NAR has developed an educational toolkit for members and has developed an online training course available through REALTOR® University. To view the toolkit visit:
www.nar.realtor/law-and-ethics/nars-data-security-and-privacy-toolkit

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Federal Technology Policy Advisory Board

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Energy Scores/Labels & Clean Power Plan Issue Summary

What is the fundamental issue?

The federal government is moving forward with voluntary energy efficiency policies and programs, as well as regulations to limit U.S. emissions of carbon dioxide (CO₂) and other greenhouse gases. Some of these policies, programs and regulations may impact the built environment, including commercial and residential properties.

I am a real estate professional. What does this mean for my business?

If energy efficiency were federally mandated, property owners' ability to sell their home or building could be at risk without first having to conduct energy audits and improve its heating and cooling system, windows, insulation and/or lighting. Also, older homes that do not meet adequate energy efficiency requirements or score poorly on energy use assessments would be stigmatized and may lose value compared to newer, more efficient homes.

NAR Policy:

NAR supports improving energy efficiency through voluntary incentives, commercially reasonable approaches and education in lieu of individual building mandates. The Association's policy opposes applying existing laws/regulations that are not designed for global climate change to try to address these issues; provisions that impose undue economic burdens on property owners or managers; or triggering such requirements at the time when real property is sold.

Opposition Arguments:

EPA's policies and regulations will account for the costs of carbon and provide economic incentives to reduce CO₂ emissions. These rules will also improve the energy efficiency in buildings and increase the value of these properties through increased energy savings and lower utility bills. Mandated energy labels for buildings will provide the consumer with critical information they need to make an informed choice related to the purchase of these properties and also provide incentives for owners of less efficient properties to make energy efficiency improvements.

Legislative/Regulatory Status/Outlook

The Department of Energy (DOE) has completed development of a voluntary Home Energy Performance Score and has made it available to consumers on the department's website. DOE is also in the development phase of a similar protocol for commercial buildings and is in the testing and pilot program phase. The program was expected to be released in Spring 2014, but is still currently in the testing phase, with no timeframe for completion or release.

NAR has communicated with Congress, the White House and various federal agencies to reinforce our strong concerns about the stigmatizing effects these kinds of energy use labels may have on commercial and residential real estate. NAR continues to have concerns about the potential for misuse of such information in the transaction and will continue to raise these concerns and work with the Administration to ensure that the information will be used appropriately and not stigmatize or obstruct the sale of older properties.

In the Spring of 2015, the Senate and House passed S. 535, the Energy Efficiency Improvement Act of 2015, sponsored by Senators Portman (R-OH) and Shaheen (D-NH). This legislation creates the "Tenant Star" program, a voluntary, market-driven approach which encourages building tenants and

owners to reduce their energy consumption.

Although Congress did not pass any comprehensive energy policy reform bill in the last Congress, key members have indicated that they will be exploring opportunities to move forward similar legislation in the 115th, which could include provisions that relate to the real estate sector, including:

- The SAVE Act, which encourages the GSE's and the FHA to include energy efficiency improvements in the loan underwriting and appraisal process; and
- Permanent reauthorization of the Land and Water Conservation Fund, with reforms for how funds are distributed and property acquired.
- Provisions related to wildfire management activities and providing for a streamlined regulatory process and additional resources to fight wildfires.

Current Legislation/Regulation (bill number or regulation)

The Clean Air Plan

On August 3, 2014, the Environmental Protection Agency (EPA) finalized a rule - known as the Clean Power Plan - that would establish the first-ever state-by-state national standards that address carbon pollution from power plants.

Under the final rule, EPA would require states to meet CO₂ emission targets. States can use a number of measures to meet those goals, including improving the efficiency of existing power plants, more energy efficiency, switching from coal-fired plants to plants powered by natural gas, and increased renewable energy.

NAR is concerned about this regulation because it could lead to higher electricity costs for homeowners and commercial buildings. Currently, this rule has been stayed by the Courts until additional information can be collected.

NAR Committee:

Land Use, Property Rights and Environment Committee

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Fair Housing Protections Based on Sexual Orientation & Gender Identity Issue Summary

What is the fundamental issue?

Since 2009, NAR's Code of Ethics obligates REALTORS® to provide equal professional service without discrimination based on sexual orientation. In 2013, that obligation was extended to include gender identity. Nationally, equal opportunity is protected on the bases of race, color, religion, sex (gender), handicap (disability), familial status (children in the household) and national origin. 22 states and numerous local laws prohibit discrimination on the basis of sexual orientation and nineteen states also prohibit discrimination on the basis of gender identity. In other states there are no such laws and it is not illegal to discriminate in the provision of housing and real estate services based on sexual orientation.

I am a real estate professional. What does this mean for my business?

REALTORS® are ethically committed to provision of equal professional service without discrimination based on race, color, religion, sex, familial status, handicap, sexual orientation, gender identity or national origin. Discrimination in the transaction limits the property rights of sellers and buyers and the ability of the REALTOR® to conduct business. The Fair Housing Act has provided a level playing field that protects housing providers and consumers from the adverse impacts of discrimination based on race, color, religion, sex, familial status and national origin. Since the federal law does not yet extend protections based on sexual orientation and gender identity, amending the law will embed the commitment to fairness all across the nation.

NAR Policy:

NAR opposes discrimination in housing based on race, color, religion, sex, handicap, familial status, sexual orientation, gender identity, and national origin. NAR's public policy was amended in 2009 to oppose discrimination based on sexual orientation. In November 2016, NAR federal legislative policy was adopted to oppose discrimination based on gender identity. NAR policy also authorizes sanctions in response to a finding that a member has violated any fair housing law, including local and state laws that prohibit discrimination based on sexual orientation or gender identity.

Opposition Arguments:

There are those who oppose civil rights protections based on sexual orientation and gender identity. There are differences of opinion about sexual orientation and gender identity that often are manifest in opposition or support for civil rights protections on these bases. In several states, there have been legislative efforts to allow discrimination on the basis of sexual orientation and gender identity based on religious beliefs.

Legislative/Regulatory Status/Outlook

In the 114th Congress, "The Equality Act" was introduced in both the Senate and the House. However, no action to advance this bill took place. The outlook for action in the 115th Congress is unclear.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Diversity Committee

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FHA Lifetime Mortgage Insurance Premiums Issue Summary

What is the fundamental issue?

Under the Federal Housing Administration (FHA) mortgage program, borrowers must pay an annual mortgage insurance premium to help protect lenders against losses in the event of a homeowner's default. For FHA loans with a loan to value ratio (LTV) over 90 % at origination, borrowers must pay an annual mortgage insurance premium for the life of the loan, up to 30 years. FHA loans with a lower LTV at origination shall pay an annual mortgage insurance premium for 11 years or until the end of the mortgage term, whichever comes first. Prior to 2013, FHA cancelled annual mortgage insurance premiums for loans when the remaining balance reached an LTV of 78% regardless of the original down payment size. However, in June of 2013, FHA removed the ability to cancel the annual mortgage insurance premium for loans with over 90% LTV at origination. While FHA implemented the change in policy in order to mitigate credit risk and help strengthen the Mutual Mortgage Insurance Fund (MMIF), the greater overall health of the MMIF today shows it is time to reconsider the lifetime annual mortgage insurance premium.

I am a real estate professional. What does this mean for my business?

A lifetime annual mortgage insurance premium makes an FHA loan too costly for many potential homebuyers.

NAR Policy:

NAR supports the elimination of the lifetime annual mortgage insurance premium requirement for loans with an LTV greater than 90%.

Opposition Arguments:

Opponents of NAR policy believe a lifetime annual mortgage insurance premium protects the strength of the Mutual Mortgage Insurance Fund and encourages the return of private capital to the housing market. The lifetime annual mortgage insurance premium works to ensure that FHA covers losses for the life of the loan, while private market participants do not.

Legislative/Regulatory Status/Outlook

In January 2015, FHA reduced annual lifetime mortgage insurance premium from 1.35% to 0.85%, estimating an additional 250,000 potential homebuyers would purchase their first home within three years due to the reduction in overall cost. In November 2015, FHA released its Annual Report to Congress and the FY 2015 Independent Actuarial Assessment of the FHA Mutual Mortgage Insurance Fund (MMIF). The review showed that the MMIF capital reserve ratio has reached beyond the required two percent capital reserve ratio and has improved by more than \$40 billion since FY 2012. The 0.5% mortgage insurance premium reduction in January 2015 increased the solvency of the fund and added 75,000 borrowers with credit scores below 680. NAR believes this trend will continue and will push FHA to make policy changes that promote homeownership, including advocating for the elimination of the annual lifetime mortgage insurance premium.

Current Legislation/Regulation (bill number or regulation)

None at this time.

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Federal Financing and Housing Policy Committee

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Guarantee Fees (G-fees) & Loan-Level Pricing Adjustments (LLPAs) – Fannie Mae & Freddie Mac Issue Summary

What is the fundamental issue?

GSE guarantee fees are charged by Freddie Mac and Fannie Mae, to lenders for bundling, selling, and guaranteeing the payment of principal and interest on their Mortgage Backed Securities (MBS). These fees are generally passed on to consumers in the form of higher interest rates. The main component of guarantee fee covers projected credit losses from borrower defaults over the life of the loans, administrative costs, and a return on capital. The fees are also used to cover internal expenses for such services as:

- Managing and administering the securitized mortgage pools,
- Selling the MBS to investors,
- Reporting to investors and the Securities and Exchange Commission, and
- Maintaining the MBS on the open market, and selling, general and administrative expense.

I am a real estate professional. What does this mean for my business?

Higher g-fees contribute to tighter mortgage lending conditions. Any proposed extension of the g-fee increase will maintain the higher cost of a mortgage credit and continue to cause homebuyers to reconsider a potential home purchase or refinance.

Impact of a 10 bps G-fee Increase

In 2011, lenders passed a 10 basis points “Payroll Tax Fee” onto consumers by adding it to their mortgage rate. These 10 basis points cost the average consumer with a \$200,000 mortgage roughly \$4,250 over the 30-year life of the loan. What’s more, this fee was not the last fee tacked on to consumers. In subsequent years, the FHFA raised g-fees several more times and by 2015, fees had risen 114% since 2011.

Cost of Additional G-fee Actions

At a time when the housing market is beginning to show signs of recovery, and inventories are beginning to fall, a punitive fee that does not support the safety and soundness of the housing finance sector will likely exacerbate the problem it was intended to fix. A slowdown in housing impacts the economy and may mean higher unemployment, but more importantly, it means a slowdown in loan originations which are required to fuel the “pay-for” via the g-fee.

NAR Policy:

NAR strongly opposes the use of guarantee fees for any use other than its intended purpose. The Association understands the need to fund government programs, but effectively imposing a tax on housing is not prudent given the continued need for stability in the housing sector. It makes little sense to tax mortgage originations or refinances of middle class Americans in order to generate the desired revenue to cover unrelated expenditures.

Opposition Arguments:

Higher g-fees may help the GSE's better manage their credit risk.

Legislative/Regulatory Status/Outlook

In 2011, Congress enacted the “Temporary Payroll Tax Cut Continuation Act of 2011” (Payroll Tax) to fund a two-month extension of the payroll tax cut, unemployment benefits, and Medicare reimbursements. The extension is paid for by a 10 basis point (bp) increase in the average g-fee

charged by Fannie Mae and Freddie Mac through 2021.

On July 30, 2015, the U.S. Senate passed a 6-year highway and transit funding reauthorization bill, which included a controversial funding provision that would extend the use of guarantee fees (g-fees) for an additional 4 years. The multi-year bill passed the Senate by a vote of 65-34. The U.S. House made clear that the U.S. Senate's 6-year bill wouldn't receive a vote in the lower chamber. The Senate then passed a short-term highway and transit bill, which extended the highway program through October 29, 2015.

On December 4, 2015, President Obama signed into law H.R. 22, "Fixing America's Surface Transportation Act (FAST Act)." The Act set federal policy and funding levels for highways, transit, passenger rail and bridge programs through 2020 in addition to reviving the expired Export-Import Bank. Through NAR's extensive lobbying efforts and use of its Call-for-Action system, the controversial use of the GSE's guarantee fees as a funding mechanism was dropped from the bill.

To date, no legislation has been introduced in 2016 that would increase or use g-fees as a revenue source for non-housing projects. Last year, Representatives Sanford (R-SC), Sherman (D-CA) and Neugebauer (R-TX) did introduce H.R. 4893, the "Risk Management and Homeownership Stability Act" which amends the Congressional Budget and Impoundment Control Act of 1974 to prohibit the use of G-fees as offsets. During the same year, Senators Crapo (R-ID) and Warner (D-VA) introduced S. 752. This legislation would establish a scorekeeping rule to ensure that increases in G-fees shall not be used to offset provisions that increase the deficit.

Finally, NAR is very concerned with the high G-fees charged by Fannie Mae and Freddie Mac, which have translated into huge profits for the entities. These exorbitant profits show that current fees and pricing don't reflect the improved profitability or reduced credit losses that the GSEs experienced over the last few years. NAR will continue to push FHFA and the GSEs for robust underwriting guidelines that put homeownership above profitability so that conventional borrowers aren't priced out of the market.

Current Legislation/Regulation (bill number or regulation)

None at this time.

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Conventional Financing and Policy Committee

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Healthcare Insurance Reform Issue Summary

What is the fundamental issue?

For more than a decade prior to the passage of the *Affordable Care Act* (ACA), NAR surveys indicated that approximately 28% - 33% of REALTORS® were uninsured in any given year. Consequently, NAR has long advocated for reforms in the health insurance markets that the self-employed and small employers depend upon for coverage. Among the legislative approaches that NAR has supported are small business health options plans (SHOP), small business health plans (SBHPs) and association health plans (AHPs). NAR continued to represent the interests of the REALTOR® community during the comprehensive health reform debate and the subsequent Affordable Care Act (ACA) rulemaking.

I am a real estate professional. What does this mean for my business?

Lacking affordable health insurance, many REALTORS® and other self-employed individuals had been unable to seek necessary medical attention and/or faced significant financial burdens when they or their dependents needed medical care. In some instances, problems with the availability and affordability of health insurance often undermined the ability of some to continue in their chosen career. The ACA made significant changes to the underwriting and rating rules governing individual policies that had created barriers to health insurance coverage for the self-employed. Rising health care costs, however, continue to create problems for many, especially those who were not able to take advantage of the new premium tax credits that reduced the cost of coverage for low and moderate income households.

Immediately prior to the implementation of the ACA underwriting reforms and health exchanges, NAR's 2013 Member Profile survey found that 36% of NAR's members had no health insurance coverage. In 2014, the ACA's major underwriting reforms (e.g. bans on using pre-existing condition, gender, and age to deny coverage or set rates) went into effect, as did the individual mandate and the premium tax credits. Following implementation of those reforms, the percentage of NAR members without coverage dropped to 22% - a 14 point drop. In the next two years, 2015 and 2016, the percent of uninsured members dropped 2 percentage points each year, eventually falling to 19% in 2016.

NAR Policy:

NAR policy supports underwriting and rating rules that address the access and affordability problems that the self-employed and small employers faced in health insurance markets. While NAR did not take a position on the Affordable Care Act as a whole, NAR did weigh in during the debate to ensure that the interests of the self-employed, independent contractor and small businesses were represented.

NAR's health reform policy principles are:

1. The nation and its health care system are best served by having all citizens covered by health insurance.
2. Health care coverage and/or insurance should be made available to all.
3. Individuals should have health care coverage that is continuous, i.e. allows for no gaps in coverage.
4. Individuals should have the ability to choose their preferred health insurance plan from an array of policy options that offer choices in the scope of covered services and policy costs.

5. Health care coverage should enhance health and well-being by providing preventive health services and chronic disease management services.
6. The health care delivery system must provide cost effective, quality care in an efficient and timely manner in order to be affordable and sustainable for society. Cost containment, therefore, must be a component of any reform effort.
7. A “single payer” health care system in which the government pays for and allocates health care services should be opposed.
8. Employers should not be required to offer employee health insurance programs.

Opposition Arguments:

Opponents of federal efforts to address health insurance reforms believe that insurance is the rightful purview of state governments. Since the passage of the *McCarren-Ferguson Act*, state governments have had the responsibility for insurance market regulation.

Legislative/Regulatory Status/Outlook

January 2017 marks the beginning of the fourth year for the Affordable Care Act's revised underwriting and rating reforms, as well as the individual mandate that requires most U.S. residents to demonstrate that they have health insurance coverage that meets the law's minimal benefits requirements. The law's employer mandate, i.e. the requirement that employers with 50 or more full time equivalent employees provide health insurance coverage for employees, took effect in 2015 for employers with 100 or more FTE employees and in 2016 for those with 50-99 FTE employees.

The ACA underwriting reforms now in effect are of significant importance to those who must purchase their own coverage. Unlike previous years, insurance companies can no longer deny coverage to an applicant on the basis of their health, preexisting conditions, past claims, age, gender, line of work or any of the multitude of factors that the states have long allowed insurers to routinely use to deny coverage to an applicant. In addition, the ACA limited the rating factors used to price policies to the applicant's place of residence, age, number of covered individuals, level of coverage chosen and tobacco usage.

The ACA placed the responsibility to create the state health exchange marketplaces for individuals and small businesses on the states. States had until the spring of 2013 to decide whether to create a state-run exchange or allow the federal government to create and run an exchange for their states. The National Conference of State Legislatures has a map showing the decisions made by each state; it can be accessed at <http://www.ncsl.org/research/health/state-actions-to-implement-the-health-benefit.aspx>. Access to both the federal and state-run exchanges can be found at www.healthcare.gov which serves as a portal for all exchanges.

Since its passage in 2010, lawmakers have been either defending or fighting against the *Affordable Care Act*. With the 2016 elections, Republicans now control both Houses of Congress and the Presidency, the health repeal and reform discussions have begun in earnest. The House and Senate have taken the initial steps necessary to repeal the ACA. President-Elect Trump has indicated he will use any administrative action available to implement a full repeal and stated that he has a reform plan of his own. However, most experts agree that the complexity of crafting a replacement plan that provides a smooth transition and avoids resulting in the loss of insurance coverage for 20 million newly insured Americans is daunting.

