

NAR Regulatory Report

December 2015

NAR tracks numerous regulatory issues impacting consumers and REALTORS®. This is a highlight of the issues being addressed that have the potential of seeing government action.

*The Regulatory Rating column on the right is an informal way to grade the issue at this point in time regarding the impact of regulatory action on consumers and REALTORS®.

FEDERAL HOUSING POLICY	*Regulatory Rating
<p>FHA Loan Quality Assessment Methodology</p> <ul style="list-style-type: none"> On June 18, 2015, FHA released its Single Family Loan Quality Assessment Methodology or “Defect Taxonomy.” The Taxonomy explains how FHA plans to gather information about defects in FHA loans. The Taxonomy is supposed to help FHA lenders identify underwriting issues and reduce errors that could lead to enforcement actions. FHA hopes that the Taxonomy will give lenders more confidence in working with qualified FHA borrowers across the credit spectrum. The effective date of the Taxonomy has not yet been determined by FHA. 	(+)
<p>Lender Certifications</p> <ul style="list-style-type: none"> On May 15, 2015, FHA issued a notice of proposed information collection about proposed revisions to lender certifications that underwriting decisions were exercised with the proper level of due diligence. Revisions could be favorable if they give the lending community more confidence about the risk for lawsuits under the False Claims Act. 	(+/-)
<p>FHA Claim Payments</p> <ul style="list-style-type: none"> On July 6, 2015, FHA issued a proposed rule to establish a maximum time period within which an FHA-approved mortgagee must file a claim with FHA for insurance benefits. <ul style="list-style-type: none"> After receiving many complaints from the industry, FHA withdrew its proposed rule to establish a maximum time period for filing an insurance claim. The proposal to terminate lender insurance was excessive. It could have increased lender overlays if lenders feared FHA insurance termination for failure to file claims, especially in states that have longer foreclosures processes. 	(+/-)
<p>Condo Proposed Rule</p> <ul style="list-style-type: none"> FHA plans to issue a proposed rule on condos.. FHA has indicated that the rule may reinstate spot loans for condos on a limited basis. NAR developed a Condominium Resources Book outlining the negative impact of current FHA regulations on access to credit for condominium purchases. It also includes NAR’s suggested improvements to the program 	(+)
<p>Federal Housing Administration (FHA) Premium Reduction</p> <ul style="list-style-type: none"> In January 2015, President Obama announced that FHA would reduce FHA annual mortgage insurance premiums (MIP) by 50 basis points. This reduction is a victory for the National Association of REALTORS® whose members have called for lower fees on FHA loans since early 2014. NAR estimates that this could result in 90,000 to 140,000 new home purchases. 	(+)

