

Exhibit A: For Consideration at the 2020 REALTORS® Legislative Meetings

Approval of State and Local Policy Position Revisions

Background

The State and Local Issues Policy Committee started on a goal in 2019 to modernize NAR's public policy positions related to state and local issues. A total of twenty-eight (28) state and local policy positions have been adopted since 1997. Given the evolution of policy at the state and local level, it was imperative NAR streamline and update certain position statements accordingly. The State and Local Issues Policy Committee met in November 2019 at the Annual Conference and in December 2019 during the REALTOR® Party Training Conference to finalize streamlining these policy positions as presented in this document.

The record of the Committee actions are outlined according to each policy below. Underscoring indicates additions, strikethroughs indicate deletions.

1. Rental Housing

We recognize the need ~~in this nation~~ to produce new affordable rental housing and preserve the current rental housing stock through recycling and renovation. We call on all levels of government to meet this demand by removing disincentives to the financing, production and improvement of rental housing for citizens of all income levels.

* Local rent control ordinances, local moratoria on converting rental property to condominiums or cooperatives, costly and administratively burdensome regulations and restrictions are all examples of disincentives to initial investment in rental projects.

Owners of rental property should provide safe and decent housing for the needs of their rental occupants; rental occupants must recognize and accept their legal responsibility to maintain and care for the property and safety of their fellow occupants. The rights given each party under basic contract law should be enforced.

* We encourage and support legislation as well as legal measures to prevent landlord-tenant ordinances injurious to the basic rights of private property ownership.

Record of Committee Actions Taken:

- Adopted, 1997
- Revised by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

2. General Statement of Housing Policy

As an Association, we reaffirm the national goal of "a decent home and a suitable living environment for every family." This commitment, which also needs to be raised to the highest level of national priorities, encompasses the entire housing ladder from the homeless to the first-time homebuyer. We, the NATIONAL ASSOCIATION OF REALTORS®, recognize the housing needs that are present among low-income households and renters and we also recognize that these are the very families who will eventually become homeowners. Our goal is to encourage homeownership opportunities and we urge that any national housing policy address in its major elements both rental assistance programs and programs to alleviate the growing problems facing first-time homebuyers, thus assisting citizens to move up the housing ladder. Moreover, while some federal assistance must be part of any national housing policy, we strongly endorse

the reliance on local and state initiatives and public private partnerships which are such a crucial part of the Report of the National Housing Task Force.

Record of Committee Actions Taken:

- Adopted, 1997
- Reviewed by State and Local Issues Policy Committee with No Revision Needed, 2019
- Approved by State and Local Issues Policy Committee, 2020

3. Public Education

NAR supports programs and policies that promote quality education by efficiently financing capital construction, maintenance, and operations of our public school systems.

We believe that public education is a state and local issue. We encourage state legislatures, local government, school systems and private enterprise to explore all avenues that will increase efficiency through better allocation of resources to the classroom by developing creative solutions, and promoting community and corporate involvement, rather than looking predominantly to the overburdened taxpayer.

~~REALTORS® recognize the impact that quality education makes in every aspect of society. The future of business and industry, the real estate market and homeownership, our communities, and our nation depends on well-educated citizens and a well-educated workforce. To that end, we support programs and policies that promote quality education by efficiently financing capital construction, maintenance, and operations of our public school systems. We believe that public education is a state and local issue.~~

~~Community, family, and parental involvement in schools support such quality education. Thus we encourage all members of the REALTOR® family to actively involve themselves with local education issues and institutions, both individually and within their REALTOR® organizations. We further encourage state legislatures, local government, school systems and private enterprise to explore all avenues that will increase efficiency through better allocation of resources to the classroom by developing creative solutions, and promoting community and corporate involvement, rather than looking predominantly to the overburdened taxpayer.~~

Record of Committee Actions Taken:

- Adopted, 2004
- Revised by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

4. Spending Limitation

~~We support the principle and concept of maintaining a balanced budget in all political jurisdictions. Balanced state, local, county and national budgets should be maintained by reducing unnecessary expenditures, sun setting, capping and/or reducing the growth of programs and services that are not essential.~~