For example, while repeal of the individual and employer mandate is favored by many, without a strong inducement purchase insurance, experts argue that those with health problems will sign up for coverage in larger numbers than healthy individuals. This increases costs for the insurer and ultimately all participants, as the high demand for care and payment of claims outweighs offsetting revenue provided by healthy enrollees who file fewer and less expensive claims. Additionally, if revenue generating taxes are repealed, there will not be the revenue needed to continue to assist those who cannot otherwise afford coverage. Another concern is how long will the transition to a new system be, and whether insurers will continue to offer coverage in the interim.

At this time, these and many more issues remain unsettled. Currently, no single proposal has the broad support of members of Congress needed for approval.

As the health care reform debate begins, NAR again will strongly advocate for the aforementioned principles that promote universal access to high-quality, affordable insurance options and remove burdensome regulations that drive up costs. As a leading voice for independent contractors and small and large firm interests, NAR will fight for commonsense reforms that address ongoing issues impacting members' health care needs.

Current Legislation/Regulation (bill number or regulation)

While various Members of Congress have introduced bills to replace the ACA, the ultimate ACA replacement bill has not been introduced. According to reports and conversations, Republican congressional leaders and the new Administration are each working on the particulars of their respective legislative proposals.

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Insurance Committee

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Housing Finance Reform (Fannie Mae & Freddie Mac) Issue Summary

What is the fundamental issue?

On September 7, 2008, the Federal Housing Finance Agency (FHFA) placed Fannie Mae and Freddie Mac (the government sponsored enterprises, or GSEs) into conservatorship. FHFA explained it took this action “to help restore confidence in Fannie Mae and Freddie Mac, enhance their capacity to fulfill their [housing] mission, and mitigate the systemic risk that has contributed directly to the instability in the current market.” The conservatorship continues today.

I am a real estate professional. What does this mean for my business?

Fannie Mae and Freddie Mac play a key role in the secondary mortgage market, which is crucial in providing capital for mortgage lending. During the housing finance sector's collapse, private capital withdrew from mortgage markets having a significant, competing role with the GSEs. Without the government's support of the GSEs and FHA-insured loans, which currently constitute a large portion of the market space, there would be limited capital available for mortgage lending. This would severely restrict, if not curtail, home sales and any supporting ancillary home sales services.

NAR Policy:

NAR believes that Fannie Mae and Freddie Mac should be replaced by a non-shareholder owned government authority(s) that is subject to tighter regulations on product, revenue generation and use, and retained portfolio practices in a way that ensures the mission of the GSEs continues to meet the needs of consumers and the taxpayer is protected. Moreover, NAR recommends that the entity(s) be managed in such a way as to encourage private capital's participation in the secondary mortgage market. Additionally, NAR believes that the future housing finance system must ensure that there is mortgage capital in all markets at all times and under all economic conditions, and that there is an explicit government guarantee in the secondary market, which should ensure the availability of long term, fixed-rate mortgage products (i.e. 30-yr fixed-rate mortgage).

Opposition Arguments:

Opponents of NAR policy believe the government should not be involved in the mortgage market. Rather, they believe free market competition will provide better pricing and access to credit for consumers and businesses.

Legislative/Regulatory Status/Outlook

No major housing finance reform bills have been introduced during the 115th Congress; however, some believe the U.S. House Republicans will reintroduce a version of the PATH Act. It is currently unclear whether the U.S. Senate and Trump Administration will support this legislation or if either entity will pursue their own plan for housing finance reform.

In the 113th Congress, the Senate Banking Committee and the House Financial Services Committee held several hearings on housing finance reform, and both Committees have passed their versions of housing finance reform legislation.

U.S. House Legislation: "The Path Act"

On July 24, 2013, the House Financial Services Committee passed H.R 2767, "The Protecting American Taxpayers and Homeowners (PATH) Act" (Garrett (R-NJ)). NAR opposed this legislation, which includes reforms to FHA, the GSEs, and the financial regulatory law known as the Dodd-

Frank Act. NAR opposed the bill based on two major concerns: 1) the end of the federal guarantee for a secondary mortgage market; and 2) the dramatic restructuring and targeting of FHA.

The bill winds down Freddie Mac and Fannie Mae over a five-year period. It would create a new Utility to promote the securitization of mortgages. However, the bill does not provide for a federal guarantee for the Utility.

NAR sent a letter to the Full Committee opposing the bill and asking for a no vote. The bill did not reach the House floor during the previous Congress.

U.S. Senate Legislation: "The Housing Finance Reform and American Protection Act of 2013"

On June 25, 2013, Senators Bob Corker (R-TN) and Mark Warner (D-VA) introduced S. 1217, "The Housing Finance Reform and Taxpayer Protection Act of 2013" that would also phase out Fannie Mae and Freddie Mac. But, unlike the PATH Act, in this bill the federal government would remain as an insurer of last resort, much like the FDIC is the insurer of last resort for troubled banks. NAR has long called for replacing Fannie Mae and Freddie Mac while ensuring continued mortgage market liquidity through the maintenance of an explicit federal presence in the market. On that basis, the Senate approach was the better starting point. However, NAR remained neutral on this bill.

The bill was the subject of hearings but was not taken up for a vote.

Johnson-Crapo Legislation

On May 15, 2014, the Senate Banking Committee passed S. 1217, the "Housing Finance Reform and Taxpayer Protection Act of 2014," to overhaul the secondary housing finance market. The bill built on S. 1217 by including bipartisan changes drafted by Senate Banking Chairman Tim Johnson (D-SD) and Ranking Member Mike Crapo (R-ID). Commonly referred to as the Johnson-Crapo bill, the legislation expanded on the bill released by Bob Corker (R-TN) and Mark Warner (D-VA) that would wind down Fannie Mae and Freddie Mac and replace them with a new agency, known as the Federal Mortgage Insurance Corporation (FMIC). The bill did not advance to the Senate floor for consideration by the full Senate.

The Johnson-Crapo legislation contained many positive aspects such as an explicit government guarantee, continuing HERA conforming loan limits, and a lower down payment for first-time homebuyers; however, NAR remained concerned with the potential impact on overall mortgage costs for consumers under this bill.

Regulatory Housing Finance Reform

Since 2012, FHFA has directed the GSEs to begin working on efforts to reduce outstanding risk to the taxpayers and begin work on a new securitization infrastructure. In 2012, FHFA instructed the GSEs to develop a new program to transfer risk to the private sector with the intent of reducing overall risk they pose to taxpayers. The GSEs have begun to develop risk sharing products that fit within FHFA's set goals of being "economically sensible, repeatable, scalable, and structured to not disrupt the efficient operation of the "To Be Announced" (TBA) market (which provides the market with benefits including allowing borrowers to lock in rates in advance of closing)." Though a small part of the multi-trillion dollar mortgage market, NAR continues to evaluate how different types of risk sharing impacts the availability and affordability of mortgage credit to borrowers. Additionally, the GSEs, at FHFA's direction, have begun development of a new securitization infrastructure for

the GSEs' single family loans. NAR supports the creation of a self-sufficient infrastructure whereby safe, sound, transparent, and insured MBS may be packaged and sold. The development of a common securitization platform will support single-family securitization; a single GSE security should increase liquidity of these securities in the market, increasing demand and producing better pricing.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Conventional Financing and Policy Committee

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Immediate Write-off (Expensing) of Commercial Buildings and Denial of Interest Expense Deductibility Issue Summary

What is the fundamental issue?

When an individual or a business purchases real estate for investment or business purposes, the cost of the non-land portion of the property can be recovered for tax purposes through depreciation deductions. Under the current law, non-residential real estate is typically depreciated, or written off, over a 39-year period. The depreciation period for residential rental real estate is 27.5 years, while leasehold improvements are generally recovered over a 15-year period. In some very limited circumstances, real estate investments are eligible for immediate expensing, or for having the cost written off in the first year of the investment.

In the summer of 2016, the House Republican Leadership released a tax reform plan called the “Blueprint,” which features a fundamentally new idea for treating the tax recovery of business investments. The Blueprint would effectively repeal the current-law depreciation regime and allow investments and business assets to be written off, or immediately deducted, in the year they are placed in service. Thus, in a real estate context, the plan calls for the full cost of the non-land portion to be deducted in the first year, rather than over 39, 27.5, or 15 years.

Along with this policy change, the Blueprint also provides that interest expense would not be allowed to be deducted. The reason for this change would be to help prevent the ultra-fast write-off or cost recovery from creating a negative tax rate on investments, which many experts believe could lead to overinvestment and a return to abusive tax shelters.

The Blueprint is not a fully detailed document and it outlines general concepts rather than fully-fleshed out proposals. Therefore, many questions have arisen in connection with these ideas. For example, no one yet knows how such a plan would treat expenses in excess of income stemming from the immediate write-off of large purchases of real estate. Also, tax policy experts question whether passive real estate investors would really be allowed to claim immediate deductions from the purchase of real estate, especially if it is leveraged. Such treatment seems to reverse the passive loss rules that were instituted in the 1986 Tax Reform Act, which appears to be unlikely by many observers. Thus, there is a fair amount of skepticism that this proposal will really be as beneficial as initial reports seem to indicate, at least for some taxpayers. Further, the effect of not allowing the deduction for business interest expense cannot be fully evaluated until we see the details of how the proposal might work.

I am a real estate professional. What does this mean for my business?

Depreciation of real estate investments is a key policy issue. Everyone agrees that the tax rules should allow the cost recovery of wasting assets, such as buildings, but experts have long differed on the proper length of time for such cost recovery. The length of time that the tax law allows an investment in real estate to be recovered directly affects the economic returns on the investment and also its cash flows.

Over past decades, we have seen depreciation regimes that are overly generous and have resulted in over-investment due to the tax benefits exceeding the economic common-sense of some investments. This happened in 1981 when depreciation for buildings was reduced to just 15 years, using an accelerated method. Just a few years later, policy makers recognized that this much-shorter

recovery time resulted in large incentives to over-invest in real estate based on the tax benefits rather than the economics of the deal.

Policy makers then overcorrected by lengthening recovery periods for real estate to today's rules, which most experts agree are longer than the actual amount of time that real estate should be depreciated, due to obsolescence and other factors.

The deductibility of interest expense is also a core aspect of the economics of real estate investment. Buildings and land are often highly leveraged investments, due to their high cost and long useful lives. From the advent of the Internal Revenue Code, the law has allowed interest expense to be fully deductible in the context of a trade or business or in the case of investments held for the production of income. A policy change that would deny this deduction would create a fundamental and negative shift in the economics of many or most real estate investments.

NAR Policy:

NAR believes tax recovery of real estate investment should be based on common-sense, and should neither be substantially faster nor slower than the actual rate of economic depreciation. Stability of rules is also an important factor, as many changes to the tax rules results in confusion and uncertainty, which can lower the level of economic growth and investment.

Presently, there is simply not enough detailed information about the immediate expensing idea to fully evaluate its possible effects on commercial and investment real estate. Assuming this idea moves forward as tax reform is debated, and details are released, NAR will study closely this proposal to determine its effect on the commercial real estate sector and on active and passive investors in real estate.

NAR would generally oppose the repeal of interest expense deductibility in relation to real estate investment. Deducting interest expense is an ordinary and necessary expense in the real estate industry and there is little, if any, rationale for it no longer being deductible.

Opposition Arguments:

Proponents of the immediate write-off idea believe that economic growth and job creation in America can be super-charged by a tax policy change that repeals cost recovery over time and instead allows a first-year write-off of all business investment, except for land.

At the same time, these proponents are concerned that the immediate expensing idea would be too beneficial if combined with interest expense deductibility. The worry here is that the combination of these changes would create a negative tax rate and encourage over-investment in real estate and other business and investment assets. This would also likely lead to tax shelters that are based on tax benefits of investments overshadowing the actual economics of transactions.

Legislative/Regulatory Status/Outlook

The combination of the immediate expensing and interest non-deductibility proposals is interesting and unprecedented. While the concerns expressed by the developers of the Blueprint tax reform plan to meld the two changes to prevent unwarranted overinvestment in real estate are understandable, they also place the policy debate in this area into uncharted waters. Whether the beneficial aspects of a quicker cost recovery of real estate investment stemming from immediate expensing are enough to compensate for the loss of the deductibility of interest expense is

impossible to determine without more information about the details of such a proposal, and study by economists and real estate experts. In the meantime, NAR will continue to watch these issues carefully and work with other involved and interested stakeholders to watch the development of the debate.

The larger tax reform debate, which has been ongoing for several years, is entering a period where it may be much more likely for congressional action to move Republican proposals toward enactment. Tax reform efforts of the past few years have been stymied by a wide gulf between Democratic and Republican policy goals for what tax reform is designed to accomplish, and by President Obama's unwillingness to take a leading role in pushing the Congress toward reform. Now that Republicans control more of the levers of power in Washington, GOP tax reform plans are much more likely to move forward and possibly be enacted.

Even so, tax reform faces many obstacles on many fronts. The two fundamental changes discussed here are sure to generate much debate and outside pressure both toward and against enactment. Large changes are generally harder to enact, and often take a long time to work through the legislative process. However, in an unusual year, big changes can occur relatively quickly.

In early 2017, it is impossible to accurately predict the outcome of the policy changes discussed here.

Current Legislation/Regulation (bill number or regulation)

None at this time.

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Immigration and Visa Reform Issue Summary

What is the fundamental issue?

With nearly 12 million undocumented immigrants in the United States, high levels of real estate investment interest on the part of foreign nationals, and the pending expiration of a major visa program for foreign entrepreneurs, immigration and visa reform is an issue with ramifications for the real estate community. The last successful major overhaul of immigration laws took place in 1986.

I am a real estate professional. What does this mean for my business?

The real estate industry benefits from a number of current visa programs that allow for tourism and foreign investment in U.S. residential and commercial real estate markets. Stable, prosperous, and secure communities enhance the nation and make it a destination of choice for those seeking to own, transact, lease and use real property.

NAR Policy:

NAR policy supports the rights of foreign citizens to own U.S. real property, opposes laws/regulations that impede that the free flow of capital, urges resolution of the undocumented immigration issue, as well as enactment of visa reforms that encourage investment in U.S. real property for business or personal reasons.

Comprehensive immigration reform has the potential to impact the economy, including commercial and residential real estate markets, in a positive manner. Foreign investors and immigrants who make a capital investment in real property and businesses that may help stimulate, stabilize, and strengthen real estate markets across the nation should be encouraged to invest and allowed to spend longer periods of time in the United States. In addition, some have argued that resolving the status of undocumented residents already in the United States has the potential to boost the national and regional economies as those individuals are able to openly seek work, invest and purchase homes and property.

NAR's 'Principles for Immigration Reform' were the work of a 2012 Presidential Advisory Group (PAG). Approved by the NAR Board of Directors at the May 2012 NAR meeting, NAR's immigration policy principles support:

1. The rights of foreign citizens to acquire, own and sell U.S. real property and the right of U.S. citizens to acquire property outside of the U.S.;
2. The free flow of international capital for real estate and opposes laws and regulations that impede that flow;
3. Application of the same set of rules under the U.S. tax system to all resident owners of U.S. real estate;
4. Organized real estate's involvement in the immigration reform debate to the extent necessary to support the creation of thriving communities and enhance the U.S. as a destination of choice for those seeking to own transact, lease and use real property; and
5. Timely federal resolution of undocumented immigration that includes (i) securing U.S. borders to prevent illegal entry, (ii) allowing for the flow of legal immigration to accommodate the labor needs of the US economy, and (iii) settling the status of undocumented immigrants in a way that acknowledges their presence in the U.S., their role in the economy, and their historic contribution to U.S. society.

Opposition Arguments:

Opponents of immigration reform believe that the U.S. must first address concerns with border security before the broader issue of visa or immigration reform are undertaken. Concerns can also be raised about the fairness of visa and immigration reforms for American workers amid fears that both high and low skilled workers would be displaced by foreign populations. Additionally, some argue that proposals to create new visas for foreign investors and home purchasers amount to the U.S. incentivizing foreign persons to "buy" a visa to live permanently in the United States.

Legislative/Regulatory Status/Outlook

Immigration reform is a top priority of the Trump Administration and many in Congress. This was also the case in 2013 when the House failed to take up the issue despite Senate approval of a comprehensive immigration reform bill. Without a consensus, the outlook for comprehensive reform is unclear.

Most Recent Comprehensive Immigration Reform Legislation

In 2013, a bipartisan group of eight Senators introduced a comprehensive immigration reform bill, S. 744, "The Border Security, Economic Opportunity, and Immigration Modernization Act." The so-called "Gang of Eight" included Senators Charles Schumer (D-NY), John McCain (R-AZ), Richard Durbin (D-IL), Lindsey Graham (R-SC), Robert Menendez (D-NJ), Marco Rubio (R-FL), Michael Bennet (D-CO), and Jeff Flake (R-AZ). The bill was approved by the full Senate in 2013.

While the bill was a comprehensive reform measure, a number of real estate-related provisions were of particular interest to NAR. These included language that permanently reauthorized the EB-5 immigrant investor regional center pilot program; made changes to the H-2B visa program which is important to the economies of many second home and resort communities; and created two new non-immigrant retiree visas.

The retiree visa provisions contained in the bill were first proposed in 2011/2012 by Senators Schumer (D-NY) and Lee (R-UT) as a part of two bills: S. 1746, "The Visa Improvements to Stimulate International Tourism to the United States of America Act (VISIT-USA Act)", and S. 3199, "The Jobs Originated through Launching Travel Act of 2012 (JOLT Act)."

S. 744 created (1) a non-immigrant Canadian retiree visa that would allow Canadians 55 years and older who have a rental agreement for lodging or own a U.S. home in the US to stay as long as 240 days each year, and (2) a non-immigrant retiree visa for foreign nationals 55 years of age or older who purchase a principal residence (or a personal residence plus other residential properties) valued at \$500,000 or more and who agree to stay in the U.S. for a period of not less than 180 days per year.