LEGEND	(+) PRO	(-) CON	(+/-) PROS & CONS
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<p>Federal Housing Administration (FHA) Premium Reduction (Cont'd.)</p> <ul style="list-style-type: none"> • The FY 2014 Actuarial Review showed that FHA's insurance fund had gained \$6 billion in the previous year and the economic net worth improved to a positive \$4.8 billion. In the first half of 2015, FHA delinquencies, claims and the loss rate on claims have been declining steadily as the credit quality of the FHA portfolio continues to improve. • FHA was able to lower its annual mortgage insurance premiums in January because of these improvements. This policy change will increase the volume of borrowers acquiring FHA-backed loans and contribute to the solvency of the Fund. 	<p>(+)</p>
<p>VA Allowable Fees</p> <ul style="list-style-type: none"> • The Department of Veterans Affairs issued a circular to allow veterans to pay wood destroying insect inspection fees in select south and western states. • NAR has worked closely with VA to find ways to make the veteran loan process less cumbersome. NAR has urged VA to allow buyers to pay certain fees, such as pest inspections. While pest inspection fee payments will not be allowed in all states, this policy change is a step in the right direction. NAR will continue to work with the VA on a larger rule affecting Veterans' ability to negotiate fees and charges. 	<p>(+)</p>
<p>RHS Rural in Character Designations</p> <ul style="list-style-type: none"> • In September 2014, USDA Secretary Vilsack suspended work on determinations and any designations that would make a place ineligible based solely on "rural in character" criteria until the end of September 2015 • NAR sent a letter to Vilsack urging RHS to implement a consistent and transparent process across states that allows communities to request re-designation if they disagree with their respective state office's eligibility determinations. • RHS plans to issue guidance on rural in character determinations by the end of 2015 to be implemented by state rural development offices in early in 2016. 	<p>(+/-)</p>
<p>Private Transfer Fees</p> <ul style="list-style-type: none"> • On April 23, 2014, NAR signed onto a coalition letter urging FHA to harmonize its regulatory treatment of transfer fee covenants with the Federal Housing Finance Agency's (FHFA) policy. • FHFA's final rule on transfer fee covenants establishes a clear, national standard to protect homeowners from equity-stripping private transfer fees while preserving the preeminence of state and local governments over land use standards. Fees that increase the costs of housing can disenfranchise those who wish to obtain the American dream; however, fees that provide a direct benefit to homeowners and improve the property are legitimate and should be permitted. 	<p>(+/-)</p>
<p>FHA Lender Performance Metric</p> <ul style="list-style-type: none"> • On August 20, 2015, NAR sent a letter to the Federal Housing Administration (FHA) in support of its supplemental lender performance metric. The new metric will allow FHA to measure default rates in three credit score bands and compare them to an FHA target rate. This metric will be used in addition to existing Lender Compare Ratios, which can be found on-line at HUD's Neighborhood Watch System. • NAR hopes this new tool will encourage lenders to loosen credit overlays and ease the fear of back-end enforcement actions by FHA. 	<p>(+)</p>
<p>FHA Handbook</p> <ul style="list-style-type: none"> • FHA is in the process of consolidating more than 900 mortgagee letters and other policy guidance into a single document for all Single Family program. The new Handbook went into effect for case numbers assigned on or after September 14, 2015. • NAR provided comments to FHA on sections including Application through Endorsement, Appraisals, 203(k) and Servicing. 	<p>(+)</p>

CONVENTIONAL FINANCING – DODD FRANK LAW	
<p>Qualified Mortgage (QM)</p> <ul style="list-style-type: none"> • QM/Ability to Repay – dodged a bullet. <ul style="list-style-type: none"> ▪ Most Fannie, Freddie, FHA, VA, RHS loans have a safe harbor. ▪ Loans with 43% DTI or less also get safe harbor. • CFPB proposed modifications to the QM rule in February 2015 to expand safe harbor exemptions for community banks and those serving rural or underserved areas. NAR supports the proposed changes that balance the recognition of the impact that the regulatory environment has had on the ability of community banks to provide mortgage credit with the importance of ascertaining a consumer’s ability-to-repay. <ul style="list-style-type: none"> ▪ Exempts FHA and GSEs from risk retention. 	(+)
<p>Qualified Residential Mortgage (QRM)</p> <ul style="list-style-type: none"> • QRM rule was finalized in October 2014. <ul style="list-style-type: none"> ▪ Eliminates 20% downpayment and tight DTI ratios. ▪ Tracks broad QM. 	(+)
<p>3% Cap on fees and points for QM.</p> <ul style="list-style-type: none"> • Things counted towards the cap: title charges, escrow for taxes and insurance, mortgage broker compensation, GSE LLPAs. • CFPB modified the QM rule to allow lenders the right to cure a loan that went over the 3% cap and maintain safe harbor status if they refunded the overage to the consumer within 210 days. • H.R. 685, Mortgage Choice Act, passed the House on April 14, 2015 with a bipartisan vote of 286 – 140. The bill would adjust definitions of “points and fees” to insure greater consumer choice in mortgage and settlement services. The bill is pending in the Senate. 	(-)
<p>GSE Affordable Housing Goals</p> <ul style="list-style-type: none"> • The Federal Housing Finance Agency (FHFA) issued a proposed rule to establish housing goals for the GSEs for 2015-2017. • On October 28, 2014, NAR submitted comments: <ul style="list-style-type: none"> ▪ NAR supports, ambitious, but reasonable, affordable housing goals and flexibility for the Enterprises to meet those goals. ▪ FHFA should examine policies at the GSEs and their lender customers that are contributing to reduced market forecasts. ▪ NAR supports a dual test wherein a GSE is considered to be in compliance if its performance meets or exceeds either (1) the share of the actual market that qualifies for the particular goal, or (2) the benchmark level for that goal. ▪ NAR supports the dual test for goals compliance since market conditions can erode and make achieving the goals with sustainable mortgages impossible. 	(+/-)
<p>RESPA/TILA Harmonization</p> <ul style="list-style-type: none"> • CFPB listened to NAR in producing the new RESPA/TILA Rule which went into effect on October 3, 2015 • NAR had argued for nearly three years that CFPB should focus on: <ul style="list-style-type: none"> ▪ Harmonizing the upfront disclosures, the Good Faith Estimate (GFE) and the Truth in Lending disclosure (TIL), and ▪ Not fundamentally change the settlement process by implementing a broad 3 day waiting period when there are changes to the closing disclosure • CFPB essentially maintained the TILA aspects of the three day waiting period- requiring a new disclosure and review period if the APR changed by one eighth of a point, if the loan type changes, or other significant changes to the loan itself like if a prepayment penalty is added. • This is a major change from what was proposed. However there is potential for issues with closings 	(+/-)

