

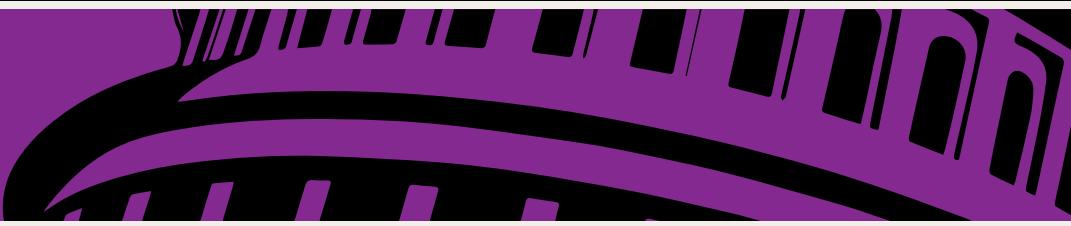
The 2019 Federal Advocacy Agenda

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 2019, NAR will focus on the following public policy initiatives:

Federal Taxes and Real Estate

The Tax Cuts and Jobs Act was enacted in December 2017, and is generally effective as of January 1, 2018. The new law includes many changes 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 have been left to regulators (Treasury Department and Internal Revenue Service). Treasury and IRS officials have already begun to issue guidance on the bill and 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.

- **Extension of Expired Mortgage Debt Cancellation Tax Relief** - A longstanding but temporary provision to provide relief from taxation for debtors who have been relieved of mortgage debt in connection with their principal residence expired at the end of 2017. NAR is advocating a retroactive extension of the exclusion.
- **20 Percent Deduction on Qualified Business Income for Pass-Through Business Entities and Sole Proprietors** - The 2017 tax law changes provide a significant tax benefit for real estate professionals who work for themselves or own S corporations, limited liability companies (LLCs) or partnerships. The new 20 percent deduction can greatly lower federal taxes but is complex for many. NAR is working to ensure that the deduction is available to all real estate agents and brokers and that its application to rental real estate is straightforward.
- **Monitor Implementation and Facilitate the Use of Opportunity Zones** - The new tax law also provided a bold new initiative to encourage investment in economically depressed areas throughout the U.S. Opportunity Zones (OZs) are especially attractive to real property investments by providing significant deferral and exclusions in capital gains that are reinvested in qualified areas. NAR is working to help ensure the rules implementing the new OZs fulfill their promise.



- **Index to Inflation the \$750,000 cap on Mortgage Interest Deduction** - The 2017 tax changes lowered the amount of deductible mortgage debt to loans of not more than \$750,000, which is not indexed for inflation. NAR is urging Congress to index this cap for future inflation so the limit does not pinch more homeowners each year.
- **Index to Inflation the Capital Gains Exclusion on Sale of Principal Residence** – Current law provides sellers of a principal residence an exemption from capital gains tax of up to \$250,000 (\$500,000 for joint returns). This exclusion was never indexed for inflation, making it now worth only about half its original value. NAR is advocating this exclusion be indexed for inflation before the benefit shrinks more.

For more information, visit www.nar.realtor/tax-reform/the-tax-cuts-and-jobs-act-what-it-means-for-homeowners-and-real-estate-professionals.

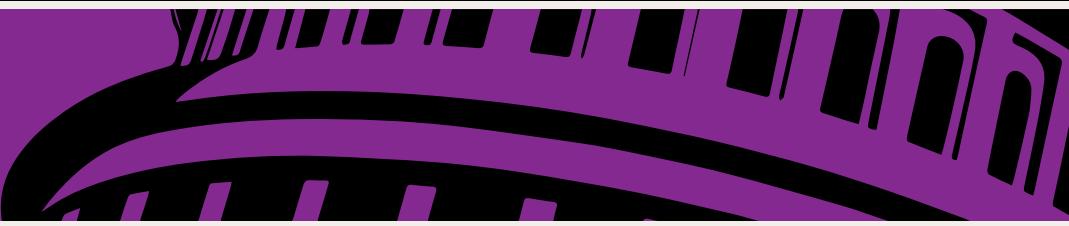
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National Flood Insurance Program (NFIP)

Congress must pass a long-term reauthorization of the NFIP and include meaningful reforms that open the door to private market flood insurance and modernize flood mapping and mitigation investments. Flood insurance is required for a mortgage in more than 20,000 communities nationwide. While there is a growing private market for flood insurance, millions of small business and home owners currently depend on the NFIP to protect their property against flooding, the most costly and common natural disaster in the United States. Without flood insurance, property owners would have to rely on the Federal government for taxpayer-funded disaster relief after major floods. The program is set to expire on May 31, 2019.