The Senate bill was sent to the House for consideration but was not taken up. Rather the House Judiciary Committee considered a series of immigration-related single issue bills, and has not considered comprehensive immigration reform.

Investor Visa Legislation

The EB-5 Investor Visa Regional Center Program is a longstanding pilot program administered by the U.S. Citizenship and Immigration Service. The regional centers and the traditional EB-5 visa process provide foreign nationals with the means to obtain a U.S. permanent residence visa after 5 years by investing a minimum of \$500,000 or \$1 million respectively and creating or preserving 10 or

more American jobs. While the traditional EB-5 program is permanently authorized, the regional center program is a pilot that needs to be reauthorized in 2017.

Multiple bills were introduced in 2015 and 2016 to reform and reauthorize the regional center program either on a short term or permanent basis, but failed when efforts to agree on the particulars of provisions to address criticism of the program's operation despite agreement that changes are warranted. With the end of 114th Congress, new bills will need to be introduced in 2017. To date, however, no bills have been introduced.

NAR supports reauthorization of the EB-5 regional center pilot and is working in coalition with other organizations to work with congressional members to reauthorize the program.

Current Legislation/Regulation (bill number or regulation)

No comprehensive reform measures have been introduced at this time.

NAR Committee:

Business Issues Policy Committee

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Implementation of FHA Condo Rules Issue Summary

What is the fundamental issue?

While the Federal Housing Administration (FHA) has loosened its condominium approval requirements in recent years, many properties continue to struggle to meet overly stringent criteria and the majority of properties are being denied.

I am a real estate professional. What does this mean for my business?

Buyers and sellers of condominiums may find the property is ineligible for FHA financing, restricting the pool of buyers for that property.

NAR Policy:

Condominiums continue to be the most affordable homeownership option for many first time buyers, small families, single people, and older Americans. NAR believes that loosening FHA's condominium rules will ensure that more homeowners will be able to sell their units, and homebuyers will have more opportunities to buy affordable properties. Furthermore, FHA promotes high density, urban living in many of their Smart Growth initiatives; easing condo restrictions should be part of this effort.

Opposition Arguments:

Opponents of NAR policy believe that condominium properties are more inherently risky than other residential real estate, and that the federal government should not be involved in that market. They also believe that condo properties that include rental units are even more risky because the renters don't have the investment and may not treat the property as well as owners. Therefore, they think FHA's restriction on the number of rental units reduces the risk.

Legislative/Regulatory Status/Outlook

On February 2, 2016, the House of Representatives passed H.R. 3700, the "Housing Opportunity Through Modernization Act of 2015", introduced by Reps. Luetkemeyer (R-MO) and Cleaver (D-MO), by a unanimous vote of 427-0. On July 14, 2016, the bill passed the Senate by unanimous consent with the leadership of Senators Menendez (D-NJ) and Scott (R-SC).

On July 29, 2016, President Obama signed H.R. 3700 into law.

This legislation made four changes to FHA's current condo policy. H.R. 3700 will: 1) reduce owner-occupancy ratio to 35% unless HUD acts within 90 days of enactment of this law to otherwise lower the ratio; 2) allow lenders to approve condos with commercial space over 25%; 3) require HUD Secretary to "substantially reduce" burdens on condo recertification; and 4) require FHA to mirror the FHFA rules related to private transfer fees.

On September 27, 2016, the Federal Housing Administration (FHA) announced a proposed rule concerning single-family condominium project approval. The proposed changes include:

- FHA is asking for comment on an acceptable minimum percentage for owner-occupied condominiums between 25 and 75 percent.
- FHA is asking for comment on an acceptable minimum percentage for commercial/non-residential space limits between 25 and 60 percent.

- FHA proposes to allow single-unit, or spot, loan approval in non-FHA approved condominiums
- FHA proposes to extend the approval period for a project from 2 to 3 years;

NAR submitted formal comments on the proposed rule, asking FHA to:

- Remove the strict requirement on owner-occupancy levels, with a minimum of implementing HR 3700 standard of allowable 35% owner-occupancy without additional requirements;
- Allow 100% FHA loan concentration in buildings;
- Allow up to 45% commercial space without documentation and implement HR 3700 requirement allowing lenders to approve waivers and consider local conditions;
- Bring back spot-loan approval;
- Increase certification periods and allow for updates to information for re-certification purposes; and
- Support for new transfer fee requirement allowing beneficial transfer fees connected to condominiums.

In addition, in October, FHA published a mortgagee letter making changes to the Federal Housing Administration's (FHA) owner-occupancy requirement for condominiums in accordance with the requirements of H.R. 3700, the Housing Opportunity Through Modernization Act of 2016 (HOTMA). Under the new provisions, FHA will allow for the owner-occupancy requirement to be lowered down to 35% if:

- The project has replacement reserves of at least 20% of the budget,
- No more than 10% of the units are in arrears (more than 60 days past due), and
- The condo has three years of acceptable financial documents.

NAR continues to work with HUD and the new Administration to ensure that the final condo rules provide a real improvement in access to condominium financing.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Federal Financing and Housing Policy Committee

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Independent Contractor Status/Worker Classification of REALTORS® Issue Summary

What is the fundamental issue?

The longstanding business arrangement for real estate brokerages includes real estate agents classified as independent contractors rather than employees. While real estate agents have been specifically considered independent contractors for federal taxation purposes since 1984, there have been occasional challenges to that classification in state courts for purposes other than federal taxation, such as overtime pay and other benefits.

Calls for federal action to address employer abuses of the independent contractor classification have been ongoing for many years. More recently, a July 2015 Administrator's Interpretation by the U.S. Department of Labor's Wage and Hour Division Administrator stated that the bias under existing definitions of independent contractor should be in favor of most workers being considered employees for purposes of wage and hour determinations.

I am a real estate professional. What does this mean for my business?

Losing the independent contractor status for real estate agents would drastically change the structure of the industry. The Administrator's Interpretation itself does not have the force of law, but could affect future policy decisions by the Wage and Hour Division and could be cited in legal challenges in state and federal courts.

NAR Policy:

NAR strongly supports the continued right of brokers to choose whether to classify agents as employees or independent contractors. NAR supports actions at the state level to strengthen the rights of brokers to make these determinations and will resist efforts at the federal level to weaken those rights.

Opposition Arguments:

Those calling for a crackdown on improper worker classification believe that many employers classify workers as independent contractors simply to avoid existing requirements of state and federal labor law, *i.e.* overtime pay, employer Social Security contributions, workers compensation requirements, health insurance employer mandate, etc.

Legislative/Regulatory Status/Outlook

While there is no organized opposition to the federal taxation determination for real estate agents, the Administrator's Interpretation does raise the issue of a federal Department of Labor bias in favor of classifying nearly all workers as employees for the purpose of determining wages, hours, and benefits. However, the Administrator's Interpretation (2015-1) stands as just that, an interpretation. With the shift in Administration and the pro-business policies of the incoming President, this interpretation may be pulled back. NAR will be following this issue closely. In recent months, Congressional committees with jurisdiction over workplace issues have increasingly been reviewing the use of the independent contractor model in the developing shared ("gig") economy business models, such as Uber. NAR continues to track and participate in discussions that have the potential to impact the independent contractor model used by real estate brokerages.

Outside of the federal realm, there has been an increase in court cases brought at the state level, notably in California and Massachusetts, contesting the independent contractor status of real estate professionals. For complete information on pending litigation and the legal status of independent contractor designation, go to: <http://www.nar.realtor/topics/independent-contractor>.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Business Issues Policy Committee

Legislative Contact(s):

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Internet Sales Tax (Marketplace Fairness) Issue Summary

What is the fundamental issue?

In 1992, the U.S. Supreme Court ruled (*Quill Corporation v. North Dakota*) that complex state and local sales tax rules were a burden to interstate remote retailers, and therefore, Internet and catalog retailers should be exempt from collecting sales taxes unless they have a physical presence in the purchaser's state. The burden to remit sales tax on Internet and catalog purchases falls on the consumer, who is usually unaware of the responsibility. The Supreme Court also stated that "Congress may be better qualified to resolve [the problem]." But since then, Congress has failed to pass legislation to do that.

In the absence of Congressional action, many states have passed "nexus" laws, which broadly define the "physical presence" required for the state to collect sales tax from the business. Several of these laws have resulted in federal court cases challenging them, leaving open the possibility of the Supreme Court taking up one of the cases and revisiting its *Quill* ruling.

I am a real estate professional. What does this mean for my business?

While consumers are required pay state sales and use taxes on the goods they purchase, out-of-state online and other remote sellers are not required to collect the tax in the same way that local businesses are. This unequal treatment puts local "brick-and-mortar" businesses at a competitive disadvantage. The resulting pressure on established retail districts and historic downtowns can adversely affect overall economic sustainability in a community, and can also lead local jurisdictions to attempt to make up the lost revenue by increasing property taxes.

NAR Policy:

NAR supports the passage of legislation to level the sales tax playing field for all retailers.

Internet and other remote sellers are often physically located far from their customers, and do not pay property and other taxes to help support the local infrastructure of the communities in which the customers live. "Brick-and-mortar" retailers do pay these taxes, and this fact should not put them at a competitive disadvantage.

Opposition Arguments:

Opponents of the NAR policy will say that imposing sales tax collection burdens on small Internet merchants will add a heavy burden of complexity and be costly and could drive some of them out of business. Others argue that even though consumers are already subject to use taxes on goods purchased from remote sellers, forcing sales tax collection is tantamount to a tax increase since the current law levy is largely unenforceable.

Legislative/Regulatory Status/Outlook

Since the *Quill* ruling, 24 states have simplified their sales tax systems through the Streamlined Sales and Use Tax Agreement (SSUTA). The SSUTA provides one uniform system to administer and collect sales tax, eliminating the burden of the country's diverse sales tax systems on retailers. However, because this is a matter of interstate commerce, Congressional authorization is still required to allow states to collect taxes from out-of-state sellers and online retailers.

In the 114th Congress, bills were once again introduced in the House and Senate which would allow states to collect uncollected state sales and use taxes due on Internet and other remote purchases. NAR supported both bills and worked with the Marketplace Fairness Coalition to advocate for their passage. In the summer 2016, the House Judiciary Committee circulated a draft of their own bill addressing the issue, which greatly differed from the previous bills. Ultimately, the House Judiciary Committee and the Senate sponsors were unable to come to a compromise on the mechanics of how such a bill would work, and so it was not considered.

While the outlook in the 115th Congress for internet sales-tax fairness legislation is unclear, the “patchwork” of state nexus laws could lead the Supreme Court to once again grant cert to a federal challenge to the laws and rule again on the issue in the absence of Congressional action. In the meantime, NAR continues to participate in the Marketplace Fairness Coalition and will support internet sales tax fairness legislation that provides point-of-sale parity for brick-and-mortar and online retailers.

Current Legislation/Regulation (bill number or regulation)

No legislation at this time.

NAR Committee:

Commercial Legislation and Regulatory Advisory Board
Federal Taxation Committee

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Local Short-Term Rental Ordinances Issue Summary

What is the fundamental issue?

Many localities in areas across the country are considering or adopting ordinances that limit or prevent the ability of property owners to rent out properties on a short-term basis. The dynamics of this issue are complex. The infringement upon property rights is a common theme when local governments limit the use of property. Property ownership includes the right to gain income from property; whereas local governments are granted the legal authority to regulate land use within their jurisdiction by police powers and/or zoning regulations. The natural complexities of short-term rentals also create a division of positions among NAR's membership.

I am a real estate professional. What does this mean for my business?

Rental property especially in vacation destinations may become less desirable to buyers and investors if restrictions are placed upon the amount of time property may be rented or short-term rentals are banned all together.

NAR Policy:

NAR has not adopted an official position on this issue; however, state and local REALTOR® associations may adopt official positions for short-term rental ordinances and/or laws.

Opposition Arguments:

Users of short-term rentals do not uphold existing community standards and can routinely violate public nuisance laws. Therefore, these short-term renters place additional costs on the local government and existing property owners without being held accountable for their actions on the property. In some cases, investors are buying several properties and operating mini-hotels. The increased popularity of short-term rentals have created an unfair level playing field with established hotels, while also decreasing the amount of lodging and sales taxes local governments collect.

Legislative/Regulatory Status/Outlook

There are no federal legislative or regulatory proposals.

Current Legislation/Regulation (bill number or regulation)

In July 2016, Senators Dianne Feinstein of California, Brian Schatz of Hawaii, Elizabeth Warren of Massachusetts, wrote to the Federal Trade Commission (FTC) asking to “study and quantify the degree to which the rapidly expanding short-term lodging rental market consists of persons or firms acting in a commercial manner by renting out entire residences or multiple residences simultaneously.”

As of January 2017, the FTC has not publicly provided any study or report in response to the July 2016 request made by the Senators.

NAR Committee:

State and Local Issues Policy Committee

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Mortgage Debt Cancellation Relief Issue Summary

What is the fundamental issue?

A lender will, on occasion, forgive some portion of a borrower's debt, or reduce the principal balance. The general tax rule that applies to any debt forgiveness is that the amount forgiven is treated as taxable income to the borrower. Some exceptions to this rule are available, but, until 2007, when a lender forgave some portion of a mortgage debt for which the borrower was personally liable (such as in so-called "short sales," foreclosures and "workouts"), the borrower was required to pay tax on the debt forgiven.

A law enacted in 2007 provided temporary relief to troubled borrowers when some portion of mortgage debt is forgiven and the mortgage covers the borrower's principal residence. That relief has expired and been extended several times. The latest extension provided relief for debt forgiven through December 31, 2016.

I am a real estate professional. What does this mean for my business?

Relief from the cancellation of indebtedness rules has facilitated the sale of homes in areas where home prices have declined or where foreclosures have occurred. In addition, providing tax relief would correct the unfair circumstance in which the only individuals who paid tax on the sale of a residence are fortunate sellers who have gains of more than \$250,000/\$500,000, and unfortunate sellers who have seen the value of their property decline to a level below what it is worth.

Short sale relief continues to be an urgent need for sellers in certain areas of the country where home prices still have not rebounded.

NAR Policy:

NAR supports an exclusion from taxation of the phantom income generated when all or a portion of a mortgage on a primary residence is forgiven.

There should be no taxable event when a lender forgives some portion of a debt in a short sale, foreclosure, bank workout or similar situation.

An individual or family that has incurred a loss on the sale of their principal residence has suffered what is, for most, the biggest economic loss of their lifetime. It is unreasonable and unfair to require that they also pay tax on the phantom income associated with debt cancellation, especially because there will be no cash proceeds from the sale.

Opposition Arguments:

Opponents of NAR policy believe that a principal residence is a personal expense. Because the tax law does not allow for the deduction of personal expenses, tax relief from cancellation of debt on a personal residence is inappropriate, unless the homeowner is insolvent or bankrupt. Moreover, some opponents of tax relief in these situations believe it is wrong to "reward" borrowers who took on mortgages in excess of what they could afford by giving them tax relief from the consequences.

Legislative/Regulatory Status/Outlook

Over the past several years, expiring tax provisions have often languished in Congress until after they expire. Most have been reinstated on a retroactive basis. However, with a great deal of attention now on tax reform, it is less certain that expiring tax provisions will be extended as a matter of

course or on a timely basis. This is especially true since the enactment of the Protecting American Taxpayers From Tax Hikes Act in December 2015. This legislation extended some of the larger of the 50-plus expired provisions permanently, while others were extended for five years. Most others were extended only for two years, through 2016. The mortgage debt forgiveness provision was one of the two-year extensions. Thus, the provision expired on December 31, 2016.

While there is bipartisan interest in extending some of the tax provisions that expired at the end of 2016, including the mortgage debt tax relief provision, it is unclear when and whether these provisions will be acted upon. Congress has, over the past several years, gotten into a habit of allowing the expiring provisions to actually expire before acting on them, and then when they are extended, it has been on a retroactive basis. But with fewer large-scale provisions in the group of so-called “extenders,” most observers now believe that extending the remaining expiring provisions will be even harder than it has been in recent years. The fact that Congress will likely consider tax reform in 2017 also creates uncertainty about the outlook for the mortgage cancellation provision.

Nevertheless, this issue remains a high priority for NAR, which is actively encouraging Members of Congress to find consensus on extending this provision on a retroactive basis.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Federal Taxation Committee

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National Flood Insurance Program (NFIP) Issue Summary

What is the fundamental issue?

Congress must reauthorize the National Flood Insurance Program (NFIP) to continue providing flood insurance after September 30, 2017.

I am a real estate professional. What does this mean for my business?

Without the NFIP, millions of home- and small business owners in more than 20,000 communities nationwide will not be able to obtain a mortgage or insurance to protect their property against the most expensive and common natural disaster in the U.S.: flooding. The NFIP was created because of the lack of affordable coverage in the private market. It also reduced the number of uninsured properties that otherwise will rebuild with taxpayer-funded disaster relief after major floods.

NAR Policy:

NAR supports:

1. Reauthorizing and gradually strengthening the NFIP so it is sustainable over the long run;
2. Providing federal assistance to high risk property owners, including guaranteed loans, grants and buyouts in order to build higher and keep NFIP rates affordable;
3. Encouraging the development of private market options to offer comparable flood insurance coverage at lower cost than NFIP;
4. More granularly pricing NFIP policies to better reflect the property's specific risk; and
5. Improving flood map accuracy so fewer property owners have to file expensive appeals.

Opposition Arguments:

Opponents believe that home buying in riskier flood zones will continue as long as flood insurance is underpriced by federal subsidies. As a result, the NFIP could be forced to borrow more to make up for shortfalls in premium revenue in order to cover the cost of future claim payments.

Legislative/Regulatory Status/Outlook

On July 6, 2012, Congress passed the Biggert-Waters Act reauthorizing the NFIP through 2017. While ending the shut downs and short extensions that cost 40,000 home sales each month, implementation problems threatened to undermine real estate transactions where flood insurance is required for a federally related mortgage.