<p>nonetheless and NAR is working with CFPB and industry to try to address these issues and has proposed that CFPB could “beta test” the rule from October 3rd to January 3rd and use the time to make adjustments. NAR is also working to educate members on these changes.</p> <ul style="list-style-type: none"> • First two months of implementation has seen slightly longer closing times. NAR has consistently advised planning on 45 days rather than 30 as being prudent in early implementation. • NAR is monitoring issues with implementation. Thus far, a major concern for REALTORS® has been availability of closing disclosure forms. NAR is working with MBA to develop a buyer’s release form for allowing REALTORS® access to Disclosure information. 	
<p>Federal Housing Finance Agency (FHFA) - Guarantee and loan level pricing fees</p> <ul style="list-style-type: none"> • In June 2014, FHFA announced that it was requesting input on the guarantee fees (g-fees) that Fannie Mae and Freddie Mac charge lenders. FHFA’s Request for Input includes questions related to g-fee policy and implementation regarding the optimum level of g-fees required to protect taxpayers and implications for mortgage credit availability. Input must be received no later than September 8, 2014. • Following up on a September 2013 letter, NAR sent a letter on September 8, 2014 to FHFA opposing a proposed increase in fees charged to lenders for loan sold to the GSEs: <ul style="list-style-type: none"> ▪ Opposes policies that raise fees so high that it directly impacts the cost and, ultimately, the eligibility of many homebuyers. ▪ Opposes policies that raise fees so high that may make many homebuyers ineligible for loans. ▪ Opposes FHFA policies that will result in billions of dollars of profits for the Enterprises at the expense of home buying taxpayers. Guarantee fees should protect taxpayers against losses, not increase profits. • Raising the costs of homeownership through increased g-fees and high LLPAs will not bring back the PLS market more quickly. Instead, it is likely to simply drive borrowers either to FHA or out of the market entirely. • An analysis of just what it would take to achieve bringing private capital back is crucial, especially if the policies do not achieve the intended and possibly unattainable goal of increasing private sector lending in the mortgage market in the current environment. • In April 2015, FHFA Director Mel Watt announced the GSEs would repeal the adverse market fees that were first tacked onto mortgages in 2008 when private capital fled the market. NAR called for the elimination of the fees four years ago when local market conditions around the country were showing improvement. • However, NAR questioned an equal increase in fees for a large number of homebuyers. NAR believes the policy is questionable and unnecessary to protect against risk. 	(–)
<p>Federal Housing Finance Agency (FHFA) – Conforming loan limits</p> <ul style="list-style-type: none"> • On July 27, 2015 NAR submitted comments to the FHFA in response to the Agency’s request for input on its annual *loan limit adjustment methodology. <ul style="list-style-type: none"> ▪ NAR recommends a methodology that raises the limit faster than other price indexes would during a market expansion and maintains the limit highest through the housing cycle. <p><i>* The Loan limit defines the maximum loan size the GSEs and by extension the VA and FHA can finance. Each year the FHFA adjusts the loan limits based on the growth of a price index.</i></p> • In a speech in May 2014, FHFA Director Mel Watt announced that as part of an effort to make credit more available to individuals, he would direct the Enterprises to leave the loan limits at the current floor of \$417,000 and high cost cap \$625,500. • Based on regulatory comment deadline, it does not appear there will be a limit reduction in 2014. • FHFA published a request for information on reducing the loan limit floor from \$417,000 to \$400,000 and high cost cap from \$625,500 to \$600,000. NAR provided comments to NAR on March 20, 2014: <ul style="list-style-type: none"> ▪ In the Housing and Economic Recovery Act of 2008 (HERA), Congress made ensuring the 	(+)