For more information, visit www.nar.realtor/national-flood-insurance-program.

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Association Health Plans

NAR supports the final 2018 regulation by the Department of Labor (DOL) to expand access to Association Health Plans (AHPs) and offer more affordable health insurance options for working owners including real estate professionals. 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 and have fewer options. However, Congress may have to clarify and codify some of these regulatory provisions in order to address conflicting state laws and enforcement as well as recent litigation by a dozen state Attorneys General. The DOL final rule also includes important consumer protections that could not make membership, payment, or coverage conditional on the health status of an enrollee and maintains protections put in place by the Affordable Care Act (ACA), including protections for pre-existing conditions.

For more information visit www.nar.realtor/health-care-reform/nars-work-for-an-association-health-plan.

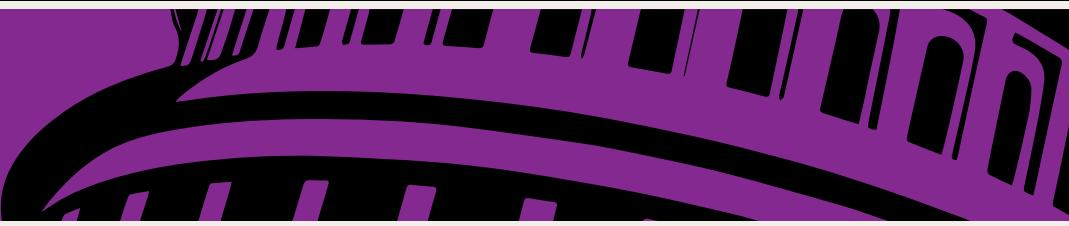
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Access to Credit

GSE Reform

NAR supports the creation of government chartered authority(s) subject to strict regulations on product types, revenue generation and expenditures. The new entity(s) 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(s) 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).

For more information visit www.nar.realtor/fannie-mae-freddie-mac-gses.



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Federal Mortgage Programs

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. These federal agencies 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.

- Ensure loan limits are appropriate to provide access to qualified buyers in all markets
- Fees charged for loans should be commensurate with the risk of the loan
- Removal of unnecessary barriers to homeownership (condo rules, FHA lifetime premium)

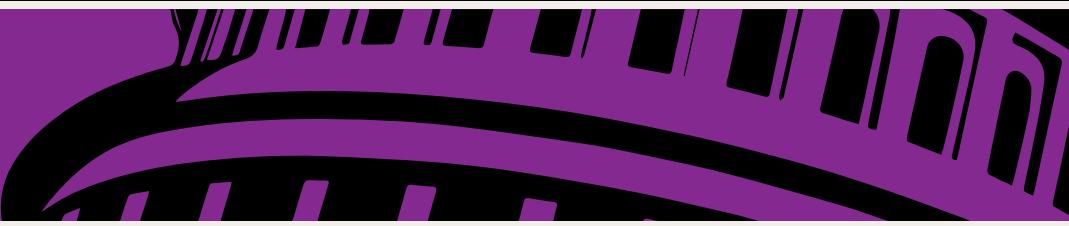
For more information visit www.nar.realtor/political-advocacy/federal-advocacy/all-federal-issues#federal-housing-issues.

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Infrastructure

Infrastructure improvements have been shown to enhance property values by creating livable communities and enhancing economic vitality. Poorly maintained streets and traffic congestion impose extra costs throughout the local economy.

- NAR supports spending for 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.
- REALTORS® believe infrastructure investment should consider all transportation users along a transportation corridor.



- NAR supports infrastructure investment decisions that are all inclusive so that critical systems, such as water or ports, are also prioritized when maintaining a community's infrastructure.

