

Commercial / Real Estate Mortgage Investment Conduits (REMIC)

NAR Committee:

Commercial Federal Policy Committee

What is the fundamental issue?

A Real Estate Mortgage Investment Conduit (REMIC) is a tax vehicle created by Congress in 1986 to support the housing market and investment in real estate by making it simpler to invest in real estate. Since then, REMICs have become an integral part of the commercial backed securities market. However, regulations adopted over 15 years ago limit the ability of property owners with securitized mortgage to reposition their property to meet changing economic trends. NAR supports efforts to modernize REMIC rules to give property owners greater flexibility in how they modify and manage their properties, and to make commercial mortgage securitization more attractive to further enhance the flow of capital to commercial real estate.

I am a real estate professional. What does this mean for my business?

Modifying REMIC rules will give property owners greater versatility to manage their properties, provide greater opportunities for REALTORS to place tenants in buildings with securitized commercial mortgages, and strengthen the flow of capital to commercial real estate by making securitization more attractive. The modernization of REMIC rules will give property owners the flexibility to 1) Prepare space for tenants through tenant expansions and building additions, 2) Reconfigure space to accommodate anchor tenants in retail centers, 3) Permit the sale of adjoining parcels of land if it does not hold any economic value to the property owner, and 4) Post additional collateral to support building renovations and expansions.

NAR Policy:

NAR supports the liberalization of real estate mortgage investment conduit rules to make securitization more attractive to commercial borrowers.

Opposition Arguments:

There is no real opposition to NAR's position that the REMIC rules should be modernized.

Legislative/Regulatory Status/Outlook

In the past, Congress has introduced legislation to modernize the REMIC rules.

NAR joined with other industry groups in calling for greater flexibility in REMIC rules to allow for common modifications to properties with securitized commercial mortgages.

Current Legislation/Regulation (bill number or regulation)

No actions at this time.

Legislative Contact(s):

Vijay Yadlapati, vyadlapati@nar.realtor, 202-383-1090

Erin Stackley, estackley@nar.realtor, 202-383-1150

Regulatory Contact(s):

Erin Stackley, estackley@nar.realtor, 202-383-1150