Record of Committee Actions Taken:

- Adopted, 1997
- Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

5. Tax Limitation/Reform

~~Property taxes may place an undue burden on the acquisition and ownership of real property. We therefore urge each state association and local board to work for tax restructuring to reduce unreasonable reliance upon property taxes. NAR recognizes, however, that each state and municipality may have differing fiscal priorities/needs which may necessitate flexibility in NAR policy.~~

Record of Committee Actions Taken:

- Adopted, 1997
- Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

6. State and Local Tax and Spending Limitation Policy

~~REALTORS® support the equitable collection of tax revenues from a variety of sources and encourage taxing jurisdictions to consider the negative impact to the local economy associated with any potential increase in property tax rates. We support the principle and concept of maintaining a balanced budget in all political jurisdictions. We believe that real estate should not be burdened with an excessive share of the constantly increasing cost of state and local government.~~

Record of Committee Actions Taken:

- Recommended by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

7. Internet Tax Policy

~~That NAR is firmly opposed to unnecessary or discriminatory taxation in any form. NAR is very concerned with the potential for increases in state/local real estate and property taxes that might result from exempting Internet purchases from state and local sales and use taxes. Accordingly, NAR adopts the following statements as its Internet Tax policy:~~

- ~~A. No state/local sales/use taxes on Internet access fees. NAR opposes the imposition of sales/use taxes on Internet access charges.~~
- ~~B. Consistent state/local sales/use tax consequences for economically equivalent transactions. NAR supports a level playing field for local in-store retailers and remote merchants (including Internet merchants). NAR believes that economically equivalent transactions should bring similar tax consequences.~~
- ~~C. Simplification of State/Local Sales/Use Taxes. NAR supports efforts to simplify the collection and payment of sales/use taxes.~~

~~D. “Internet Tax” Legislation. Federal legislation should not preempt states’ efforts to address their own sales and use tax issues.~~

Record of Committee Actions Taken:

- Adopted, 1997
- Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

8. Member Involvement

REALTOR® Political Affairs Party Programs seek to encourage, within state associations and local board jurisdictions the organization, communication and educational tools necessary to implement grassroots political action advocacy efforts on behalf of the real estate industry. The Political Communications Network REALTOR® Party, Consumer Outreach, along with State & Local Association Outreach and Member Engagement programs and the REALTOR® Active in Politics programs work to ensure that the REALTOR® legislative goals of the Association are addressed on a day to day basis at the local, state and federal levels in state capitols and in the US Congress by promoting direct REALTOR® grassroots involvement at the board level. It is only by linking coordinating REALTOR® political Party efforts on the local, state and national levels with REALTOR® legislative goals that we can ensure that the rights of private property ownership will be protected and expanded in the future.

Record of Committee Actions Taken:

- Adopted, 1997
- Revised by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

9. Community Service

One of the nation's most challenging opportunities in housing lies in the recovery and rehabilitation of declining neighborhoods. To that end, we support efforts by state and local governments to implement enterprise zone programs as viable frameworks to foster community revitalization and economic growth.

REALTORS® hold the greatest potential for initiating and coordinating the resources and methods for restoration of neighborhood housing and commerce. We urge state associations, local boards and individual members to actively participate in and promote community revitalization efforts which are designed to maintain and improve the quality of life in the neighborhoods of our cities, towns and communities. We applaud the action of communities which have implemented community revitalization programs without federal assistance and continue to encourage the involvement of the private sector to take advantage of the present investment possibilities.

Record of Committee Actions Taken:

- Adopted, 1997
- Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

10. Community Revitalization

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Record of Committee Actions Taken:

- Adopted, 1997
- Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

11. Community Development

REALTORS®, as business people in their community, have a stake in the long term health of neighborhoods. Community revitalization is important to the development of a competitive local economy. The growth of local economies can be stagnated if new jobs and migration are not matched in terms of homeownership opportunities in attractive, viable neighborhoods.

Both the public and private sector have a mutual interest in maintaining their community and in making their neighborhoods a better place to raise a family, shop, work and invest.

Homeownership leads to a greater interest in community affairs, better maintenance and a keener sense of neighborhoods. Thus, an interest in community development issues provides a stake in the community and in this nation's economic prosperity.