<p>Enterprises serve as a reliable source of liquidity and funding for housing finance and community investment a principal duty of the Director and therefore a policy to reduce the loan limits is contrary to this principal.</p> <ul style="list-style-type: none"> ▪ Private capital has still not returned in any significant way. Even those who may be able to qualify for private financing would not have access to a 30 year mortgage since banks are hesitant to offer the loans to any but the most affluent borrowers. ▪ While Congress granted FHFA, as conservator, broad authority as part of HERA, we believe that it was to be exercised within the law granting that authority which made the policy not to reduce loan limits permanent in section 1124. <ul style="list-style-type: none"> • If pursuing a reduction in loan limits is an important policy objective, FHFA should not override congressional policy that loan limits not be reduced and alternatively, request that Congress address the issue again. 	
<p>Federal Housing Finance Agency (FHFA) – Private mortgage insurer capital requirements</p> <ul style="list-style-type: none"> • FHFA released proposed capital requirements for mortgage insurance companies that provide credit protection coverage for low down payment loans sold and guaranteed by the GSEs. Much like other capital requirements rules, increased mortgage costs are likely to come with the new requirements. In being mindful of the impact these rules will have on borrowers, and ultimately, our members' businesses, we have drafted brief comments focused on three points: <ul style="list-style-type: none"> ▪ FHFA should ensure that the requirements have minimal impact on creditworthy borrowers and analyze the likelihood of mortgage insurance premium increases on insured loans. ▪ Should private investors continue to expect MI companies to achieve substantial return on equity, FHFA should monitor the market impact on mortgage insurance rates and monthly mortgage payments. ▪ The PMIERS asset and liquidity requirements should be based on the performance of traditionally underwritten mortgage products and normal housing economics, not solely on economics that were dictated by the performance of risky mortgages that led to dramatic swings in prices during the previous decades housing boom. • The new PMIERS rule announced in April 2015 will likely force most PMI companies to increase the amount of capital held against borrowers with lower down payments and lower credit scores and the capital could be modestly harder to source. As a result, the mortgage insurance fees will likely rise for borrowers who put down less than 20% except for those with nearly 20% and those with FICO scores greater than 760. The portion of the grid that faces the largest increase in capital requirements and fees is not as heavily served by the PMIs today. 	<p>(+/-)</p>
<p>The Treasury Department published a request for Public Input on Development of Responsible Private Label Securities (PLS) Market.</p> <ul style="list-style-type: none"> • NAR believes that the federal government must clearly, and explicitly, offer a guarantee of mortgage securities. • Full privatization is not an effective option for a secondary market because private firms' business strategies will focus on optimizing their revenues and profits'; • Finalizing the QRM rule will provide the certainty of a regulatory framework for securitization; • NAR is generally supportive of the Consumer Finance Protection Bureau's (CFPB's) Qualified Mortgage (QM) rule and believe this standard should be used to define the Qualified Residential Mortgage (QRM) in any future housing finance system; • Private industry participants must address the lack of trust in the PLS space as it still remains and is hard to quantify as a cost that can be made up with arbitrary fee increases at the GSEs; • A uniform securitization platform should be required for issuers of government guaranteed securities and be open to use by issuers of private label securities. Transparency and uniformity in the mortgage securities market will go a long way to minimizing conflict and confusion and promoting stability. 	<p>(+)</p>