On March 13, 2014, Congress responded by amending Biggert-Waters with the passage of the "Homeowner Flood Insurance Affordability Act." President Obama signed these amendments into law on March 21, 2014:

- Repealed FEMA's authority to raise premium rates at the time of property sale;
- Restored grandfathering so properties built to code in one flood zone wouldn't be re-rated in another simply because of a FEMA map change;
- Reset flood insurance rates one time back to pre-Biggert Waters levels and refunded overcharges;
- Limited future premium increases to 18% annually for newer properties and 25% for the older ones;
- Added a \$25/\$250 surcharge to NFIP policies until property owners begin paying full-risk rates; and

- Established the Office of the Flood Insurance Advocate to help property owners with faulty flood maps and/or insurance rate quote concerns.

The NFIP is again up for renewal on September 30, 2017. The last Congress began the process of drafting the next reauthorization package by holding hearings and acting on several reform bills that could be considered for inclusion, such as:

- H.R. 2901, "The Flood Insurance Market Parity and Modernization Act" to encourage the development of a private market that offers comparable flood insurance coverage at lower cost than the NFIP.
 - On April 28, 2016, the House of Representatives passed this bill by an overwhelming bipartisan vote of 419-0.
 - The Senate did not act on the measure before the end of the session.
- H.R. 2029, "The Consolidated Appropriations Act of 2016" to fund NFIP flood mapping (\$190 million), property mitigation grants (\$175 million), and the Office of the Flood Insurance Advocate (\$5 million).
 - Enacted into law on December 18, 2015.
- H.R. 3297, "The Fairness in Flood Insurance Act" to streamline the flood mapping process and reimburse property owners when they appeal and win.
 - Introduced July 29, 2015 but was not taken up in the 114th Congress.

The 115th Congress is expected to move quickly toward reauthorization, with the House likely to consider legislation first. NAR will continue to urge swift action and work with Congress to fully reauthorize and reform the NFIP before the current authority expires on September 30, 2017.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Insurance Committee

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Natural Disaster Issue Summary

What is the fundamental issue?

Insurers have historically responded to natural disasters by raising rates, reducing coverage or declining to write new policies. NAR supports the development of forward-looking U.S. policies that improve access to affordable property insurance and strengthen/mitigate properties against future disasters.

I am a real estate professional. What does this mean for my business?

Without federal involvement, many parts of the Nation may not have access to affordable property insurance to protect against the next superstorm, earthquake or act of God. Without insurance, it is the taxpayer who pays when Congress reacts by providing hundreds of millions in supplemental disaster assistance for rebuilding under-insured properties and communities. At the same time, flood victims won't be adequately compensated as the costly assistance typically takes the form of a low-interest loan that must be repaid along with the mortgage.

NAR Policy:

NAR supports establishing national disaster policies that promote the availability and affordability of property insurance and shift the emphasis from post-disaster relief to pre-disaster mitigation. That way, more property owners will be insured and as a result, fewer will have to turn to the federal government for limited, taxpayer-funded assistance after the next natural mega-catastrophe.

Opposition Arguments:

Opponents assert that U.S. taxpayers are being asked to bailout billionaire beach mansions. Yet, billionaires are more likely to self-insure. Middle class families, on the other hand, may not be able to afford private market insurance and thus will have to rely on post-disaster assistance unless proactive federal policies are established.

Legislative/Regulatory Status/Outlook

NAR has adopted a multi-bill strategy to advance the natural disaster policy debate, including legislation that:

1. Protects property owners by ensuring that comprehensive and transparent insurance coverage for catastrophic events is available and affordable across the United States;
2. Acknowledges the importance of personal responsibility and smart land use decisions while providing for adequate incentives to undertake mitigation measures where appropriate; and
3. Recognizes the state's role in regulating property insurance markets and the federal government's in addressing mega-catastrophes as well as critical infrastructure such as federal levees and dams.

In previous congresses, NAR has supported a range of bills including to:

- Offer federal reinsurance or loan guarantees for qualified states as alternatives to a volatile global market that offers reinsurance at rates many times the expected annual loss; and
- Clarify insurance coverage under the NFIP where there is wind as well as flood damage.

Legislation has yet to be introduced in the 115th Congress. NAR will continue to promote a range of viable approaches to achieve forward-looking disaster policies.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Insurance Committee

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Net Neutrality Issue Summary

What is the fundamental issue?

Net neutrality is shorthand for the concept that Internet users should be in control of what content they view and what applications they use on the Internet. More specifically, net neutrality requires that broadband networks be free of restrictions on content, sites, or platforms. Networks should not restrict the equipment that may be attached to them, nor the modes of communication allowed on them. Finally, networks should ensure that communication is not unreasonably degraded by other communication streams.

I am a real estate professional. What does this mean for my business?

The business of real estate is increasingly conducted on-line. Streaming video, virtual tours and voice-over-internet-protocol are just some of the technologies that are commonly used by real estate professionals today. In the future, new technologies will be adopted which will no doubt require unencumbered network access.

Some real estate professionals, realty website operators and real estate industry affiliated content providers believe net neutrality provisions are necessary to prevent broadband providers (cable and telephone companies, primarily) from implementing possibly discriminatory practices that could negatively impact real estate professionals' use of the Internet to market their listings and services. Some possible examples include practices that would (1) limit the public's access to real estate websites, (2) limit a real estate firm access to online service providers who may be in competition with the network operators' (ISP's) own services, e.g. Internet phone services, or (3) charging certain websites more for the broadband speeds necessary to properly transmit or display audio or video content such as online property tour, podcast or phone services.

NAR Policy:

NAR supports legislative and regulatory efforts to ensure that broadband providers adhere to net neutral practices. NAR is concerned about the FCC's "fast lanes" proposal and has commented in opposition to the current proposed rule.

The business of real estate is increasingly conducted on-line. Streaming video, virtual tours and voice-over-internet-protocol are just some of the technologies that are commonly used by real estate professionals today. Net neutral practices will be essential to ensure that real estate content can be freely and efficiently distributed online.

NAR supports seven principles to guide lobbying efforts on any legislation to require broadband providers to adhere to net neutral practices:

1. Consumers are entitled to access the lawful Internet content of their choice;
2. Consumers are entitled to run applications and services of their choice, subject to the needs of law enforcement;
3. Consumers are entitled to connect their choice of legal devices that do not harm the network;
4. Consumers are entitled to competition among network providers, application and service providers, and content providers;
5. Network providers should not discriminate among internet data transmissions on the basis of the source of the transmission as they regulate the flow of network content;

6. Broadband providers must be transparent about the service they provide and how they run their network and;
7. These principles should apply to both wireless and wireline networks.

Opposition Arguments:

Opponents of network neutrality fear that excessive regulation of Internet Service Providers will create a disincentive to invest in new or additional Internet infrastructure ultimately leading to poor service for consumers.

Legislative/Regulatory Status/Outlook

On December 21, 2010, the Federal Communications Commission (FCC) issued new rules on net neutrality. Under these rules, wired broadband providers were "prohibited from blocking lawful content, applications, services and the connection of nonharmful devices to the network." Wireless broadband providers, however, were allowed more flexibility, reflecting the technical limitations on the amount of traffic a wireless network can handle. Both wired and wireless broadband providers would have been subject to transparency requirements, which require them to let consumers know how they manage network activity. The new rules also allowed internet service providers to charge usage-based fees for broadband, so customers using more bandwidth may be charged more for service than customers using less bandwidth.

On January 14, 2014, the U.S. Court of Appeals for the District of Columbia ruled that key elements of the FCC's 2010 Open Internet Order are invalid. By tossing out these rules, ISPs are now free to charge content companies higher fees to deliver Internet traffic faster or otherwise more efficiently. On May 15, 2014, the FCC issued a new proposed rule for comment. This rule would allow large content providers like Netflix and Facebook and others to negotiate separate, exclusive deals with Internet Service Providers to carry their content on faster connections. This has been termed "Internet fast lanes."

NAR filed comments opposing the Commission's "fast lanes" proposal. In addition the Association organized a broad real estate coalition including over 100 MLSs, large firms and industry associations opposing the FCC's proposal.

The FCC published its Open Internet order in March 2015. The Order seeks to prevent Internet Service Providers from blocking Web traffic, slowing it down or setting up paid fast lanes. Several ISPs and their industry associations have filed lawsuits challenging the FCC's authority to implement this order. It is likely to take several years for these lawsuits to wind their way through the courts. On June 14, 2016, the D.C. Court of Appeals ruled in favor of the FCC's net neutrality regulations to ensure an open internet in the U.S. In the ruling, internet providers aren't allowed to block, slow, or sell faster delivery of legal content on their networks. ISPs appealed this decision to the Supreme Court.

The 115th Congress, together with the Trump Administration, is expected to rollback portions of the FCC's Open Internet Order. The 114th Congress considered proposals that would codify the prohibition on content blocking, throttling and paid prioritization but rolls back the classification of broadband services as a Title II information service. NAR will continue to work the Congress and the FCC to protect members ability to freely share lawful content on the internet.

Current Legislation/Regulation (bill number or regulation)

FCC Notice of Proposed Rulemaking entitled “Preserving the Open Internet” and “Broadband Industry Practices, GN Docket No.09-191, WC Docket No. 07

NAR Committee:

Federal Technology Policy Advisory Board

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Patent Litigation Reform Issue Summary

What is the fundamental issue?

In 2011, Congress passed legislative reforms to patent law in response to growing concerns that the patent system was unable to deal with challenges presented by the ever growing number of patent applications being submitted and the increasing complexity of the technology for which a patent is being requested. In addition, the growing number of cases of licensing demands being made by holders of obscure software patents, as well as number of patent lawsuits being filed, pointed to the need for reform. Many in the tech industry believe that 2011's reforms did not adequately address the issue of "patent trolls" and that additional legislation is necessary to reduce the costs of litigation caused by "non-practicing patent entities."

I am a real estate professional. What does this mean for my business?

The real estate industry is more and more dependent on the use of information technology and software products to market properties and manage their businesses. An increase in patent-infringement claims can drag unsuspecting real estate professionals into expensive and time-consuming litigation putting all REALTORS® at risk.

The CIVIX lawsuit is a good example. The CIVIX owns a very broad patent on any online service that provides "systems and methods for remotely accessing a select group of items from a database." As a result of this patent infringement lawsuit, a number of MLSs have been required to pay licensing fees to this patent holder. Patent reform could help to more narrowly tailor patents and reduced the scope of future infringement lawsuits.

NAR has recently learned that several large brokers have been sued for alleged infringement of a patent dealing with property valuation. New "trolls" pop up all the time and increasingly REALTORS® and MLSs are the subject of their demands to license bogus patents. The problem is only growing worse over time.

NAR Policy:

NAR believes that curbing questionable patent litigation is a needed reform. However, improving patent system transparency and patent quality are equally important. While the Patent Trademark Office (PTO) has taken important steps to improve the system, more work is needed.

Without needed reforms that assure that asserted patent rights are legitimate, the ability of businesses owned by REALTORS®, many of which are small businesses, to grow, innovate and better serve modern consumers will be put at risk.

Opposition Arguments:

Opponents argue that proposed reform could sweep in legitimate business practices, reducing the value of patent assets and chill innovation.

Legislative/Regulatory Status/Outlook

NAR has been lobbying on its own behalf and as part of the United for Patent Reform Coalition to support common sense patent litigation reforms.

We expect reform legislation to be introduced early in the 115th Congress. At this time, it is uncertain what position the new Administration will take.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Federal Technology Policy Advisory Board

Legislative Contact(s):

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Private Property Rights and Public Land Transfers Issue Summary

What is the fundamental issue?

It is a foundational tenet of NAR that governments should not infringe on the basic right of the individual to acquire, possess and freely transfer real property, and must protect private property rights.

Federal ownership of public land can have a negative impact on property rights, especially in states that already have high federal land ownership, such as Utah or Nevada. Ownership of land by the federal government reduces the amount of land available for use by the private sector and reduces local tax revenues.

Transferring land to the private sector will encourage economic development and better management of the land for multiple uses, such as resource extraction, ranching and wildlife management. It will also help the federal government prioritize and better manage the land they have left and strengthen property rights in states with high public land ownership.

I am a real estate professional. What does this mean for my business?

The freedom to buy, sell and utilize property, as protected in the 5th Amendment, underlies all real estate transactions and markets. Any restrictions placed on a property owner from realizing the highest and best use of that property hinders economic growth and development and reduces freedoms inherent in our society.

Transferring land from the federal government to private ownership will allow increased economic development and provide better, more efficient land management. This will result in less frequent and severe wildfires, enhanced ecosystems and economic development for rural areas.

NAR Policy:

Governments shall not arbitrarily infringe on the basic right of the individual to acquire, possess and freely transfer real property, and shall protect private property rights as referred to in the 5th and 14th Amendments of the United States Constitution.

NAR supports legislative implementation of the 5th Amendment's guarantee of compensation when property rights are taken. Every person should have the right to acquire real property with confidence and certainty that the use or value of such property will not be wholly or substantially eliminated by governmental action at any level without just compensation or the owner's express consent.

In addition, NAR supports legislation that will provide property owners expeditious access to administrative and judicial systems at all levels - local, state and federal - to pursue 5th Amendment takings claims or relief from other property rights violations.

NAR recognizes the need for all levels of government to be able to exercise legitimate police powers in the regulation of private property to protect the health, safety and general welfare of its citizens. However, when government actions or regulations are not founded within legitimate police powers, the government should be required to pay compensation for the inordinate burden levied on the property owner.

The federal government should not establish criteria for the use of eminent domain by state and local governments. Each state should establish its own rules and laws governing eminent domain without interference from the federal government.

Likewise, when a government entity exercises its eminent domain power to condemn private property for public use, the government should provide - as required by the 5th Amendment - "just" compensation to affected property owners that covers not only the value of the property condemned but also all other reasonable and necessary costs generated by the condemnation action including, but not limited to, hiring legal counsel, obtaining temporary housing, lost business revenue, severance damages.

Furthermore, when a government entity exercises its eminent domain authority, it should do so only when necessary to materially advance a real public use. The government should provide persuasive, objective evidence that the project, and the resulting public use, will be realized.

Opposition Arguments:

Property rights should be balanced with other societal needs, such as environmental quality and economic development. Lands should stay under the ownership of the federal government because only public ownership will allow for the most efficient and multiple use management of these lands.

Legislative/Regulatory Status/Outlook

The process for transferring public lands to the states or to the private sector will be evaluated by the new Congress and the incoming Trump Administration. Rep. Ryan Zinke (R-MT), the presumptive nominee of the Interior Department, has expressed support for the existence of public lands and the valuable economic role they play in adjacent communities. He has also expressed interest in encouraging and streamlining the transfer process where it makes economic and environmental sense.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Land Use, Property Rights and Environment Committee

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Property Assessed Clean Energy (PACE) Financing Issue Summary

What is the fundamental issue?

Property Assessed Clean Energy (PACE) programs provide a mechanism for financing energy-related home improvement projects, such as solar panels or energy efficient windows. PACE programs permit local governments to provide financing to property owners for these projects; homeowners repay the amount borrowed over a period of years through an assessment added to their property tax bill.

I am a real estate professional. What does this mean for my business?

Credit and Mortgage Availability

NAR is concerned that PACE loans could have an adverse impact on credit and mortgage availability. Like property taxes, PACE liens take priority over mortgages. But if a home is foreclosed on, the liens are paid before the mortgage lender can recoup any money. The presence or potential presence of a PACE loan, taking the first position ahead of the mortgage, invariably leads to the devaluation of the mortgage as a secured asset. This has the effect of either making mortgages more risky and costly.

Disclosure Concerns

Real estate professionals are very concerned about issues that are required to be disclosed about a property. The more items that are required to be disclosed, the more liability is increased if an item is not disclosed. Because PACE loan liens run with the property and are included in the tax bill regardless of whom the property owner is, this is an item that would need to be disclosed to a potential buyer of the property.

Concerns Related to the Completion of the Transaction

Because PACE loans run with the property and not with the property owner, tax assessment for the loan will need to be explained for each new buyer. If it is assumed that the average home is sold every five years, and the average length of the PACE loan is 20 years, then this special tax assessment will need to be explained an average of four times over the life of the loan. These assessments have already caused delays in transactions or even cancellations.

NAR Policy:

NAR believes that PACE liens should be subordinate to any first mortgages and supports Fannie Mae and Freddie Mac prohibitions against the purchase of mortgages or notes with PACE-type “super liens.” This will allow homebuyers to continue to easily obtain financing while supporting energy efficiency, and ensure mortgage markets remain secure.

Opposition Arguments:

Opponent argue that homeowners should have a variety of options to help them make their homes more energy efficient and save money on their utility bills. PACE programs help homeowners achieve both of those goals and also reduce CO2 emissions which contributes to climate change.

Legislative/Regulatory Status/Outlook

On July 6, 2010, the Federal Housing Finance Agency (FHFA) issued a statement that states:
“The Federal Housing Finance Agency has determined that certain energy retrofit lending programs present significant safety and soundness concernsFirst liens established by PACE loans are unlike routine tax assessments and pose

unusual and difficult risk management challenges for lenders....They present significant risk to lenders and secondary market entities, may alter valuations for mortgaged-backed securities and are not essential for successful programs to spur energy conservation.”

This statement, and subsequent statements released by the FHFA expressing concerns about various aspects of PACE programs, tempered demand for these programs.

On July 19, 2016, the Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) jointly published guidance in a mortgagee letter that allows for the approval of mortgage and refinance applications for properties with PACE obligations, provided they meet certain requirements. This means that borrowers may now use FHA and VA financing to purchase homes with PACE loans attached. Among the requirements in the new guidance is the stipulation that the PACE assessment does not take first lien position ahead of the mortgage. However, the guidance does provide that for delinquent or foreclosed loans, PACE loans will retain a first-lien position. NAR, along with other interested stakeholders, submitted comments outlining our concerns with the guidance and with PACE programs in general.

In 2017, the Trump Administration or Congress will likely reevaluate current housing policies, which may include PACE loans.

Current Legislation/Regulation (bill number or regulation)

No actions at this time.

NAR Committee:

Conventional Financing and Policy Committee

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Rent Control Issue Summary

What is the fundamental issue?