The NATIONAL ASSOCIATION OF REALTORS® recommends that the following elements be incorporated in the design of local community development programs:

Programs should meet community needs as determined by each locality -- whether inner city or rural, using measures such as existing community facilities, extent of poverty, economic growth, population changes and unemployment.

Programs should have the objective of creating viable neighborhoods by providing economic opportunities.

Programs should be directed toward the revitalization of neighborhoods including the preservation and development of housing and improved community facilities and services.

Programs should encourage public/private partnerships whenever possible.

~~We encourage the implementation of innovative development techniques, such as those modeled by NAR programs.~~

Record of Committee Actions Taken:

- Adopted, 2005
- Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

12. Community Outreach, Development & Revitalization

Vibrant communities are healthy and safe places to live and provide quality life for community stakeholders. We encourage and support REALTOR® Associations, and their members, to become engaged in efforts to enhance, develop and revitalize their communities which can create more desirable places to live and foster economic development. As a community prospers, the demand to live, and buy homes, in the area increases, as does property values. Associations' outreach and engagement efforts need to include partnering with elected and public officials, as well as state and local stakeholders, to advocate for affordable housing, walkable communities, creation of public spaces and amenities, revitalization of our small town "main streets, suburban neighborhoods, and urban downtowns areas and commercial corridors, smart & sustainable growth, mixed-use development, public private partnerships and transportation choices. REALTOR® Associations need to promote the value and use of Federal, state and local community assistance programs (such as Community Development Block Grants and Opportunity Zones) and take advantage of the REALTOR® Party Programs including NAR's Community Outreach grants.

Record of Committee Actions Taken:

- Recommended by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

13. Impact Fees

The NATIONAL ASSOCIATION OF REALTORS®, while recognizing the need to pay for public services, generally opposes the imposition of impact fees under any condition. The NATIONAL ASSOCIATION OF REALTORS® believes has consistently maintained that fees for services hampers or deters development in our nation's communities causing:

- A disproportionate increase in the cost of new construction;
- Higher costs for new construction which, in turn, results in upward pressure on the cost of existing properties;
- Urban sprawl as developers seek political jurisdictions without impact fees;
- Reductions in the quality and/or quantity of new construction units due to increasing costs
- Disproportionate disadvantages to lower income households; and
- Reductions in housing opportunity across the income spectrum, for ownership as well as rental.

In communities where impact fees are in place, the NATIONAL ASSOCIATION OF REALTORS® urges a reevaluation of the fee vis-à-vis other public revenue generation methods

~~their repeal~~. To lessen their impact on local housing costs and development opportunities, the NATIONAL ASSOCIATION OF REALTORS® encourages:

- Proceeds from impact fees should be segregated from other government revenues;
- Impact fees should be used solely for capital improvements related to a specific new development;
- Municipalities or schools should have the burden to demonstrate specific infrastructure needs as a prerequisite to assessing impact fees;
- Credits should be given to developers to offset impact fees;
- Impact fees should be collected only at the point the impact is realized by the local community (e.g., from such sources as increased property tax revenues paid as a result of the development, land dedications and infrastructure work performed by the developer); and
- Exemptions to impact fees should be provided for housing marketed to low- and moderate-income households, for ownership as well as rental.

Record of Committee Actions Taken:

- Adopted, 2003
 Revised by State and Local Issues Policy Committee, 2019
 Approved by State and Local Issues Policy Committee, 2020

14. Growth Issues

~~We recognize that growth is inevitable and that guiding and controlling it is an issue facing many areas of our country. We support planned growth that stimulates the economy, increases the tax base, provides places to live and work, and offers opportunities that would not otherwise exist. We also realize the responsibility we have to educate and work with local, state, and Federal government officials in developing responsible growth planning that is equitable and which considers the divergent needs of transportation, housing, agriculture, commercial, industrial, and environmental concerns. Government growth planning activities must take into account property rights in the manner described in the NAR Statement of Policy on Property Rights.~~

Record of Committee Actions Taken:

- Adopted, 2005
 Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
 Approved by State and Local Issues Policy Committee, 2020

