

# NAR Issue Brief

## 2018 Federal Legislative and Regulatory Priorities

The National Association of REALTORS® (NAR) represents 1.3 million residential and commercial practitioners involved in all facets of the industry as brokers, sales agents, property managers, appraisers and counselors. As the largest professional trade association in the United States, NAR advocates policy initiatives that promote and protect a dynamic U.S. real estate market fostering homeownership and investment opportunities for qualified purchasers of real property. In 2018, NAR will focus on the following public policy initiatives:

### New Tax Law

The Tax Cuts and Jobs Act (H.R.) was enacted in December 2017, and includes many changes to the tax law that will affect residential and commercial real estate, as well as real estate professionals. As with most major legislation, many details as to how the new law will be applied and administered has been left to regulators (Treasury Department and Internal Revenue Service). Treasury and IRS officials have already begun to issue guidance on the bill and much more is expected over the coming weeks and months. NAR is monitoring the process carefully and will be weighing in as necessary to help ensure the most positive outcome for real estate and practitioners as possible.

- 20 percent deduction on Qualified Business Income for Pass-Through Business Entities and Sole Proprietors
- Indexing to inflation, the \$750,000 cap on Mortgage Interest Deduction.
- Indexing to inflation, [the Capital Gains Exclusion on Sale of Principal Residence](#)
- Extension of expired [Mortgage Debt Cancellation Tax Relief](#)

### National Flood Insurance Program (NFIP)

Congress must reauthorize the NFIP for five years and include meaningful reforms that open the door to private market flood insurance. While the House has passed the NAR-supported HR 2874, the 21st Century Flood Reform Act, the Senate has yet to act. NAR Research shows a potential loss of 40,000 home sales each month should the program lapse.

- [NFIP Reauthorization & Reform](#)
- [Private Flood Insurance Options](#)

### Residential Real Estate Finance

NAR believes that federal mortgage finance programs that have proven records for producing and preserving homeownership opportunities must not only be preserved, but also continuously strengthened. Programs administered by the Federal Housing Administration (FHA), the Department of Veteran Affairs (VA) and the Rural Housing Service (RHS) occupy a critical role in the nation's housing finance system. Their mission is to ensure access to mortgage credit that is available to all Americans in particular groups traditionally underserved by the private market including low to moderate-income, minority, and first-time homebuyers.

- [FHA Lifetime Mortgage Insurance Premiums](#)
- [FHA Condominium Rules Implementation](#)
- [Ensure Property Assessed Clean Energy \(PACE\) loans have enhanced consumer protections](#)

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### Fair Housing

Congress must amend the Fair Housing Act to prohibit discrimination based on sexual orientation and gender identity. Currently, only half of the country has state or local laws prohibiting discrimination based on sexual orientation and gender identity. NAR's Code of Ethics requires REALTORS® to provide equal professional services without discrimination based on sexual orientation and gender identity.

- [Amend the Fair Housing Act to prohibit discrimination based on sexual orientation and gender identity.](#)

### Fannie Mae and Freddie Mac (GSE) Reform

NAR supports the creation of a non-shareholder owned government authority subject to strict regulations on product types, revenue generation and expenditures. The new entity will retain portfolio practices to ensure the mission of Fannie and Freddie continue to meet the needs of consumers with taxpayer safeguards. NAR recommends that the entity be managed to encourage private capital participation in the secondary mortgage market. 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).

- [Fannie Mae & Freddie Mac \(GSE\) Reform](#)
- [Fannie Mae & Freddie Mac Guarantee Fees \(G-Fees\)](#)

### Association Health Plans

NAR supports a new regulatory proposal issued by the Department of Labor (DOL) in early 2018, which would allow for expanded access to Association Health Plans (AHPs) and potentially provide more affordable health insurance options for REALTORS®. An AHP plan would be treated as a large employer plan under federal law, subject to different rules than plans in the individual and small group insurance markets that tend to be more costly. However, there are some important clarifications needed in the proposed rule to maximize participation by self-employed individuals and the final rule could also be subject to legal challenges. H.R. 1101, the *Small Business Health Fairness Act*, which passed the House of Representatives in early 2017, also allows an association to sponsor a health care plan, so long as the plan meets certain federal and state statutory minimums. This legislation has not been taken up in the Senate. Both the DOL proposed rule and H.R. 1101 include important consumer protections that could not make membership, payment, or coverage conditional on the health status of an enrollee.

- [Health Care Reform](#)

### Business Operations

Protecting the business operations of members is always a priority for NAR. There are a number of issues before Congress and the Federal Regulatory Agencies that could have a significant impact on the business operations of real estate firms.

- [RESPA Enforcement](#)
- [Independent Contractor Status/Worker Classification of REALTORS®](#)
- [Valuation Issues](#)
- [TRID \(RESPA-TILA Integrated Disclosure\) Regulations](#)

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### Commercial Lending

NAR supports policies that protect and enhance the flow of capital to commercial real estate. In recent years, overly broad regulations have had a disproportionate impact on small and/or community lenders, which are often the source of capital for the clients of commercial members.

- Relieving regulatory burdens for small and community lenders
- [Basel III risk-weight requirements \(HVCRE/HVADC\)](#)
- Improving credit availability for small businesses

### Americans with Disabilities Act (ADA) Lawsuit Reform

NAR supports H.R. 620, the ADA Education and Reform Act of 2017, a bipartisan bill requiring plaintiffs in ADA suits to provide specific notice to business owners of violations on their properties, and gives the business owner up to 120 days to remedy that violation (or make substantial progress) before a suit commences. This bill would curb the practice of “drive-by” ADA suits, in which attorneys take advantage of the ADA’s lack of a notice requirement and send demand letters to business owners for minor (and in some cases, nonexistent) violations. H.R. 620 has been approved by and reported out of the House Judiciary Committee

- ADA lawsuit reform

### Anti-Money Laundering

While real estate firms and professionals engaged in brokerage or property management activities are not required to implement formal anti-money laundering or anti-terrorist financing (AML/TF) programs like regulated financial institutions, but for certain reporting requirements, the U.S. Department of Treasury has the authority to change this and expand coverage of these requirements. Continued partnership with enforcement agencies, such as the Financial Crimes Enforcement Network (FinCEN) will help in detecting and addressing the use of real estate in illegal financing activities. Both the House and Senate have increased attention on requiring disclosure of beneficial ownership information to combat the use of shell companies laundering money through the U.S. economy, which NAR supports so long as there is appropriate consideration given to address legitimate business privacy concerns.

- [Money Laundering and Terrorism Financing](#)

### Net Neutrality

In December 2017, the Federal Communications Commission (FCC) adopted the Restoring Internet Freedom Order. This order will replace and reverse the 2015 Open Internet Order, which implemented “net neutrality” rules. The 2015 Open Internet Order rules prohibited internet service providers from blocking or degrading of lawful content on the internet. They also prohibited paid prioritization or “fast lanes” on the internet. Once the order becomes final, NAR expects the issue to move to the courts and to Congress.

- [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 opposed the FCC Restoring Internet Freedom Order. NAR will work with Congress to enact balanced net neutrality rules that will allow REALTORS® to continue to serve consumers efficiently.

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### Transportation Infrastructure

NAR supports spending for transportation infrastructure and believes that funds should be sufficient to maintain the current physical condition and level of performance of highways and transit systems while making improvements to reduce congestion and foster economic growth.

- [Consider all transportation users along a transportation corridor](#)
- Establish a more reliable stream of revenue by a modest increase in the federal gas tax while indexing for inflation