ENVIRONMENTAL POLICY	
<p>FEMA’s Implementation of New Changes to the National Flood Insurance Program</p> <ul style="list-style-type: none"> • In March, 2014 the Grimm-Waters Homeowners Flood Insurance Affordability Act was signed into law • This bill slows down premium increases for flood insurance, making flood insurance more affordable for homeowners. • It also puts the NFIP on a gradual glide path to fiscal solvency and actuarial responsibility. • FEMA has already implemented several critical provisions of the GW14, including the “assumability” provision, and new rate tables and refunds for homeowners who overpaid for flood insurance. • Additional provisions will be implemented on April 1, 2015, including the gradual phase-out of subsidized rates and the application of a surcharge on policies. • FEMA has appointed an Interim Flood Insurance Advocate, who will assist consumers and property owners with concerns and questions about flood insurance. However, NAR is encouraging FEMA to expand these responsibilities so the Advocate has teeth and can really help property owners reduce their flood insurance costs. 	(+)
<p>Waters of the U.S. – Clean Water Act</p> <ul style="list-style-type: none"> • The Clean Water Act (CWA) regulates “Navigable” waters – EPA/Corps want to regulate more waters – all waters! Recently finalized regulations include many waters now excluded from the CWA – this will result in more bureaucracy, time-consuming and expensive permits and less development. • The Proposed regulation was published in March; comments were due on Nov. 14, 2014. Over 800,000 comments were received, many of which were opposed to the rule. • NAR submitted extensive comments opposing the rule as part of an on-going, broad-based coalition of regulated stakeholders. NAR also helped NAR members submit individual comments on how this rule would impact their business. • Rule was finalized in May, 2015 and went into effect on Aug. 28. However, a federal appeals court placed a nationwide stay on the rule while they gathered additional information on the rule’s legality and impacts. • On Nov. 4, the Senate passed a Congressional Review Act (CRA) Resolution of Disapproval on the Waters of the U.S. rule. The Resolution now goes to the House. Under the CRA, it can proceed directly to the House Floor for debate and a vote, although House Leadership has not provided a time frame as to when that might occur. The President has said he will veto the Resolution and a supermajority is required to overturn that veto. • In the FY2016 Appropriations bill, a provision to prevent the EPA from using any funds to implement the rule was not included. • 31 states have already filed lawsuits opposing the final rule – in addition, several other organizations, including the U.S. Chamber of Commerce and the Farm Bureau, have filed suit against the EPA. • NAR is evaluating these lawsuits and will engage in the legal process at the appropriate time. 	(–)
<p>Endangered Species</p> <ul style="list-style-type: none"> • By the end of 2016, under the provisions of a court order, the Dept. of Interior (DOI) is required to determine whether or not over 250 species should be listed as endangered. • A decision that a species is endangered has dramatic impacts on property owners and community economic development. Critical habitat must be protected, which decreases property values and skews real estate markets. • In a recent critical decision, the DOI determined that the Greater Sage Grouse did not need a listing, 	(–)

<p>because of unprecedented cooperative efforts among the private sector and local, state and federal governments to protect and preserve habitat.</p> <ul style="list-style-type: none"> • While this was a positive development, the DOI also announced that over 10 million acres of public land was being withdrawn to protect critical grouse habitat, which will prohibit any kind of economic activity, such as mining or ranching. • This public land withdrawal will impact public land users, as well as the economies of adjacent communities, and does not fit within a “multi-use land management “ approach to public lands • NAR will be commenting on this massive public land withdrawal plan. 	
<p>Lead Paint Hazards in Renovating and Remodeling Commercial Buildings</p> <ul style="list-style-type: none"> • EPA is in the process of proposing new rules on renovation, repair and painting activities in commercial buildings to reduce lead paint hazards. The purpose of these rules is to control hazards stemming from lead paint in commercial buildings when these RRP activities are conducted. • EPA has recently announced that a proposed rule in this area has been delayed until the Agency can collect additional information and data, and a revised timeline for the regulatory process can be developed. At this time, EPA has not issued any information as to when this process will resume. • In the interim, NAR will participate in a panel that will assess the economic impacts of this proposed rulemaking on small businesses. This panel will begin meeting in late 2014 and be finalized by the end of 2015 • NAR, as part of a broad coalition of regulated stakeholders, has submitted comments on various EPA documents and approaches related to this issue. In general the comments have focused on the many data gaps in the science and flawed cost-benefit analysis. 	(+/-)
<p>EPA’s Clean Power Plan</p> <ul style="list-style-type: none"> • The EPA has finalized and published regulations to reduce carbon dioxide from power plants. EPA is moving forward with implementation and several lawsuits have been filed to stop the rule. • The regulations propose four ways a power plant can reduce CO² emissions: (1) make the power plant more efficient; (2) switch to natural gas to generate electricity; (3) switch to renewable energy to generate electricity; and (4) promote energy efficiency from its users and customers. States are required to implement and enforce this rule. • In its comments to the EPA on this proposed regulation, NAR expressed concern that these proposals could negatively impact the real estate sector through decreased reliability of the grid and increased costs for electricity. • There is legislation pending in both the House and Senate that would require the EPA to withdraw this proposed rule, which NAR supports. 	(-)
COMMERCIAL	
<p>The Department of Treasury put out a request for information about marketplace lending.</p> <ul style="list-style-type: none"> • Marketplace lending includes online lending, peer to peer financing, and crowdfunding. • NAR submitted a comment letter reiterating its position on encouraging innovation in lending balanced against strong underwriting and data privacy policies. 	(+)
<p>FAA Building Height Restriction Proposal</p> <ul style="list-style-type: none"> • Current FAA rules, along with local zoning ordinances, restrict building height near airports. A proposal from FAA would limit building height near airports. • The proposed rule does not follow the required administrative procedures, and the rule would have a negative impact on buildings within the defined zone near airports. • NAR is working with a coalition to oppose both the rule and the way the FAA is introducing it. • The coalition submitted its comments to the FAA and will continue to monitor the issue. 	(-)
<p>Unmanned Aerial Vehicles (Drones)</p> <ul style="list-style-type: none"> • Current policy under the Federal Aviation Administration (FAA) prohibits the use of UAVs for any commercial purpose, such taking pictures or creating videos to sell property. 	(+)