Rent control and/or rent stabilization measures have regained interest by local governments because the cost of housing in some markets have surged. There can be several unintended consequences with rent control measures: reducing quantity and quality of available housing, increasing rent for tenants not under rent control, reducing landlord incentive to maintain property, decreasing landlord's ability to meet expenses, and generating significant administrative costs to local government, just to name a few.

Economists on both the left and right tend to agree that rent control is bad. Rent control measures do not always benefit community members that need affordable housing and often go to well-off residents with the resources to find rent controlled properties. Some will argue that the private real estate market is not responsible to provide subsidized housing.

I am a real estate professional. What does this mean for my business?

Selling real estate under rent control may be more difficult and may reduce the value of that property. Properties that have been under rent control for many years may also have deteriorated at a faster pace than properties not under rent control because maintaining or improving the property was not feasible. Ultimately this may bring down the market rate of rent controlled properties and possibility properties adjacent to rent controlled properties.

NAR Policy:

NAR supports the concept of affordable housing and defends the right of Americans to own property free of unreasonable controls. NAR urges elected officials at all levels of government to oppose the adoption of rent control legislation and the use of government funds to finance rent control advocacy.

Rent control negatively affects the housing inventory by hastening the deterioration and loss of existing housing. By lowering the value of rental property, rent control affects a community's tax base by causing a disproportionate shift of tax burden to other real estate and potentially curtails vital municipal services. The expense of complying with rent control laws and regulations inevitably increases the cost of housing to the consumer, and the expense of enforcing rent controls adds to the cost of local government. Communities which have discouraged investment in new rental housing because of rent control should not be eligible for federally-assisted or state-assisted rental housing programs.

Opposition Arguments:

The increased housing costs can be hurtful to members of the community, particularly workers in the service industry. The political pressure to control housing costs is increased when long-term residents are displaced or become homeless. Rent control or rent stabilization measures are the only sources of protecting the integrity of communities.

Legislative/Regulatory Status/Outlook

Only five states/jurisdictions (California, District of Columbia, Maryland, New Jersey, and New York) explicitly authorize local rent control measures. At least 27 states have laws that prohibit local rent control.¹ Approximately nineteen states neither permit nor prohibit local rent control.²

Current Legislation/Regulation (bill number or regulation)

Legislation at the state/local level.

NAR Committee:

State and Local Issues Policy Committee

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1. Alabama, Arizona, Arkansas, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Massachusetts, Michigan, Minnesota, Missouri, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Washington, and Wisconsin
2. Alaska, Delaware, Hawaii, Idaho, Louisiana, Maine, Mississippi, Montana, Nebraska, Nevada, New Hampshire, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia, and Wyoming

RESPA Enforcement Issue Summary

What is the fundamental issue?

Are marketing agreements legitimate under the Real Estate Settlement Procedures Act (RESPA)? What is the right way to do one?

I am a real estate professional. What does this mean for my business?

Actions by the Consumer Financial Protection Bureau (CFPB) have departed from longstanding prior interpretations of the *Real Estate Settlement Procedures Act* (RESPA), calling into question whether and under what circumstances real estate professionals can receive money for marketing other settlement services and service providers. This has led to much confusion in the industry and numerous lawsuits.

NAR Policy:

NAR believes that real estate professionals and brokers should be able to be compensated for services performed and marketing done. NAR supports better guidance from the CFPB and specifically rejects the contention that the marketing of settlement services is a mere referral.

Opposition Arguments:

Marketing agreements are a subterfuge for paying real estate professionals and brokers a fee for referrals.

Legislative/Regulatory Status/Outlook

Responsibility for enforcement of RESPA transferred from HUD to the CFPB in 2012. NAR and its industry partners have long disputed a 2010 HUD ruling that the sale of home warranty contracts by real estate agents for compensation was a per se violation of RESPA. NAR believes HUD erroneously limited the ability of real estate professionals to market home warranty products to the detriment of consumers who benefit from such products. CFPB maintained the HUD ruling and has since embarked on a broader effort to go after marketing service agreements (MSAs) as a whole. On October 8, 2015, the CFPB issued Compliance Bulletin 2015-05 addressing MSAs, but offers little additional guidance from the CFPB'S previous enforcement actions.

PHH Legal Challenge

On June 4, 2015, the CFPB issued a decision against PHH Corporation and a number of other defendants for violating Section 8 of RESPA by paying for referrals when there is a federally related mortgage. CFPB Director Cordray's decision called into question a number of practices relating to reinsurance arrangements and attempted to expand the agency's statute of limitations authority. *PHH appealed the decision to the U.S. Court of Appeals for the District of Columbia and NAR filed an amicus, or "Friend of the Court," brief defending properly implemented MSAs.*

As a result of the CFPB's actions, on July 30, 2015, Wells Fargo and Prospect Mortgage joined a growing number of lending institutions to discontinue participation in marketing services agreements (MSAs) with real estate agents and brokers.

On November 5, 2015, the CFPB filed its reply brief responding to PHH's arguments and the numerous amicus briefs opposing the CFPB's decision. Contrary to some media and other commentary about the CFPB's intent to outlaw all MSAs, the CFPB acknowledged in its brief that

not all MSAs are inherently unlawful.

The D.C. Circuit Court issued its decision on October 11, 2016, holding in favor of PHH and stating that payments for bona fide services provided and made at fair market value do not violate RESPA. In the decision, the court found that the CFPB's departure from HUD's longstanding prior RESPA interpretations was unreasonable and its retroactive application of its novel interpretation of the law violated PHH's due process rights. The court also held that the unilateral authority of the CFPB vested in a single person (the Director of the CFPB) was unconstitutional and that the statute of limitations for agency administrative enforcement actions under Section 8 of RESPA is three years.

As NAR has long contended, this decision confirms that real estate MSAs are permissible under RESPA, and that real estate professionals comply with the statute that payment is made for goods and services actually furnished or performed and are made at fair ("reasonable") market value.

The CFPB appealed the decision (issued by a three-judge panel) to the full bench (*"en banc"*) of the D.C. Circuit, which PHH has opposed. If the court rejects the petition for rehearing *en banc*, the CFPB could appeal to the Supreme Court, but such course of action will likely be determined by the incoming administration. For now, the D.C. Circuit Court holding is stayed until a decision is made on rehearing.

Pending the appeal, the CFPB will likely continue enforcement actions with respect to payments tied directly to referrals but its efforts to challenge payments for services provided as disguised referral fees will be stymied in the near future. In the meantime, NAR will continue to work with the CFPB and industry partners to ensure that appropriate guidance is provided. NAR will also work with Congress to ensure that any future legislative changes improve RESPA without imposing undue burdens on NAR members.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Business Issues Policy Committee

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Sales Tax on Services Issue Summary

What is the fundamental issue?

As of April 2016, forty-four states¹ including the District of Columbia have a sales tax on some services. Typically, services taxed include entertainment, utilities, or telecommunications. However, to date most of the service taxes exclude real estate services or commissions. Many states have considered or are considering expanding the application of sales taxes of services to include a wide range of professional services such as real estate, legal assistance, accounting services, etc.

In November 2016, voters in Missouri approved a ballot measure to ban the state or local governments from expanding sales taxes on services not already taxed. Effectively becoming the first state in the nation to prevent additional sales taxes on real estate services.

I am a real estate professional. What does this mean for my business?

The application of sales tax to real estate services would be a direct tax on real estate commissions. Even if real estate commissions are exempted, it is possible that sales taxes would be applied to other services that relate to real estate transactions (title searches, inspections, etc.), thereby affecting the viability of these businesses and the affordability of real estate.

NAR Policy:

NAR opposes the application of state or local sales tax to real estate services and other professional services, including real estate broker commissions, title searches, appraisals, home inspections, property management services, and any other services related to the real estate transaction. NAR finds that the impact of such taxation places an undue burden on homeowners and other consumers of real estate services, falls disproportionately on the real estate sector, and is ultimately detrimental to state and local economies.

Opposition Arguments:

Opponents claim that tax increases need to be made. The service-based sector of the economy keeps growing which warrants a reliable stream of revenue for the government. Opponents also claim that tax policy is outdated and various professional service taxes must be adopted.

Legislative/Regulatory Status/Outlook

State tax policy leaders have said sales tax on professional services are inevitable because there are simply no other effective tax alternatives. In many cases, sales taxes already apply to "consumer" services such as haircuts, massages, etc. Nevertheless, recent proposals have sought to apply state sales tax to "professional" or "business" services—including real estate services. Such taxes would apply to commissions, title searches, appraisals, inspections, property management and potentially other aspects of a real estate transaction.

Although no state has successfully implemented the application of sales tax to real estate services, the recent surge of activity nationwide makes this an issue of interest.

Current Legislation/Regulation (bill number or regulation)

Legislation at the state level.

NAR Committee:

State and Local Issues Policy Committee

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1. Arizona, Alabama, Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Idaho, Illinois, Iowa, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

Section 179-D Energy Efficient Commercial Buildings Tax Deduction Issue Summary

What is the fundamental issue?

Section 179D, the Energy Efficient Commercial Buildings Deduction, expired on December 31, 2016. Enacted as part of the Energy Policy Act of 2005, this provision allows commercial building owners who improve the building's energy-efficiency (via the building envelope, HVAC system, hot water, or the interior lighting system) to receive a deduction of as much as \$1.80 per square foot in the year the upgrade goes into service, after receiving the proper third-party certification. It is available for both new construction and retrofits, and does not favor any particular method of conserving/reducing energy use.

I am a real estate professional. What does this mean for my business?

Section 179D encourages commercial building owners to make energy-efficient improvements to their properties, while giving them the flexibility to make their own choices of how to accomplish this. In addition to reducing energy consumption and saving owners and tenants' money, these improvements can also increase the property's attractiveness to new tenants and help them retain value as they age. Short-term extensions of 179D and allowing it to expire, even for short periods that are covered retroactively, can undermine its purpose, as building owners may be unsure as to whether it will apply to improvements they hope to make and opt not to take the risk.

NAR Policy:

NAR supports deductions such as Section 179D, which are designed to encourage property owners to make improvements to and/or rebuild real property in order to conserve energy and satisfy environmental goals. NAR supports encouraging improving energy usage in commercial buildings through voluntary, market-based programs which leave flexibility in the way that is achieved.

Opposition Arguments:

No specific policy arguments against this deduction have been identified, other than the cost of extending the deduction would either have to be offset in some way, or be added to the budget deficit.

Legislative/Regulatory Status/Outlook

Section 179D was extended for two years (2015 and 2016) in the December 2015 Omnibus Appropriations bill. However, Congress allowed the provision to expire at the end of 2016.

While this provision has strong bipartisan support, the prospect of tax reform in 2017, combined with the large number of former expired provisions being made permanent in December 2015, have put a cloud over the future of this provision. It seems clear that the expired tax provisions will not be extended as a matter of course as in years past. Rather, members of the tax-writing committees in Congress have indicated they will consider the expired provisions as part of tax reform and extend those deemed worthy of a permanent place in the tax law and leave the rest of them expired. So far, it is unclear that the 179D provision will find a place in leading tax reform plans.

NAR will continue to work to persuade lawmakers to make this provision a permanent part of the tax law, or at least to extend it for as long as is possible.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Commercial Legislation and Regulatory Advisory Board
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Student Loan Debt Issue Summary

What is the fundamental issue?

New research clearly indicates that the continued rise in student debt along with a weak labor market has a long-term impact on the ability of first-time homebuyers, particularly lower income consumers, to qualify for mortgages. Many of these potential borrowers find a significant portion of their total monthly debt is comprised of student loan payments.

I am a real estate professional. What does this mean for my business?

NAR research indicates that student debt liability negatively impacts the ability of potential home buyers to save for or meet down payment requirements. Student loan debt is also having an impact on potential homebuyers' ability to qualify for a home due to high debt-to-income levels. These factors have limited their access to affordable mortgage options needed to purchase a home. Though a vast majority of borrowers have been responsible and diligent in making their student loan payments, their ability to save for priorities such as emergency savings, medical expenses, and down payments have become more difficult and impact their decisions such as purchasing a home.

NAR Policy:

NAR strongly support policy proposals to allow student loan borrowers to refinance into lower interest rates and to streamline income-based repayment programs. Additionally, NAR supports policy proposals that promote student loan simplification, clarity and education. NAR also shall ensure that mortgage underwriting guidelines related to student loan debt are standardized and do not impair homeownership.

Opposition Arguments:

Some believe that stagnant wage and job growth is hindering housing market, not rising student loan debt.

Legislative/Regulatory Status/Outlook

Passage of any student loan legislation would require it to be apart of a broader reauthorization of the "Higher Education Act" (HEA). While Congress continues to work on reauthorizing the HEA, a reauthorization of the HEA is believed to be unlikely in 2017 due to congressional gridlock.

During the 114th Congress, the U.S. House and Senate held hearings on college costs and federal loan and grant programs as it prepares to reauthorize the HEA, which expired at the end of December 2015. Since the HEA was created in 1965, the sweeping law governing federal financial aid programs has been rewritten eight separate times.

Current Legislation/Regulation (bill number or regulation)

In the 114th Congress, NAR supported a number of student loan debt bills. Many of these bills are likely to be reintroduced during the 115th Congress, but have yet to be reintroduced.

NAR Committee:

Conventional Financing and Policy Committee

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Tax Reform Issue Summary

What is the fundamental issue?

Over the past five or six years, the growing federal debt, weak economic recovery, and continued growth of tax complexity have kept tax reform near the top of the national agenda. Members of Congress from both Houses and both parties have expressed a high level of interest in reforming the tax system. However, former President Obama expressed only limited support, and only for corporate or business tax reform. Moreover, the two parties have been quite far apart in their visions for what tax reform should accomplish. This resulted in many congressional hearings and much talk about tax reform, but little real action.

In late 2013, Former Senate Finance Committee Chairman Max Baucus (D-MT) released a series of staff discussion drafts on tax reform. Each draft covered a different topic of tax reform, and included some specific proposals to repeal certain tax benefits available under the current tax code. Important to commercial and rental real estate were proposals to increase the depreciable lives of real property used in business or held for investment to 43 years (from the current periods of 39, 27.5, and 15 years), to raise the tax rate on gain from depreciation recapture from the current 25% to the ordinary income tax rate (now as high as 39.6%), and to repeal the tax rules that allow taxpayers to exchange like-kind real estate on a tax-deferred basis. In February 2014, Former House Ways and Means Chairman Dave Camp (R-MI) released a comprehensive draft tax reform plan that included many of the same provisions as the Baucus plan that would be negative to commercial and investment real estate, as well as some different ones that would be devastating to residential real estate.

Many stakeholders in the real estate community, including NAR, viewed these proposals as a significant threat, even though there was little chance of the bills advancing in the near-term. NAR, together with other groups, sent a detailed letter to the Finance Committee in January 2014, which outlined the many reasons why adoption of the Baucus proposals would be a major step in the wrong direction for the nation's economy, for job growth, and for tax reform. NAR also expressed grave concern with the Camp plan.

Both Senator Baucus and Representative Camp have now retired, but their tax reform ideas are still considered by many current policymakers to be viable ideas from which to draw for future tax reform plans. This is especially true when tax reform is considered in a revenue-neutral environment, such as still the case now. This means that revenues lost from tax rate reduction would have to be made up or offset by the removal or dilution of tax benefit provisions in the tax code. The new leaders of the tax-writing committees, Ways and Means Chairman Kevin Brady (R-TX) and Finance Chairman Senator Orrin Hatch (R-UT), have each expressed a strong desire to accomplish tax reform. And now that President Trump has taken office and has made it clear that he shares the goal of modernizing the tax code, we are facing an environment that is more friendly to the possibility of big changes being enacted to the tax law than we have seen in a long time.

Until the last election put control of both Houses of Congress and the White House in the hands of the Republicans, there was a significant divide between the parties, who shared power, as to what tax reform should look like. Generally speaking, Democrats were in favor of increasing the perceived level of fairness of the tax burden in our society. Republicans, on the other hand, were more

concerned about economic growth and job creation. It is this divide that effectively prevented tax reform from moving toward enactment over these past few years.

While the two sides of the political aisle still have major differences in their general views of what tax reform should look like, it now appears much more possible that Republican preferences could prevail, especially if a handful of moderate Democrats can be persuaded to join in.

The path forward to tax reform is still quite cloudy, both as to timing and what might be successfully brought to the finish line.

However, with policymakers of all stripes expressing a willingness to simplify the tax law and to broaden the base and lower the tax rate, a very real possibility exists that common ground on tax reform can be found. Along with this possibility is the danger that the tax incentives for owning a home could be diminished for the majority of Americans, and that vital provisions for commercial real estate could be repealed or limited in order to “pay for” lowering the tax rates.

I am a real estate professional. What does this mean for my business?

Tax reform carries high stakes for real estate professionals and those who own real estate. The current system is very efficient and generally favorable for real estate. Alterations to that system would change -- likely to the detriment -- the economics of homeownership and of real estate investment. Any modification of real estate-related tax benefits in the current fragile economy could do serious damage and would create uncertainty for prospective purchasers.

Also, tax reform based on a goal of lowering the tax rates as much as possible could mean that policymakers ignore the societal and economic benefits of important and long-standing deductions, such as the mortgage interest deduction, in favor of reaching the ultimate low tax rate. While lower rates could help take some of the sting out of lost tax benefits, and generally be positive for the economy, the trade-offs would create many winners and losers among individuals, businesses, and entire industries. There is no assurance that tax reform would result in a net positive for real estate or for the economy. Indeed, the real estate sector could take a big hit, as it did in 1986, the last time tax reform was successfully undertaken.

NAR Policy:

NAR embraces no single tax reform model such as a flat tax or a retail sales tax. Similarly, NAR does not adhere to any specific schedule of tax rates as a primary goal. Rather, NAR policy acknowledges the complexity of the current tax system and seeks tax reforms that support the goals of homeownership and freedom to buy, maintain and sell real estate.

