

## Tax Policy

### Congressional Actions To Date

Congress has not yet extended the mortgage debt forgiveness exclusion; this leaves homeowners with short sales in 2018 and beyond vulnerable to paying tax on forgiven mortgage debt.

### What To Tell Your Representatives

**Make exclusion for forgiven mortgage debt permanent as part of any Tax Extenders package.**

#### Issue Background:

Since 2007, the tax law has included a temporary provision that excludes from tax the amount of mortgage debt forgiven in a short sale, a mortgage debt restructuring, or when a deed is given in lieu of foreclosure.

This provision has given vital financial relief to many millions of distraught homeowners who found themselves devastated by not just a reduction in their home equity but another crisis such as a job loss or family illness that caused them to have to sell their home short, default on their loan, or go through a restructuring with their lender. This temporary provision has once again expired, as of December 31, 2017.

While the housing markets have largely recovered in most parts of the nation, there are still areas with many homes that are under water with respect to their mortgages, and 2.5 million homeowners are currently vulnerable to having tax due on phantom income at a time when they have been financially ravaged.

Tell your Member of Congress to be proactive by supporting legislation to make this vital relief a permanent part of our tax law.

### Opposing/Supporting Views

**Critics argue** that a permanent provision for tax relief on mortgage debt forgiveness will encourage irresponsible behavior by bailing out taxpayers when they have made poor decisions, such as purchasing a more expensive home than they can afford.

**NAR counters** that studies show 80 percent of homeowners who entered delinquency did so due to negative life events, such as a family illness or a job loss, combined with negative equity in their home.

## National Flood Insurance Program

### Congressional Actions To Date

**Thank Congress for extending the National Flood Insurance Program (NFIP).**

### What To Tell Your Representatives

**Now that NFIP has been extended, Congress should pass a long-term reauthorization bill including meaningful reforms to strengthen NFIP and remove barriers to a private flood insurance market.**

#### Issue Background:

The NFIP was created to offer insurance, flood maps and mitigation to communities that adopt higher building standards and steer development away from flood zones. However, the program was not designed to absorb catastrophic loss years including 2005 (Katrina), 2012 (Sandy), 2016 (Baton Rouge) and 2017 (Harvey, Irma and Maria). As a result, NFIP has borrowed \$36 billion from the Treasury since 2005 and is making interest-only payments.

NFIP's last full reauthorization expired on September 30, 2017. So far, there have been seven stopgap extensions and two brief shutdowns since then. Last time the program was up for reauthorization, it took 17 extensions and a two-month shutdown — scuttling an estimated 40,000 real estate closings per month — before Congress was able to reauthorize NFIP.

### Opposing/Supporting Views

**Critics say** we should wait until after the November elections to negotiate a long-term reauthorization and reform measure. **NAR counters** that the NFIP badly needs reform and it remains unclear if that will become any easier after November, given the 60-vote threshold in the United States Senate.

## Support Net Neutrality Protections

### Congressional Actions To Date

Rep. Coffman (R-CO) introduced H.R. 6393 The 21st Century Internet Act. Ask your member of the House of Representatives to co-sponsor the bill.

### What To Tell Your Representatives

- Net neutrality is important to small, main street businesses like REALTORS® who depend on open internet access every day to run their businesses and serve their customers.
- Removing net neutrality rules could make it impossible for small real estate firms to compete with larger entities on the internet.
- NAR supports net neutrality and is urging Congress to implement fair rules that will preserve our members' ability to reach consumers on the internet.

#### Issue Background:

NAR has supported common-sense open internet rules since 2009. 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.

### Opposing/Supporting Views

**Critics say** that internet service providers (ISPs) will be discouraged from investing in their networks if they cannot create new revenue streams from practices like paid prioritization. **Supporters argue** that, in fact, broadband investment increased during the time period that the FCC enacted net neutrality rules.