<ul style="list-style-type: none"> • NAR submitted comments in response to an FAA statement about the regulations to ensure that safety, privacy and national security concerns are addressed, but also making sure that the rules are not overly cumbersome, burdensome and expensive for REALTORS® to use and market the property if they choose to do so. • NAR participates in an FAA-sponsored end user group and has signed on as a supporter of the “Know Before You Fly” safety campaign, endorsed by the FAA. Also, NAR continues to meet with the FAA to educate them about member needs and to learn more about the agency’s efforts. • The NAR Risk Management Committee adopted a member policy at the November 2014 NAR Board of Directors Meeting. • In February 2015, the FAA released proposed rules governing the commercial use of UAVs. NAR submitted a comment letter. • In February 2015, the National Telecommunications Information Administration (NTIA) released a call for public comment regarding privacy challenges with the commercial use of UAVs. NAR submitted a comment letter. • NAR is participating in the NTIA UAS Privacy Working Group. 	
<p>Lease Accounting Standards (FASB)</p> <ul style="list-style-type: none"> • The current method for accounting for leases in a business balance sheet is up for review by the Financial Accounting Standards Board (FASB), which is the designated, private sector organization for standards set in accounting. The FASB is overseen by the SEC. • NAR is working with a coalition that includes industry partners such as the Real Estate Roundtable and NAIOP to work with the SEC and the relevant Members of Congress on the issue. • The latest reports from FASB indicate it will replace the current dual model approach with a new one: though leases currently categorized as “operating leases” will be brought onto balance sheets under the new rule, “Type A” leases are treated as capital leases and “Type B” leases continue to be recorded as straight-line rent expenses. Most real estate leases will fall into the “Type B” category. The updated standards are expected to be released in late 2015, to be effective in 2017 or 2018. • The new accounting standard will be released in late 2015 	(+/-)
<p>Crowdfunding</p> <ul style="list-style-type: none"> • Title III of the JOBS Act was finalized on October 30, 2015. This section is what many call ‘true crowdfunding’ because it allows unaccredited investors to participate in crowdfunding. Title III will go into effect on January 29, 2016. • The Jumpstart Our Business Startups (JOBS) Act of 2012 charged the Securities and Exchange Commission (SEC) with writing regulation that would permit crowdfunding, which is the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet. • The SEC put forth final rules for Title IV of the JOBS Act, known as Regulation A+. Regulation A+ became effective on June 19, 2015. The updated exemption will enable smaller companies to offer and sell up to \$50 million of securities in a 12-month period, subject to eligibility, disclosure and reporting requirements. The rules governing Title III, which define accredited and unaccredited investors, are expected to be published by October 2015. • In June 2015 the SEC also issued several Compliance and Disclosure Interpretations designed to answer some common questions about the capital raising under the new rule. 	(+)
<p>National Credit Union Administration (NCUA)</p> <ul style="list-style-type: none"> • In July 2015, the NCUA released a proposed rule that would increase the cap on member business loans (MBL) credit unions could make. • Further, the proposal would allow each credit union more autonomy in creating a principle-based risk management policy related to its commercial and business lending activities, which currently can only be altered by obtaining a waiver from the NCUA. The proposal would not alter the statutory 	(+)