The current real estate tax provisions are among the most widely used and most readily understood tax provisions. Homeownership is not a special interest, nor a loophole. Nearly two-thirds of Americans own their homes, and a high percentage of tax benefits go to households with less than \$200,000 of income. Many real estate investment decisions have been made with the current tax law factored in. Changing the rules on existing investments could harm the economic recovery and future job creation. Moreover, homeowners already pay 80 to 90 percent of all federal income taxes, and it would be unfair to increase the tax burden on this segment of the population.

Opposition Arguments:

Opponents of NAR policy argue that the current tax system is riddled with loopholes that benefit mostly high-income Americans. In the case of mortgage interest and property tax deductions, only about one-third of taxpayers itemize and are thus able to take advantage of these deductions, so the benefits should be spread out to more Americans. Further, some claim that the huge amounts spent through the tax code in subsidizing housing does little to increase the homeownership rate and largely rewards those who already have a home.

Legislative/Regulatory Status/Outlook

Over the past five or six years, both of Congress's tax-writing committees (House Ways and Means Committee and Senate Finance Committee) have been active in holding hearings and developing draft tax reform plans. However, most of these draft plans have not moved beyond the discussion draft stage.

Until late 2013, most of the tax reform discussion was mostly focused on rate reduction, but no details were provided that would suggest which deductions and tax credits would be reduced or eliminated in order to "pay for" deep rate cuts. However, this changed with the release of the Camp plan in 2014 and a more recent tax reform "Blueprint" released by the House Republican leadership in the summer of 2014. NAR is particularly concerned about the mortgage interest deduction (MID) and the deduction for state and local taxes (including property taxes), as well as its commercial real estate provisions.

The reason for this concern is that a central feature of both the Camp and Blueprint plans is the elimination of all itemized deductions, except the mortgage interest deduction and the deduction for charitable contributions. Along with these changes, the standard deduction would be nearly doubled under these plans. While at first glance, it may seem that retaining the MID would hold homeownership tax incentives harmless, this would be far from the case.

In reality, a plan that eliminates most itemized deductions while doubling the standard deduction would mean that only about 5 percent of taxpayers would claim itemized deductions, down from about a third under the current law. In essence, this would mean that for the great majority of Americans, there would no longer be a tax difference between owning a home and renting one.

The Blueprint tax reform plan also presents some challenges on the commercial real estate side, as well as some potential opportunities. For example, under the plan, interest expense would no longer be deductible, to the extent that it exceeds interest income. This is particularly troubling for an industry as highly leveraged as is real estate. On the other hand, the Blueprint provides that most productive assets, including buildings, would be eligible for immediate expensing, or being written off fully in the first year. This could effectively do away with the need for depreciation schedules. However, there are many unanswered questions about how such a plan would work, and whether all real estate investors would be able to take advantage of these potential benefits.

On the Senate side of the Capitol, it is unclear what direction the Finance Committee might take in developing tax reform in 2017. Last year, the Committee's chairman, Senator Orrin Hatch (R-UT), developed a complex and somewhat controversial tax reform plan designed to change the current-law requirement that corporations be subject to two layers of taxation. It is unclear how much support this plan might garner even among Committee Republicans, or if Chairman Hatch will pursue this plan in 2017 or develop something closer to the House Republican Blueprint plan.

President Trump has endorsed tax reform as a major goal of his new Administration. And having a Republican-controlled House and Senate in place, many are convinced that 2017 could be the year when some version of tax reform might finally get enacted. However, much work remains to be done before any tax reform plan comes up for any votes.

Real estate has much at stake with tax reform. While there is potential for simplicity and economic growth from a plan such as the Blueprint, there is also potentially much to lose, and the basic tax benefits of owning a home, which have been in place for over a century, are at risk.

NAR has already expressed major concerns through letters and high-level meetings with congressional leaders about the Blueprint and its possible effects on the tax incentives for owning a home. Further, NAR has commissioned economic studies by PwC (PricewaterhouseCoopers) to help assess the impact of this kind of tax reform plan on both the housing market and the commercial real estate sector as a part of its advocacy efforts.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Federal Taxation Committee

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TRID (RESPA-TILA Integrated Disclosure) Regulations

Issue Summary

What is the fundamental issue?

For a number of years, the Consumer Financial Protection Bureau (CFPB) has been working to harmonize the Real Estate Settlement Procedures Act (RESPA) and Truth in Lending Act (TILA) disclosures and regulations. While the final rule is an improvement over the 2012 proposed rule, there still have been questions, complications, and costs related to the implementation that began on October 3, 2015.

I am a real estate professional. What does this mean for my business?

The new integrated disclosures replace the long-standing Good Faith Estimate (GFE) and HUD-1 settlement statement. Like any new process, there has been a learning curve with unanticipated questions still unanswered. This uncertainty has generated a degree of risk aversion on the part of lenders that has led to a more tightly lender-controlled closing process. Of concern is a requirement that the Closing Disclosure (CD) be issued three days before closing, what adjustments can be made to the CD after it has been issued, and the potential delays that could result. Additionally, agents have reported a growing reluctance of lenders and title companies to share the CD out of fear of liability for disclosing clients' nonpublic personal information.

NAR Policy:

NAR supports a RESPA/TILA harmonization that adds transparency, simplifies disclosures, and reduces burdens to settlement service providers, including real estate professionals. RESPA and TILA are confusing statutes with sometimes conflicting disclosures and procedures. A single reformed set of rules and initial disclosures could benefit settlement service providers and consumers, ultimately improving the settlement process.

Opposition Arguments:

Opponents of NAR policy believe that each requirement imposed by the RESPA and TILA laws is necessary to ensure that consumers are adequately protected. Some would like to see more efforts to control costs. Some at the other end of the spectrum would simply like to get rid of this rule.

Legislative/Regulatory Status/Outlook

The final Know Before You Owe (KBYO) mortgage disclosure rule was issued November 20, 2013, and went into effect on October 3, 2015.

In the final rule, the CFPB largely addressed NAR's major concerns regarding the proposed 3-day waiting period to close transactions and dropped many provisions including the "all in" APR that would have been problematic. However, concerns of possible closing delays and how the mortgage transaction interacts with the real estate transaction remained. For instance, real estate agent access to the CD continues to be problematic. Many lenders have argued that the privacy requirements of the Gramm-Leach-Bliley Act (GLBA) or Regulation P prohibit lenders from releasing the CD to the real estate agent. However, an exception to the law and regulation already allows lenders to distribute the CD to third parties, including real estate professionals.

As a result, NAR advocated for a period of restrained enforcement and liability for the rule. It was through NAR member efforts during the 2015 REALTOR® Legislative Meetings that almost 300 U.S. Senators and Representatives signed a letter to CFPB Director Richard Cordray asking him to

grant a period of restrained enforcement, which the CFPB subsequently granted. In June 2016, NAR sent a letter to the CFPB requesting guidance on several concerning issues still causing problems for consumers and industry, including seeking: clarity on lenders' ability to share the CD with third parties; insight on revising the CD to reflect changes in circumstances (the so-called "black hole"); and extension of post-consummation timelines to correct minor errors to reduce impact on the secondary market.

On July 29, 2016, the CFPB issued a proposed rule addressing some of these concerns. As advocated for by NAR, the CFPB included language acknowledging that sharing the CD with real estate professionals is permitted under existing privacy laws (GLBA and Regulation P). Thus, regardless of when this proposed rule is finalized, KBYO does not impact the existing privacy law exception. It is therefore NAR's position that lenders' continued reluctance to share the CD out of fear of liability for disclosing clients' nonpublic personal information remains unwarranted.

On October 18, 2016, NAR sent a comment letter to the CFPB commenting on the proposed rule urging the CFPB to: (1) emphasize that lenders and title agents should share the CD with real estate agents, in accordance with existing privacy law and regulation; (2) ensure lenders are able to revise the CD to reflect valid changes in circumstances; (3) extend post-consummation timelines to correct minor KBYO errors; and (4) implement additional modifications to decrease consumer and industry uncertainty. A final rule is expected to be released by Spring 2017.

Current Legislation/Regulation (bill number or regulation)

Public Law 111-203 (HR 4173, The Dodd Frank Wall Street Reform and Consumer Protection Act)

NAR Committee:

Business Issues Policy Committee

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Valuation Issues Update Issue Summary

What is the fundamental issue?

Over the past year, NAR members have identified several valuation issues impacting real estate transactions. Most concerns are related to appraisals, including a perceived shortage of appraisers, the increased use of automated or alternative valuation methods, and the challenge of attracting new appraisers to the business.

I am a real estate professional. What does this mean for my business?

Appraiser Shortages: Appraisers are leaving the profession at the same time that entry of new appraisers is dwindling. Entrepreneurial opportunities for appraisers are disappearing and many are concerned with over-regulation in the field. There are also barriers to entry, such as education requirements, that could be affecting incoming appraiser numbers.

Automated or Alternative Valuation Methods: There is much debate on the role of appraisals and their contribution to the safety and soundness of the mortgage lending industry, while at the same time there is an increased reliance on AVMs for valuation purposes. Fannie Mae and Freddie Mac are exploring the use of programs that replace traditional appraisals with data driven valuations in certain, lower risk transactions.

Federally Related Transactions: The current federal de minimus level for requiring an appraisal, rather than an alternative valuation method, in a federally related mortgage transaction is \$250,000. There is debate on increasing that threshold to \$500,000 to reduce unnecessary burdens on lenders. However, many in the industry, including NAR, are concerned that a reduction in the de minimus would have a negative effect on safety and soundness in the housing market.

Appraiser Qualifications: It is becoming increasingly difficult to attract new entrants into the appraisal profession and the Appraisal Qualifications Board (AQB) is exploring alternative tracks to gaining the experience necessary to sit for the licensing exam.

NAR Policy:

REALTORS® support and encourage credible, independent valuations of real property because valuations are critical to the health of the overall real estate industry.

A trustworthy valuation of real property ensures the real property value is sufficient to collateralize the mortgage, protects the mortgagor, allows secondary markets to have confidence in the mortgage products and mortgage backed securities, and builds public trust in the real estate profession.

Opposition Arguments:

There is no political opposition to NAR's support of credible, independent valuations of Real Property. However, some in the real estate industry are frustrated by some appraisals coming in below the listing value, effectively ending transactions. Agents in certain geographic areas or with clients using certain types of funding, notably VA loans, suggest this happens more often than not. Some data suggests this affects only 10% of the mortgage transactions. This along with concerns that appraiser shortages are leading to "rush" fees and higher pricing, while also causing delays in the transaction, has increased the call for raising the Federally Related Transaction de minimus and promoting the use of alternative or data driven valuation methods.

Legislative/Regulatory Status/Outlook

NAR closely monitors federal legislative and regulatory issues related to valuations. There is currently no legislation impacting the appraisal issues outlined above.

Past Legislative Action

On November 16, 2016, the House Financial Services Committee, Subcommittee on Housing and Insurance, held a hearing entitled: “Modernizing Appraisals: A Regulatory Review and the Future of the Industry.” The hearing focused on concern over a shortage of appraisers working in the field, improving the ability to appeal an appraisal while maintaining safety and soundness, concerns with over-regulation as a result of Dodd-Frank, and the regulatory oversight framework of the appraisal industry. NAR submitted a statement for the record.

Past Regulatory Activities

On January, 26, 2015, Fannie Mae made Collateral Underwriter (CU), an appraisal risk-assessment tool, available to lenders. NAR members were concerned that this could add time to the appraisal process and force appraisers to use lower-value, lower-quality comps. Fannie Mae, however, feels that the tool is superior to current lender check-lists and engagement letters and that it will prevent some of the call-backs appraisers receive from underwriters for additional or lower comps. NAR has watched the roll-out of CU closely and have asked members to give NAR feedback about issues that may arise.

On June 9, 2015, five regulatory agencies issued a final rule requiring states to register Appraisal Management Companies (AMCs). NAR submitted comments on the proposed rule and is generally supportive of the rule. It is critical that States ensure that AMCs provide quality services in connection with valuing a consumer’s principal dwelling as security for a consumer credit transaction. The rule went into effect on August 10, 2015.

On September 14, 2015, new sections of the Federal Housing Administration (FHA) Single Family Housing Policy Handbook related to appraisals came into effect. The section entitled *Appraiser and Property Requirements for Title II Forward and Reverse Mortgages* includes policies specific to appraiser actions, including: property eligibility requirements; requirements for appraisers when performing appraisals; and the reporting of appraisal results. FHA’s supplemental Single Family Housing Appraisal Report and Data Delivery Guide also came into effect.

On July 1, 2016, the AQB implemented changes to the requirements for Supervisory Appraisers, as previously advocated by NAR. Supervisory Appraisers must be state certified appraisers in good standing for a minimum of three years prior to supervising, but may supervise Trainee Appraisers in any jurisdiction they are in good standing, even if they have been certified in that jurisdiction for less than three years.

On September 30, 2016, following concerns brought up by NAR, FHA revised the Single Family Housing Policy Handbook. FHA removed the language that an appraiser “must operate all conveyed appliances and observe their performance,” and replaced it with “must note all appliances that remain and contribute to the market value.” FHA also provided a clear definition of which items are considered “appliances” for the purpose of an FHA appraisal. NAR continues to monitor the impact the Single Family Housing Policy Handbook is having on appraisers and the appraisal industry.

On October 24, 2016, Fannie Mae introduced Day 1 Certainty™ which offers lenders freedom from representations and warranties on appraised values through Collateral Underwriter® and enhanced waivers of property inspection requirements on refinances. The program went into effect on December 10, 2016, and NAR is currently assessing the impact on home transactions and valuations. In November 2016, Freddie Mac also confirmed that they will be introducing a data driven valuation program in spring 2017.

Current Legislation/Regulation (bill number or regulation)

Final Rule on Appraisals for Higher-Priced Mortgage Loans

Final Rule on ECOA Free Appraisal Requirement

Final Rule on Minimum Requirements for Appraisal Management Companies

Update to FHA Single Family Housing Policy Handbook

NAR Committee:

Real Property Valuation Committee

Legislative Contact(s):

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VA Rehab Loans Issue Summary

What is the fundamental issue?

Since its establishment in 1944, the VA home loan program has helped millions of veterans realize the dream of homeownership. NAR believes this program is a vital tool that provides veterans with a centralized, affordable, and accessible method of purchasing homes as a benefit of their service to our nation.

However, NAR has been working with VA to provide more flexibility to veteran buyers. For example, VA does not have a loan that can be used to purchase and rehabilitate a home, similar to the FHA 203k program. The lack of a combined purchase-rehabilitation loan program leaves veterans disadvantaged in buying REOs and older homes that need some work.

I am a real estate professional. What does this mean for my business?

VA loans provide zero-downpayment financing for veterans and surviving spouses. The addition of a purchase-rehabilitation loan will enable veterans to take advantage of properties that need some work.

NAR Policy:

NAR is a strong supporter of, and REALTORS® are a major participant in, the VA Home Loan Guaranty Program. The VA Home Loan Guarantee program has guaranteed more than 20 million loans to American veterans, with a total loan volume over one trillion dollars. This program is a vital homeownership tool that provides veterans with a centralized, affordable, and accessible method of purchasing homes as a benefit for their service to our nation. NAR supports efforts such as the creation of a rehabilitation-purchase loan to expand housing opportunities for our veterans.

Opposition Arguments:

There is no known opposition to a VA purchase-rehabilitation loan.

Legislative/Regulatory Status/Outlook:

NAR is working with the Department of Veterans Affairs on the creation of a rehabilitation loan program similar to the FHA 203k program. That FHA program allows borrowers to purchase a home and include the costs of rehabilitation in the loan. This would be a great benefit to our nation's veterans.

NAR Committee:

Federal Financing and Housing Policy Committee

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Water Infrastructures Issue Summary

What is the fundamental issue?

The American Society of Civil Engineers (ASCE) gives the U.S. water supply infrastructure a grade of “D”. In communities with older pipes and water infrastructure, real estate markets may be impacted when water mains are not maintained. This problem is exemplified when water mains or service lines have lead contaminates, such as the events that occurred in Flint, Michigan.

Replacing all water service lines would be costly. The American Water Works Association estimates that there are 6.1 million lead containing service lines in use in approximately 11,200 communities within the United States. An estimate puts the average cost of replacing one service line at \$5,000 so to replace service line pipes would cost around \$30 billion.

I am a real estate professional. What does this mean for my business?

States may consider implementing seller disclosure forms on the water quality for homes or businesses. Currently, if a seller knows something is wrong with the water supply they must disclose that information to buyers.

NAR Policy:

NAR has not adopted an official position on this issue; however, state and local REALTOR® associations may adopt official positions for water infrastructure.

Opposition Arguments:

Before a home is sold, water testing should be completed by the seller to ensure buyers are protected from any contaminates. If lead or any poisonous substances are found, the pipes need to be replaced.

Legislative/Regulatory Status/Outlook

In December 2016, former President Obama signed into law the Water Infrastructure Improvements for the Nation Act. This authorizes federal funding for projects that reduce lead in water for fiscal years 2017 through 2021.

President Trump has talked about a “rebuilding America” plan with investments of \$1 trillion to assist with crumbling infrastructure. Prior to being elected, President Trump campaigned on a message to “pursue an ‘America’s Infrastructure First’ policy that supports investments in transportation, clean water” and several other areas of infrastructure. He also wanted to leverage public-private partnerships in financing infrastructure improvement projects.

Current Legislation/Regulation (bill number or regulation)

The Environmental Protection Agency (EPA) and the National Primary Drinking Water Regulations both set the maximum level of lead in drinking water at 15 ppb or parts per billion. One ppb is one microgram (millionth of a gram) per liter.

State, local, tribal and federal entities may apply for long-term, low-cost supplemental loans to improve the water quality of their community using the EPA’s existing program, Water Infrastructure Finance and Innovation Act (WIFIA).

NAR Committee:

State and Local Issues Policy Committee

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Waters of the U.S. Issue Summary

What is the fundamental issue?

Contrary to prior Supreme Court decisions, the Environmental Protection Agency (EPA) has proposed to "clarify" which water bodies are 'U.S. waters' and therefore subject to Clean Water Act regulations. See *Solid Waste Agency of Northern Cook County (SWANCC) v. U.S. Army Corps of Engineers*, 531 U.S. 159 (2001); and *Rapanos v. United States*, 547 U.S. 715 (2006).