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Commercial Real Estate

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.

- NAR supports the reauthorization of the Terrorism Risk Insurance Act (TRIA).
- NAR believes that the government should relieve regulatory burdens for small and community lenders.
- REALTORS® believe financial regulations such as the Basel III risk-weight requirements (HVCRE/ HVADC) should be fair to all impacted properties.
- NAR will advocate for improved credit availability for small businesses.
- NAR supports improving ADA compliance by reducing frivolous law suits

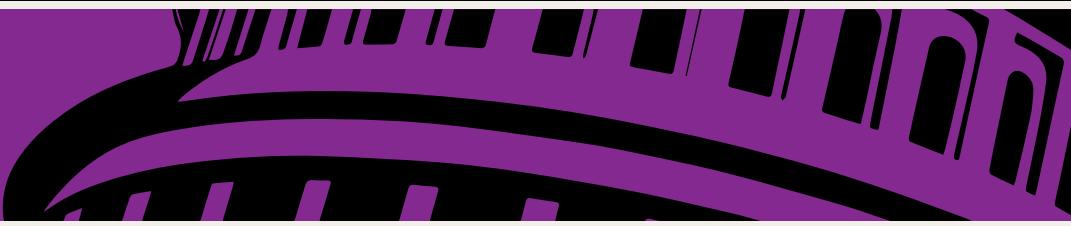
For more information, visit www.nar.realtor/commercial/advocacy.

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Technology

Technology is flooding the real estate industry with innovation and continues to transform the way consumers buy, sell, rent and manage homes and the way that real estate brokerages operate.

- REALTORS® strongly support efforts to protect consumers' data privacy and security. REALTORS® support for data protection measures is bolstered by their day-to-day business activities where they see first-hand the damage that identity theft can do to a family's ability to rent an apartment or buy a home. NAR supports efforts to modernize federal rules to create a national framework for



consumer privacy and data security

- Fair access to the internet 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. NAR supports policies that will ensure the internet remains open and free from discrimination.
- The real estate industry is more and more dependent on the use of information technology and software products to market properties and manage their businesses. An increase in patent-infringement claims can drag unsuspecting real estate professionals into expensive and time-consuming litigation putting all REALTORS® at risk. As a result, NAR supports common sense patent litigation reforms.
- NAR supports policies impacting emerging technologies that lay the groundwork for successful real estate industry adoption of emerging technologies including artificial intelligence, blockchain and internet of things.

For more information, visit www.nar.realtor/technology.

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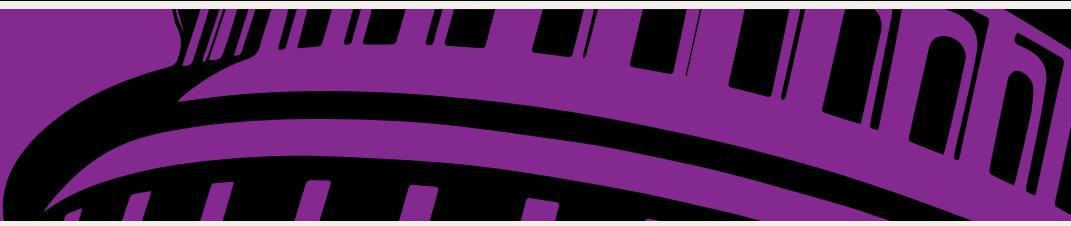
Fair Housing

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.

- NAR supports amendments to the Fair Housing Act to prohibit discrimination based on sexual orientation and gender identity.

For more information, visit www.nar.realtor/fair-housing.

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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.

- NAR advocates for consistent and clear enforcement of RESPA.
- NAR will ensure the continuation classification of REALTORS® as independent contractors.
- NAR supports and encourages credible, independent valuations of real property because valuations are critical to the health of the overall real estate industry.
- NAR supports clear and equitable TRID (RESPA-TILA Integrated Disclosure) regulations.
- NAR is committed to ensuring agents are educated on their responsibilities with respect to money laundering regulations while ensuring such regulations are not unduly burdensome.

For more information, visit www.nar.realtor/political-advocacy/federal-advocacy/all-federal-issues#business-issues.

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