<p>cap set by the Federal Credit Union Act (FCU Act), which imposes an aggregate limit on an insured credit union's outstanding MBLs, preserving safety and soundness in the credit union system.</p> <ul style="list-style-type: none"> • NAR policy supports an increase to the MBL cap, and submitted a comment letter to that effect. 	
<p>Basel III</p> <ul style="list-style-type: none"> • In March 2015 the Basel Committee on Banking Supervision released a Consultative Document addressing Revisions to the Standardized Approach for Credit Risk • The proposal included several changes that could harm banking and especially commercial lending. NAR signed onto a comment letter with several industry partners criticizing the proposal and calling on the authors to rethink the proposal. • In January 2015, new standards for High Volatility Commercial Real Estate (HVCRE) went into effect. This standard applies to loans for commercial acquisition, development, and construction (ADC) loans. These changes raise the risk-weight for an ADC loan from 100 percent to 150 percent. In response to the potential changes, it is highly likely that banks will change their current lending practices and reduce the amount of available commercial real estate credit in order to avoid the higher capital charges associated with ADC loans. • Regulators released agency guidance in April 2015 to clarify some of the new terms and practices associated with the standard. • NAR participates in a coalition that is working with regulators to get more information and clarify the impact of the new standard. 	(+/-)
APPRAISAL	
<p>Appraisal Qualifications Board (AQB) Concept Paper on Trainee Requirements</p> <ul style="list-style-type: none"> • The AQB released a concept paper that explores whether there is a need for an alternative track for obtaining appraisal experience. This addresses industry concerns about attracting new appraisers to the business. • The AQB held a public hearing on October 16, 2015 to gain feedback on the issue 	(+)
<p>Appraisal Management Companies (AMC) Final Rule</p> <ul style="list-style-type: none"> • On June 9, 2015, six federal regulatory agencies issued a final rule on minimum state registration requirements for Appraisal Management Companies. The rule is effective on August 10, 2015. • Participating States must require that AMCs: (1) Register with and be supervised by the State appraiser certifying and licensing agency in the State or States in which such company operates; (2) verify that only State-certified or State-licensed appraisers are used for Federally related transactions; (3) require that appraisals comply with the Uniform Standards of Professional Appraisal Practice (USPAP); and (4) require that appraisals are conducted in accordance with the appraisal independence standards under the Truth in Lending Act (TILA). 	(+/-)
BUSINESS	
<p>Net Neutrality</p> <ul style="list-style-type: none"> • On June 12, 2015 the Federal Communications Commission's Open Internet Order went into effect. These rules give the FCC extra authority over the Internet to establish network neutrality—the concept that all internet traffic must be treated the same and the Internet service providers (ISPs) may not block, slow down or otherwise degrade lawful content on the Internet. • Since REALTORS provide a great deal of content on the Internet including video and other high bandwidth applications—NAR supports the FCC's Open Internet Order. • Several ISPs have sued the FCC claiming they do not have the authority to impose these rules. These lawsuits are pending and may take years to resolve. • Some efforts are underway in Congress to gut the FCC order—we are monitoring this and working to preserve strong open internet rules. 	(+)

<p>Copyright—Photo Scraping</p> <ul style="list-style-type: none"> • On July 23, 2015 NAR filed comments with the U.S. Copyright Office in its Notice of Inquiry regarding visual works. • NAR suggested a number of changes to the copyright registration and enforcement system that would help the real estate industry combat the problem of photo scraping. These include: <ul style="list-style-type: none"> ▪ Ease restrictions on group registrations of photographs ▪ Improve the copyright registration process to facilitate online registration ▪ Develop a more comprehensive online database of copyright records ▪ Permit non-exclusive licensees to seek remedies for copyright infringement • NAR will continue to work with the US Copyright Office as this proceeding moves forward. 	<p>(+)</p>
<p>Big Data</p> <ul style="list-style-type: none"> • The U.S. Commerce Department’s National Telecommunications and Information Administration (NTIA) is seeking public comment on how developments related to “big data” impact consumer privacy. • “Big data” is defined as “large, diverse, complex, longitudinal, and/or distributed datasets generated from instruments, sensors, Internet transactions, email, video, click streams, and/or all other digital sources available today and in the future.” • Specifically NTIA is: <ul style="list-style-type: none"> ▪ Seeking opinions on how to reconcile privacy principles with the benefits of data collection ▪ Asking whether data brokers pose a significant risk and, if so, whether legislation is needed. 	<p>(+/-)</p>