I am a real estate professional. What does this mean for my business?

The Act will require expensive, time-consuming federal permits to develop private property near most water bodies -- not just those which are navigable. In addition, property owners may experience a taking under the regulation without adequate compensation, as prescribed under the 5th Amendment of the Constitution.

NAR Policy:

NAR supports using appropriate scientific criteria to identify regulated areas, keeping the focus on preserving high value wetlands; requiring that local officials and affected property owners be notified about the presence of wetlands; and using wetlands mitigation banking.

NAR and others supported the Supreme Court decisions to reject federal agency attempts to assert jurisdiction beyond navigable waters to all waters based on theories like the presence of migratory birds.

Opposition Arguments:

Opponents counter that the Clean Water Act was originally supposed to be read broadly, and see these agencies as attempting to restore federal protections over all waters of the U.S. From their perspective, the Supreme Court decisions weakened the law leaving many of the nation's streams and wetlands vulnerable to over development and pollution.

Legislative/Regulatory Status/Outlook

On April 21, 2014, the EPA and Army Corps of Engineers (Corps) jointly proposed a rule to "clarify" which water bodies are "waters of the U.S." (WOTUS) and thereby regulated under the Clean Water Act. The proposal expanded jurisdiction and authority over more waters of the U.S., negatively impacting economic development and property rights in communities across the country.

This rule was finalized and went into effect on August 28, 2015. While the EPA made several changes to the proposed rule in response to public comments, the final rule still expands federal jurisdiction over more U.S. waters beyond past practice, guidance and the limitations affirmed by two Supreme Court decisions. Property owners still lack clarity about what is needed or required to not be regulated by the Army Corps of Engineers or the EPA under the Clean Water Act.

Legally, the rule was stayed nationwide by a federal appeals court on October 9, 2015. This means the Corps and the EPA are prohibited from implementing the rule while the court engages in additional legal review of the rule. While temporary, the ban demonstrates the legal weaknesses of the rule. That stay is still in effect.

During the 114th Congress, there was lots of activity, including:

- H.R. 1732, “The Regulatory Integrity Protection Act”, sponsored by Rep. Shuster (R-PA), passed the House on 5/13/15. This bill would require the EPA to withdraw the rule and start the rule development process from the beginning, making sure the regulatory process is followed.
- A companion bill in the Senate, S. 1140, “The Federal Water Quality Protection Act”, sponsored by Sen. Barrasso (R-WY), would have required the EPA to conduct and adhere to the appropriate regulatory process and includes definitions of the kinds of waters that should be excluded from the rule. This bill failed in a close vote in November 2015.
- A Resolution of Disapproval under the Congressional Review Act passed both the House and Senate, but was vetoed by the President on January 19, 2016. A vote was taken in the Senate to override the veto, but did not gather sufficient votes.
- A provision to prohibit the EPA from expending any funds to implement the WOTUS rule was not included in the FY2016 Appropriations Bill, but efforts are underway for the FY2017 appropriations.

NAR, along with the National Association of Home Builders, submitted an Amicus Brief on a recent Supreme Court case, *Hawkes v the U.S. Army Corps of Engineers (USACE)*. This case addresses the question of when a property owner can appeal a decision that the USACE has jurisdiction over a water body on a property. Currently, the owner is required to go through the entire permitting process before they can appeal the USACE's "jurisdictional determination" (JD). NAR believes this harms development and property rights and believes that the property owner should be allowed to appeal the JD immediately.

In a huge victory for property rights and homeowners, the Court decided, 8-0, in favor of *Hawkes*. The Court was strong in its belief that a property owner should have the right to appeal a JD before going through the entire permitting process.

NAR believes that only Congress can fundamentally alter the Clean Water Act and will continue to oppose any efforts, whether through policy, guidance or regulation, to expand the Act's reach or otherwise infringe on property rights. Visit NAR's webpage on this issue at www.nar.realtor/topics/clean-water-act.

Current Legislation/Regulation (bill number or regulation)

Proposed regulatory definition of "Waters of the United States": www2.epa.gov/uswaters

NAR Committee:

Land Use, Property Rights and Environment Committee

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Wildfires Issue Summary

What is the fundamental issue?

More and more development is occurring in areas that have historically had risk of wildfires, especially in the far West, Intermountain West and the South. At the same time that homes are being built, the frequency and intensity of wildfires have increased. The past decade has seen more wildfires and more intense wildfires, than at any other time in our country's history. These so-called "mega- fires" are placing more of these new developments, and the people who live in them, in harm's way.

I am a real estate professional. What does this mean for my business?

Wildfires impact real estate agents and the real estate sector in a variety of ways. Properties that are built in areas that are known to be at a higher risk of wildfires may lose value as a result of that risk, especially if that risk changes over time. Insurance companies may decline to write homeowners insurance in these higher risk areas, drop coverage or dramatically increase premiums before or after a fire. Building practices and mitigation activities taken to reduce the property's risk may be effective but also may be prohibitively expensive for the owner, thereby reducing the value of a property.

NAR Policy:

NAR supports federal legislation and regulation that encourage active forest management practices which will help return the ecological benefits of fire to our forested areas, bring balance to our nation's firefighting policies, and protect homes and communities in the wildland/urban interface. These practices may include - but are not limited to - forest thinning, fuel reduction, and strategic use of prescribed burns and wildfire suppression.

NAR supports increased private sector management of public land in concert with this policy.

The application of environmental laws and regulations should be coordinated with active forest management practices so as not to prohibit such practices on private as well as public land.

NAR policy encourages better planning for the environmental and economic impacts on communities after wildfires have occurred.

Opposition Arguments:

If people live in areas with increased risk of wildfires, they should be prepared to pay the cost of living in that area and mitigating the risk. In addition, wildfires are a natural process that many forested areas, particularly in the west, depend on for a healthy forest. Therefore, the best practice is to let wildfires burn with minimal interference.

Legislative/Regulatory Status/Outlook

Lack of adequate funding in the U.S. Forest Service and the U.S. Department of the Interior to fight wildfires effectively, create defensible space in communities and transfer lands from the public to the private sector is always a critical issue.

In light of these concerns, NAR supported H.R. 2647, "The Resilient Federal Forests Act", which streamlines the process for fighting wildfires, addresses funding deficiencies and incentivizes the private sector to clean out publicly managed forests of dead wood. These approaches will encourage

more active forest management activities, and more effectively leverage the private sector to manage more public lands and transferring more public lands into private hands.

This bill passed Congress and was signed by the President in December 2016. NAR is also working on 2017 Appropriations to ensure that fire-fighting agencies have sufficient resources to address the increased frequency and severity of wildfires.

Current Legislation/Regulation (bill number or regulation)

None at this time.

NAR Committee:

Land Use, Property Rights and Environment Committee

Legislative Contact(s):

Russell Riggs, rriggs@realtors.org, 202-383-1259

Ken Wingert, kwingert@realtors.org, 202-383-1196

Regulatory Contact(s):

Russell Riggs, rriggs@realtors.org, 202-383-1259



Honorable Kevin Brady (R-TX)
Chairman, Committee on Ways and Means
U.S. House of Representatives

Kevin is Chairman of the House Ways and Means Committee - - considered by many to be the most powerful committee in Congress with jurisdiction over taxes, health care, Social Security, Medicare, international trade and welfare.

A champion of free enterprise and American-made energy, Kevin's focus is creating jobs, reducing Washington spending and sunseting obsolete federal agencies.

Kevin previously served as chairman of the influential Health Subcommittee for the House Ways and Means Committee. As chairman, he focused on ensuring a strong, free market in the nation's health care industry and look for ways to increase the quality of health care, while keeping costs low. And as the former Chairman and Vice Chairman of the Joint Economic Committee, Kevin has been a GOP leader on economic issues – opposing the President's stimulus and fighting White House efforts to raise taxes on families, small businesses and American energy producers.

Until 2013, Kevin was the leader of the Trade Subcommittee and led the successful effort to pass new sales agreements with Panama, South Korea and Colombia – and he served as the White House point man on the successful passage of the Central American Free Trade Agreement. On the Social Security Subcommittee, Kevin fought to preserve this important program for future generations once and for all.

Prior to his election to Congress, Kevin worked as a chamber of commerce executive for 18 years and served six years in the Texas House of Representatives where he was named one of the Ten Best Legislators for Families & Children. In 1994 he was named one of Five Outstanding Young Texans.

In order to stay close to the people he represents, Kevin never moved to Washington. He lives in Montgomery County with his wife Cathy and his two sons Will (18) and Sean (15) – and has logged nearly two million miles commuting to Congress each week.

Kevin is an original Hometown Hero of The Woodlands, a Paul Harris Fellow in Rotary and a Distinguished Alumni of the University of South Dakota. He and his family attend Saints Simons and Jude Catholic Church.

ACHIEVEMENTS

Congressman Brady's major legislative accomplishments include:

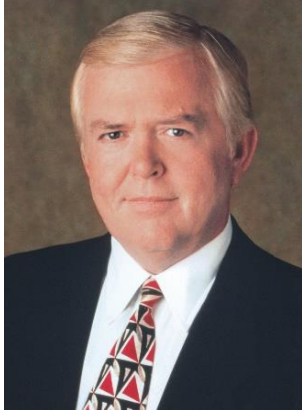
- Restoring the federal sales tax deduction which saves Texas taxpayers over \$1 billion a year.
- Passing new trade agreements that have created new sales and thousands of new jobs for Texas workers in manufacturing, agriculture and technology.

- Passing the Teacher Liability Protection Act to protect teachers against frivolous lawsuits when they maintain order and discipline in the classroom.
- In the wake of 9-11, establishing a national network of university homeland security research centers to prevent and respond to future terrorist attacks, including the center at Texas A & M.
- Championing the Federal Sunset Act which forces agencies and programs to regularly prove their value to taxpayers or face elimination.
- Authoring the MAP Act which President Reagan's former budget director lauded for its "smart spending caps and innovative guardrails."
- Helping create the Texas Institute of Genomic Research, a cutting-edge research center that will accelerate new medical discoveries and create 5,000 new Texas jobs.
- Spearheading House efforts on Hurricane recovery in the wake of Rita and Ike.

AWARDS

In Congress, Kevin has been repeatedly named Hero-of-the-Taxpayers, Small Business Champion and Super-Friend of the Seniors. He has received the Golden Bulldog Award by Watchdogs of the Treasury, special recognition by Citizens Against Government Waste, and is a perennial winner of the Guardian of Small Business, Taxpayer Hero and Spirit of Enterprise awards.

Kevin has been honored as Outstanding Texas Political Leader-of-the-Year and Deep East Texas Legislator-of-the-Year and was recently named as having one of the Top Five Spending Cut Agendas on Capitol Hill.



Lou Dobbs
Anchor, Lou Dobbs Tonight
Fox Business Network

Lou Dobbs, Emmy Award winning host of *Lou Dobbs Tonight* on the FOX Business Network is a legendary broadcaster, best-selling author and one of the most respected and insightful voices on politics, economics, society and business. For three decades, Dobbs has brought an unwavering American perspective to the most important issues of our day, whether national security, sustainable economic growth and prosperity, global business, finance and trade, or education and public investment.

Provocative and fearless in his analysis of the leading issues in American society, Dobbs challenges the status quo at home and abroad. He lays out solutions for moving America forward and restoring the American dream for our middle class, and those who aspire to it, and small businessmen and women. He offers prescriptions to assure our national security, to build business, create jobs, rejuvenate the nation's manufacturing sector, invigorate education and innovation and secure our nation's borders and ports. Dobbs says our strength of will and independence of mind assure America's return to prosperity, so long as we elect leaders of like spirit who preserve our great national values and ideals.

Dobbs hosts three financial radio reports daily. He has also written important examinations of the American political economy that in some instances anticipated by years many of the issues that challenge our nation today. Dobbs is also the author of numerous best-selling books including *Upheaval* (January, 2014) *Independents Day: Awakening the American Spirit* (2007), *War on the Middle Class* (2006), and *Exporting America* (2004).



Major Garrett
Chief White House Correspondent
CBS News

For 30 years Major Garrett has reported from the frontlines of the nation's pressing issues, doggedly chasing and breaking news stories. He began his illustrious journalism career as a police and general assignment reporter, and has since covered Congress for two major magazines and served as White House correspondent for three television networks. At present, he is the Chief White House Correspondent for CBS News, as well as the network's chief political reporter covering the 2016 Republican race for the White House. In 2016, Major—who has covered five presidential campaigns—first broke the news that Vice President Biden would not be seeking the presidency. He has traveled the country extensively since the summer of 2015, covering every GOP debate and significant campaign event for CBS. Major was called “one of the smartest people in the briefing room” by Former White House Press Secretary Robert Gibbs.

Known for asking tough questions of all political actors regardless of party lines, Major's reporting has drawn the public wrath of President Obama and Donald Trump, among others. His humorous, direct, and dynamic speeches call upon personal anecdotes from his time on the Hill, well-built relationships with top political players, as well as tales from the presidential campaigns he's crisscrossed the country covering to break down complex hot-button policy issues. Universally recognized as fair and balanced, he has worked for the White House teams of both CNN and Fox News. A truly non-partisan reporter, Major is available to speak and moderate panels on the state of politics today, the inner workings of Congress, and the role of the media.

In addition to his extensive and award-winning print and television work for outlets including *National Journal*, *U.S. News and World Report*, *The Washington Times*, *The Weekly Standard*, and *Mother Jones*, Major has written three books. His third, 2005's *Enduring Revolution*, was hailed as one of the best non-fiction political books of all time. Major regularly appears on CBS, ABC, MSNBC, CNN, and NPR to discuss his campaign reporting, the White House, and Congress.



Honorable Peter Roskam (R-IL)
Chairman, Subcommittee on Tax Policy, Committee on Ways and Means

U.S. House of Representatives

U.S. Representative Peter J. Roskam is currently in his sixth term of service to the people of the 6th District of Illinois.

He currently serves as the Ways & Means Tax Policy Chairman for the 115th Congress. From this key legislative perch, he is expected to play a leading role in the first major overhaul of the nation's tax code in over three decades. The Committee on Ways and Means is the oldest committee of the

United States Congress, and is the chief tax-writing committee in the House of Representatives. The Committee derives a large share of its jurisdiction from Article I, Section VII of the U.S.

Constitution which declares, "All Bills for raising Revenue shall originate in the House of Representatives." Roskam has served on the Committee since 2009 and assumed the Tax Policy Chairmanship in 2017.

He also sits on the Health Subcommittee and previously led the Oversight Subcommittee—a key watchdog post with jurisdiction into the spending and operations of tax-writing and healthcare programs within the federal government. Roskam was at the center of the investigation into the IRS after it was revealed the agency was targeting Americans for their personal, religious, and political beliefs, authoring legislation to protect against these abuses that became law. He also championed efforts to hold overhaul the troubled agency's civil asset forfeiture program and probed the relationship between the rising costs of college and the tax code.

Active on national security issues and promoting America's role in the world, Roskam leads the House Democracy Partnership, assisting legislatures in emerging democracies; serves as a co-chair of the House Republican Israel Caucus, the largest Republican congressional organization dedicated to strengthening the U.S.-Israel relationship; and serves on the Board of Directors for the National Endowment for Democracy. He previously served on the Select Committee investigating the terrorist attack in Benghazi, Libya.

Roskam graduated from the University of Illinois before spending his early career in the office of his mentor, legendary Congressman Henry Hyde. He later earned his J.D. from IIT Chicago-Kent College of Law and began a law practice, where he developed significant experience as a litigator. Roskam has represented Chicago's western suburbs in both the Illinois House of Representatives and Senate.

Roskam lives in Wheaton with his wife of over 28 years, Elizabeth. They have four children.

William E. Brown
2017 President
NATIONAL ASSOCIATION OF REALTORS®

William E. Brown, a REALTOR® from Alamo, Calif., is the 2017 President of the NATIONAL ASSOCIATION OF REALTORS® (NAR). NAR, The Voice for Real Estate®, is America's largest trade association, representing over 1 million REALTORS® involved in all aspects of the residential and commercial real estate industries.

Bill is a second-generation REALTOR®, who has been active in organized real estate for more than 35 years. He is the founder of Oakland-based Investment Properties, a division of the family real estate business founded in 1964 by his father, William H. Brown, which focuses on the sale of existing apartment buildings to both institutional and private capital investors. Bill is also cofounder of Springhill Real Estate Partners, a privately owned multi-family investment company.

Bill has served in numerous positions at the local, state, and national levels. He currently serves on NAR's Executive Committee, Board of Directors, and Leadership Team. He has been an NAR Director since 1991 and was Chairman of the RPAC Trustees in 2004. He has been a Committee Liaison twice (2006 and 2011) and was the 2012 Regional Vice President for Region 13; comprised of California, Hawaii, and Guam. He is a Golden R, member of the President's Circle and in 2010 was inducted into the RPAC Hall of Fame. In 2013, Bill served as an NAR Vice President.

At the state level, Bill served as California Association of REALTORS® President and was honored as REALTOR® of the Year in 2008, and served on the Executive Committee six times.

At the local level, Bill served as president of the Oakland Association of REALTORS® in 1984 and served on numerous local association committees. He chaired successful campaigns to fight two rent control initiatives in Oakland, California – No on E and No on EE. Bill also was selected by then-Oakland Mayor Lionel Wilson to serve as the first landlord representative on the City of Oakland's Residential Rent Arbitration Board.

Bill and his wife, Heather, are proud parents of their son, Cole.

Christopher E. Campbell
Staff Director
United States Senate Committee on Finance

Christopher E Campbell is the Staff Director to the United States Senate Committee on Finance. As such, Mr. Campbell designs, manages, and coordinates the US Senate agenda in the areas of international and domestic taxation, international trade, Medicare, Medicaid, Social Security, the US National Debt, and oversight of 10 presidential cabinet secretaries. In his capacity as Republican Staff Director, Chris manages a team of 50 professional staff in a fast-paced, pressure-packed, dynamic, and highly politically charged environment. He has been named by *Roll Call* each of the last four years as one of the 50 most influential staffers on Capitol Hill.