15. Land Use

~~We believe in the fundamental right of all private property owners to determine the highest and best use of their land, working through appropriate governmental entities. We embrace the principles of smart growth as defined in NAR's 1999 Smart Growth PAG Report.~~

~~Programs of resource, land and historic preservation designed to protect drinking water resources, agricultural lands, wetlands, scenic vistas, natural areas, historic properties and open space, can have a positive effect on the quality of life and environment in towns, counties, and municipalities. Because land use laws and regulations enacted to protect and enhance these~~

~~resources provide benefits to the general public, the costs should be borne accordingly. (See Property Rights section).~~

~~State and Federal governments should minimize their involvement in land use decisions and not withhold government grants and programs to enforce their policies.~~

~~We believe that local authorities, in close cooperation with their citizens, are ultimately responsible for managing growth and building better communities. We support federal and state incentives that provide tools to local governments to encourage collaborative regional planning as long as it supplements, rather than displaces, local control and decision-making.~~

~~Planning for the classification and use of land must adequately consider the needs of housing, agricultural, commercial and industrial growth, as well as quality of life and a healthy local economy. Land use planning should provide for a variety of housing types, mixes, densities and pricing to meet the needs of all segments of our population.~~

~~We shall continue to develop programs and seek legislation to help state associations and local boards achieve these objectives.~~

Record of Committee Actions Taken:

- Adopted, 2005
- Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

16. Land Use & Growth Management

We recognize that state and local governments make policies that are best suited to their jurisdictions. What follows should be viewed as guidance.

We believe in the fundamental right of all private property owners to determine the highest and best use of their land, working through appropriate governmental entities. We embrace the principles of smart growth as defined in NAR's 1999 Smart Growth PAG Report.

We recognize that growth is inevitable and that guiding and controlling it is an issue facing many areas of our country. We support planned growth that stimulates the economy, increases the tax base, provides places to live and work, and offers opportunities that would not otherwise exist. We also realize the responsibility we have to educate and work with local, state, and Federal government officials in developing responsible growth planning that is equitable and which considers the divergent needs of transportation, housing, agriculture, commercial, industrial, and environmental concerns.

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We shall continue to develop programs and seek legislation to help state associations and local boards achieve these objectives.

Government growth planning activities must take into account property rights in the manner described in the NAR Statement of Policy on Property Rights. Other relevant NAR policies include: Transportation

Record of Committee Actions Taken:

- Recommended by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

17. Confiscation of Real Property

We support the nation's "war on drugs" and encourage the development and implementation of community programs designed to discourage and alleviate illegal drug activity. However, we are concerned that the rights of innocent real property owners be upheld in all cases of the forfeiture of real property for illegal drug activity. Innocent real property owners are those who had no knowledge of the use of their property for illegal activity or who, if they had such knowledge, made reasonable efforts to alleviate the use of their property for illegal drug activity. Any legislation addressing the forfeiture of real property because of illegal drug activity needs to contain language which protects the rights of innocent property owners.

Record of Committee Actions Taken:

- Adopted, 1997
- Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

18. Tax Exempt Properties

All tax-exempt institutions, including but not limited to municipal, legitimate religious, charitable and educational organizations should be required to pay for local public services received, but should maintain their real property exemption due to their positive contributions to the communities in which they reside.

In those instances where tax exempt institutions occupy only a portion of larger land holdings, those sections of the properties not directly used by the institutions should be fully taxed.

Many religious, cultural, educational, civic, fraternal institutions and the like maintain real estate holdings that do not have any direct relationship to the purpose for which the institution is

established. Indeed, many such holdings are made for purely investment purposes, yet enjoy tax benefits at a cost to those who pay taxes. Such holdings should be fully taxed.

We support ad valorem tax-exemptions and relief for property owners whose homes have been impacted by natural disasters.

Record of Committee Actions Taken:

- Adopted, 1997
- Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

19. Property Rights

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.

Private property rights include the right to gain income from property and the right to rent out property on a short-term basis. Local governments are granted the legal authority to regulate land use within their jurisdiction by police powers and/or zoning regulations. But we believe local short-term rental regulations should focus on issues such as health, safety and noise mitigation, and respect the rights of private property owners.

