

## 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 the House of Representatives for extending the National Flood Insurance Program (NFIP).**

### What To Tell Your Representatives

**NAR is committed to working with Congress in the Fall to reauthorize the National Flood Insurance Program.**

#### Issue Background:

The NFIP was created to provide incentives for communities to rebuild to higher standards and steer development away from flood zones. In exchange, communities gain access to flood maps, mitigation assistance and subsidized insurance to prepay for future damage and recover more quickly from flooding. 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 of approximately \$400 million a year.

NFIP's last full reauthorization expired on September 30, 2017. So far, there have been six stopgap extensions since then and one shutdown lasting three days. Last time the program was up for reauthorization in 2008, 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 in 2012.

### Opposing/Supporting Views

**Critics say** that new maps using more granular Light Detection and Ranging (LiDAR) technology costs too much.

**NAR counters** that without accurate data, communities, lenders and property owners will not know their risk and continue to build in harm's way.

## Support Net Neutrality Protections

### Congressional Actions To Date

Rep. Mike Coffman (R-CO) has introduced "The 21st Century Internet Act," H.R. 6393

### What To Tell Your Representatives

Ask your Member of Congress to cosponsor H.R. 6393, the "21st Century Internet Act," introduced by Representative Mike Coffman.

#### Issue Background:

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.

### 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.