Prior to his promotion to Staff Director on the Finance Committee, Mr. Campbell served as Legislative Director to Senator Orrin G. Hatch (R-Utah). As such, Mr. Campbell coordinated and managed the Senator's legislative activities. Senator Hatch serves on the Senate Finance Committee, Senate Judiciary Committee, Senate Health, Education, Labor and Pensions Committee, and the Senate Aging Committee.

Immediately prior to rejoining Senator Hatch's staff, Mr. Campbell owned a business-consulting firm that specialized in business strategy with clients from all sized companies, from all regions of the country, and from a wide variety of industries.

Mr. Campbell has a breadth of negotiating experience developed over a diverse career in government, the non-profit sector and private business. In addition to negotiating experience in Congress, Mr. Campbell, having consulted with Fortune Five Hundred companies, has extensive experience dealing in crisis management in large organizations in the private business sector.

In his career, Mr. Campbell acted as a Senior Policy Advisor for International Trade, Business and Economic Development to Senator Hatch; and directed Senator Hatch's successful campaign for reelection (2000) to a fifth six-year term in the United States Senate. While directing the campaign, Mr. Campbell was responsible for campaign strategy, speech writing, media (buys and production), and organizing targeted mailings. He previously was the National Field Director to Senator Hatch's 2000 Presidential bid. Before joining Senator Hatch's Presidential Campaign, Mr. Campbell owned his own consulting firm specializing in venture capital and marketing of start-up businesses.

He received an M.B.A. from Thunderbird School of Global Business Management and a B.A. from the University of California, Santa Barbara in Political Science.

He now resides in Arlington, Virginia.

Adam Carasso
Senior Tax and Economic Advisor
Senate Finance Committee Democratic staff

Adam Carasso is a Senior Tax and Economic Advisor for the Senate Finance Committee Democratic staff, where he handles individual income tax issues, including tax benefits for working families, homeownership, higher education, and capital gains. Previously, he spent five years as chief economist and revenue analyst for the House Budget Committee. And before coming to the Hill, he was a research director at the New America Foundation and a research associate for more than ten years at the Urban Institute.

Mr. Carasso has written extensively on how government programs affect incentives and the distribution of wealth, income, and taxation. His research has been featured on NPR and in the *Washington Post*, *Wall Street Journal*, *New York Times*, and *Los Angeles Times*. He received his master's degree in public policy from the University of Maryland.

Robert R. (Bob) Davis
Executive Vice President
Mortgage Markets, Financial Management & Public Policy
American Bankers Association

Bob serves as executive vice president at the American Bankers Association, and oversees policy and advocacy for residential and commercial mortgage finance, government sponsored enterprises, tax and accounting, financial management, mutual institutions and other policy issues. He also oversees BAFT, ABA's affiliate for global trade finance and payments, and developed and oversees the ABA NASDAQ community bank stock index.

He serves as consultant and administrator for the Federal Reserve Board's Community Depository Institutions Advisory Council, and previously served the Board's Thrift Institutions Advisory Council in the same capacity.

Prior to the merger of America's Community Bankers with the ABA in 2007, he was executive vice president and managing director of government relations at ACB, where he directed legislative, regulatory and political advocacy. Previously Bob was senior vice president at the New York Mercantile Exchange, commissioner of the Commodity Futures Trading Commission, chief economist of the Joint Economic Committee for the United States Congress, vice president at Harris Bank in Chicago, and on the FDIC's Washington policy staff.

Bob holds a Ph.D. in economics from Virginia Tech and was a member of the faculty at Vanderbilt University, where he continues to lecture.

Peter Freeman
Deputy Chief of Staff
Rep. Ed Royce (Republican – California)

Peter is Deputy Chief of Staff for Congressman Ed Royce (R-CA). In this role, Peter serves as a top aide to the Congressman on financial services and trade issues. Rep. Royce is a senior member of the House Financial Services Committee and Chairman of the House Foreign Affairs Committee, where Peter also serves as a Senior Adviser.

Prior to returning to Capitol Hill, Peter served as Vice President for Insurance, Trade & Technology at The Financial Services Roundtable, where he led legislative and advocacy efforts on insurance, technology, and global & trade issues. He joined the Roundtable in 2009 after an earlier stint on Capitol Hill as Deputy Chief of Staff to Congresswoman Deborah Pryce (R-OH). Peter also served as Professional Staff on the House Financial Services Committee Subcommittee on Capital Markets. Previously, Peter served as Policy Advisor to Pryce as Chairman of the House Republican Conference, handling issues including financial services, trade, tax, and immigration.

He received his B.A. from Georgetown University's Walsh School of Foreign Service, *magna cum laude*, and spent a year studying at The London School of Economics and Political Science, receiving First Class Honours. He is a native of Bainbridge Island, WA.

Jerry Giovaniello
Senior Vice President of Government Affairs &
Chief Lobbyist
NATIONAL ASSOCIATION OF REALTORS®

Gerard N. “Jerry” Giovaniello is senior vice president of government affairs & chief lobbyist of the National Association of REALTORS®, the nation's largest professional association, representing more than 1 million members involved in all aspects of the residential and commercial real estate industries.

Giovaniello manages the association’s government affairs staff of approximately 40 people in Washington, D.C. He also serves as NAR’s lobbyist for members of Congress from California, Washington, Nevada, Hawaii and Oregon.

Before joining NAR in 1981, Giovaniello was chief of staff for two members of Congress from California -- Rep. Jerry Pettis, R-Calif., 1972-1976, and Rep. Jim Lloyd, D-Calif., 1976-1981. During those nine years, Giovaniello taught political science for the Washington, D.C. Semester Program of The Claremont Colleges, Claremont, Calif.

Prior to his Capitol Hill experience, Giovaniello was a policy analyst and writer for National Journal, a weekly magazine covering the federal government and public policy issues.

After earning a graduate degree in history from New York University, he fulfilled an ROTC commitment to the U.S. Army. He served as an officer in Vietnam and Washington, D.C. from 1968 through 1970.

Giovaniello resides with his wife, Elizabeth, in Falls Church, Virginia.

Bill Killmer
Senior Vice President for Legislative and Political Affairs
Mortgage Bankers Association

Bill Killmer is Senior Vice President for Legislative and Political Affairs at the Mortgage Bankers Association (MBA).

A veteran of over twenty five years in the housing arena, Bill is responsible for managing the real estate finance industry's legislative, grassroots, and political fundraising activities, in close coordination with the MBA member leadership and its public policy and lobbying teams. He directs MBA's outreach to Congress, and is a regular guest speaker on the intersection of politics, policy, and industry issues.

Previously named one of CEO Update's trade association 'Top Lobbyists, Killmer joined MBA in July 2010, after nearly twenty years in the policy space at the National Association of Home Builders (NAHB). During his NAHB tenure, Killmer served as the association's Chief Lobbyist and, more recently, as Executive Vice President for Advocacy, managing all aspects of the group's public policy outreach.

He previously served as a Senior Legislative Officer for Congressional and Intergovernmental Affairs at the U.S. Department of Labor during the George H.W. Bush administration. Killmer holds a Bachelor's degree in Business Administration (BBA) with a concentration in Finance/Economics from Baylor University.

Ryan P. McCormick
Senior Vice President & Counsel
The Real Estate Roundtable

Ryan McCormick is Senior Vice President and Counsel at The Real Estate Roundtable, where he is responsible for managing the organization's tax policy activities. The Real Estate Roundtable brings together leaders of the nation's top publicly held and privately owned real estate ownership, development, lending and management firms and leaders of major national real estate trade associations to jointly address key national policy issues relating to real estate and the overall economy. The Roundtable is located in Washington, D.C.

Ryan coordinates the activities of the Real Estate Roundtable's Tax Policy Advisory Committee, a group of 150 leading real estate tax experts, including the in-house tax directors, general counsel, and chief financial officers of Roundtable members and senior partners from the country's preeminent real estate advisory firms. The Roundtable's Tax Policy Advisory Committee works to help lawmakers and federal officials understand how tax rules affect real estate activity, and it promotes pro-growth tax reforms that will facilitate sound, environmentally responsible real estate investment and development.

Ryan joined the Roundtable in May 2013 after serving nearly 11 years in the U.S. Senate as a tax and economic policy advisor for Senators Bob Graham, Pat Moynihan, John Kerry, Joe Lieberman, and Bill Nelson. In the Senate, he developed policy initiatives, drafted tax legislation, and devised legislative strategies to advance his Members' economic priorities. In the 112th Congress, Ryan was Staff Director of the Senate Finance Subcommittee on Fiscal Responsibility and Economic Growth. As staff director, Ryan guided and oversaw all aspects of the subcommittee's activities, including bipartisan hearings on tax reform and tax policy matters.

In addition to his service in the Senate, from 2006 until 2008, Ryan practiced tax law as an associate at Miller & Chevalier ("shev-a-leer") in Washington, D.C., the oldest tax law firm in the country. He is a graduate of Georgetown University; Sciences-Po ("see-ons pō") in Paris, France; and the University of Texas School of Law, where he was editor-in-chief of the Texas International Law Journal and received the Vinson & Elkins Presidential Scholarship in International Law. From 2000 to 2001, Ryan researched tax reform in West Africa as a Fulbright Scholar.

Elizabeth Mendenhall
2017 President Elect
NATIONAL ASSOCIATION OF REALTORS®

Elizabeth Mendenhall, a REALTOR® from Columbia, Mo., is the 2017 President Elect of the NATIONAL ASSOCIATION OF REALTORS® (NAR). NAR, “The Voice for Real Estate®,” is America’s largest trade association, representing 1 million REALTORS® involved in all aspects of the residential and commercial real estate industries.

Elizabeth is the CEO for RE/MAX Boone Realty in Columbia and has been a REALTOR® for 20 years. RE/MAX named her the “Mid-States Missouri Broker-Owner of the Year” in 2009 and the “International Broker Manager of the Year” in 2006. She is a sixth-generation REALTOR®.

She has received designations as an Accredited Buyer Representative (ABR®), Accredited Buyer Representative Manager (ABRM), Certified International Property Specialist (CIPS), Council of Real Estate Brokerage Managers (CRB), Performance Management Network (PMN), e-PRO® specialist, Learning Certified Instructor (LCI), and is a Graduate of the REALTOR® Institute (GRI). She is a member of the Women’s Council of REALTORS® (WCR) and the Real Estate Buyer’s Agent Council.

On the national level, Elizabeth currently serves on NAR’s Executive Committee, Board of Directors and Leadership Team. She chaired the Strategic Planning Committee in 2012 and served as Vice President of Committees in 2011. She was the NAR Liaison to Association Leadership in 2008.

In 2010, the Missouri Association of REALTORS® elected Elizabeth president. She also served as president of the Missouri WCR in 2004. The Missouri WCR named her “Business Woman of the Year” and “Member of the Year,” in 2007.

For her local association, the Columbia Board of REALTORS®, Elizabeth chaired the Professional Standards Committee in 2012. She served as president and was named their “REALTOR® of the Year” in 2003.

Active in her community, Elizabeth has served on the board of directors for the Columbia Chamber of Commerce, the local United Way, and Job Point. She also founded and served as the first president of the Mid-Missouri Affiliate for the Susan G. Komen for the Cure foundation. In 2001, the Columbia Business Times named her in their “40 Under 40” inaugural class.

Charla Ouertatani
Democratic Staff Director
U.S. House of Representatives
Committee on Financial Services

Charla Ouertatani is the Democratic Staff Director of the U.S. House of Representatives, Committee on Financial Services where she manages the operations of the Committee, its staff, and its legislative and policy agenda.

For ten years, she has advised the Ranking Member and other Committee Democrats about issues related to housing policy, insurance, banking, capital markets, and diversity.

Prior to her appointment as the Committee's Staff Director, she served as Deputy Chief of Staff and Legislative Director for Rep. Maxine Waters (CA-43). She was previously Staff Director of the Financial Services Subcommittee on Housing and Community Opportunity.

Prior to beginning her career on Capitol Hill in 2007, Ms. Ouertatani was an analyst with the Council of Large Public Housing Agencies where she performed research and analysis on Section 8 housing choice voucher programs and policies. She has also worked at the Government Accountability Office and ICF Consulting.

Kevin Sears
2017 Vice President of Government Affairs
NATIONAL ASSOCIATION OF REALTORS®

Kevin Sears, a REALTOR® from Springfield, Mass., is the NATIONAL ASSOCIATION OF REALTORS® Vice President of Government Affairs.

A REALTOR® for over 20 years, Kevin is Broker/Partner of Sears Real Estate, specializing in single-family brokerage and property management.

Kevin has served NAR in numerous capacities, including serving on the Board of Directors since 2008. He has been the Federal Political Coordinator to Bay State Congressman Richard Neal (D-Springfield) for over 15 years, and has been recognized as an RPAC Major Investor since 2004. He has been a “Golden R” investor and member of the President’s Circle since 2007, and was inducted into NAR’s RPAC Hall of Fame in 2012. Kevin served as Chair of the NAR RPAC Trustees in 2011 and 2015 and Chair of the REALTOR® Party Trustees for State and Local Campaign Services Committee in 2013. In 2016, he chaired the REALTOR Party of the Future Strategic Planning Work Group. Also in 2016, he was NAR’s Vice President for Region 1, comprised of Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, and Vermont.

The Massachusetts Association of REALTORS® (MAR) elected him President in 2010. In addition to serving in leadership, Kevin has been a member of the MAR Board of Directors since 2000. In 2006, MAR named him REALTOR® of the Year and in 2015 he received the Milton H. Shaw Distinguished Service Award.

The REALTOR® Association of Pioneer Valley elected Kevin their president in 2005. He currently serves on the Government Affairs Committee and the RPAC Subcommittee and has chaired a number of the association’s committees. In 2006, the association named him their REALTOR® of the Year.

Kevin is also a champion for his community. In 2011, Massachusetts Gov. Deval Patrick appointed him as Chairman of the Board of Registration of Real Estate Brokers and Salespersons, a position he was reappointed to in 2016 by Gov. Charlie Baker. In his hometown of Springfield, Kevin has been involved with the Rental Housing Association of Greater Springfield, the Forest Park Civic Association, the Springfield Rotary Club, Cathedral High School Board of Trustees, the Chamber of Commerce, and Trustee of the Mason Wright Retirement Community.

Kevin received a B.A. in History from Providence College and earned his MBA from Western New England University.

John Smaby
2017 First Vice President
NATIONAL ASSOCIATION OF REALTORS®

John Smaby, a REALTOR® from Edina, Minn., is the NATIONAL ASSOCIATION OF REALTORS® First Vice President.

A second-generation REALTOR®, John has been in the industry for 37 years. He is a broker at Edina Realty, where he specializes in residential real estate.

John is a member of the Minnesota Association of REALTORS® (MNAR), and has held numerous leadership positions there. He served as MNAR president in 2015 and treasurer in 2013. John was the RPAC chair from 2013 to 2015 as well as the RPAC Trustees chair in 2014. That same year, he chaired the Public Advocacy committee. He has been a member of the MNAR Board of Directors since 2013. In 2013, John received the Ed Anderson Political Achievement Award and in 2014, MNAR named him their REALTOR® of the Year.

John has been dedicated to serving his industry since the beginning of his career. While at the Minneapolis Area Association of REALTORS® (MAAR), he participated on numerous committees beginning in the 1980s, including professional standards, education, communication, risk management, and MLS, to name a few. He served two terms on the Board of Directors and in 2004 he served on the Regional MLS Board of Directors.

John's spirit of service doesn't stop at his profession. In Edina, he has led the Minnesota Youth Forum, Washburn Community Ministries, and the City of Edina Adult Education Board. He has also tutored students at Minneapolis Washburn High School. He has been a member of the Edina Rotary Club and the Edina Chamber of Commerce. John has been married to his wife, Linda, who is also a REALTOR®, for more than 30 years. They enjoy spending time at their cabin in Northern Minnesota, with their dog, Wally.

James W. Tobin III
Executive Vice President & Chief Lobbyist
Government Affairs and Communications Group
National Association of Home Builders (NAHB)

James W. Tobin III is Executive Vice President and Chief Lobbyist for the Government Affairs and Communications Group at the National Association of Home Builders (NAHB). Jim is responsible for directing the federal, state and local lobbying, as well as political activities for NAHB. Jim also oversees the external and industry communications for the NAHB federation. In addition to his lobbying and communications responsibilities, Jim guides the activities of the association's political action committee, BUILD-PAC, and the grassroots network. Jim's past policy experience has concentrated on tax policy and environmental policy.

Jim joined NAHB in 1998, and before becoming NAHB's Chief Lobbyist, Jim was NAHB's Vice President for Federal Relations. Prior to NAHB, Jim was Senior Legislative Assistant to former-U.S. Representative Frank Riggs (CA) and former-U.S. Representative Gary Franks (CT).

Jim holds a B.A. in Political Science from the University of Connecticut. He resides in Falls Church, Virginia, with his wife, Liz, and their two children, James and Caroline.

Lawrence Yun
Chief Economist and Senior Vice President of Research
NATIONAL ASSOCIATION OF REALTORS®

Lawrence Yun is Chief Economist and Senior Vice President of Research at the NATIONAL ASSOCIATION OF REALTORS®. He oversees and is responsible for a wide range of research activity for the association including NAR's Existing Home Sales statistics, Affordability Index, and Home Buyers and Sellers Profile Report. He regularly provides commentary on real estate market trends for its 1 million REALTOR® members.

Dr. Yun creates NAR's forecasts and participates in many economic forecasting panels, among them the Blue Chip Council and the Harvard University Industrial Economist Council. He appears regularly on financial news outlets, is a frequent speaker at real estate conferences throughout the United States, and has testified before Congress. Dr. Yun appears often as a guest on CSPAN's Washington Journal and is a regular guest columnist on the Forbes website.

Dr. Yun received his undergraduate degree from Purdue University and earned his Ph.D. from the University of Maryland at College Park.

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**NATIONAL ASSOCIATION OF REALTORS®
COMMUNITY & POLITICAL AFFAIRS DIVISION
Directory and Organization Structure
As of February 2, 2017**

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