Provisions in local code and regulations that are overly restrictive can be especially impactful in resort communities and vacation destinations, as properties in these areas may become less desirable to buyers and investors.

We support 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, we support legislation which will provide property owners expeditious access to administrative and judicial systems at all levels - local, state and federal - to pursue Fifth Amendment takings claims or relief from other property rights violations.

We recognize 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 in fact be realized.

Record of Committee Actions Taken:

- Adopted, 2005
- Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020

20. Transportation

The timely provision of safe, convenient and efficient transportation infrastructure enhances the quality of communities, supports property values, and mitigates the effects of traffic congestion that accompany growth. REALTORS® support improving mobility in communities so that all citizens have access to transportation means best suited to their needs. Changing travel patterns, shrinking petroleum supplies, and continuing technological innovation will challenge traditional means of transportation planning, construction and funding. With these challenges in mind, NAR urges the federal government to incorporate the following principles in future transportation authorization legislation.

1. Federal spending for transportation infrastructure should be sufficient to maintain and improve the current physical condition and level of performance of highways and transit systems and to make enhancements improvements to reduce congestion and to foster economic development. To finance increased transportation spending, NAR supports both a modest increase in the federal transportation user charge tax rate and indexing the tax rate to account for inflation. In addition, the federal government should explore a variety of means to ensure a reliable stream of revenue for transportation funding so that revenues grow in step with increasing travel demand.
2. High occupancy toll lanes should be permitted on roads financed with federal assistance, but no existing general purpose lanes should be tolled for future revenue. All tolls collected on such lanes should be dedicated to benefitting the users from whom transportation purposes in the same community in which they are collected.
3. Taxes levied on transportation users should be deposited in a trust account for spending exclusively on transportation purposes.
4. Interest on balances in the Highway Trust Fund should accrue to the Fund and be spent exclusively for transportation purposes.
5. States should have a large measure of flexibility in determining how Highway Trust Fund monies are spent within their borders.

6. Highway Trust Fund revenues should continue to be used for projects designed to mitigate air pollution by reducing travel demand.
7. The federal share of funding for new transit capital projects should remain on a par with the federal share of funding for highway projects.
8. Transportation planning and implementation should be fully integrated into a comprehensive community planning effort, coordinated with state and metropolitan planning processes, using substantial citizen involvement and civic leadership to achieve the consensus vision of the community. States should be encouraged to adopt comprehensive plans that foster cooperation between Metropolitan Planning Organizations (MPOs), and should continually re-evaluate MPO boundaries to ensure they accurately reflect regional transportation patterns and population growth.
9. The federal transportation funding bill should provide a predictable level of funding that avoids large changes from one year to the next.
10. All federal taxes levied on any fuel or alternative energy source used for surface transportation should be deposited in the Highway Trust Fund for highway and transit projects.
11. The time required for environmental review of transportation projects should be significantly reduced without compromising environmental protection.
12. Federal Surface Transportation Programs for states should be structured so that:
 - State and local transportation planning is not biased in favor of one mode or another because of differences in federal program requirements.
 - Proportionately more funds are available in parts of a state with greater transportation needs.
 - Emphasis is placed on providing seamless connections between transportation modes.
 - Priority in spending is given to maintaining the integrity and performance of existing investments in national transportation infrastructure.
13. Where possible, transportation improvement planning should consider the needs of all transportation users along a transportation corridor and provisions should be made to accommodate a variety of users in transportation projects, but federal policy should require detailed cost-benefit analysis where possible. on each project to ensure improvements enhance mobility for the largest number of users.
14. Federal policy should encourage states to consider alternative financing models, such as Public- Private Partnerships, to accelerate the construction and expansion of roads, highways and transit lines.

15. Federal transportation grants should be structured as broadly as possible, to allow state and local governments the latitude to determine which investments are most effective for their communities.

Record of Committee Actions Taken:

- Adopted, 2014
- Revised and Recommended to Remove by State and Local Issues Policy Committee, 2019
- Approved by State and Local Issues Policy Committee, 2020