



North Dakota Association of REALTORS®

To advocate for the success of our members in partnership with our local Associations and the National Association of REALTORS®

Washington D.C. Travel Report

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I would like to thank Jill and the NDAR Board for allowing me to attend NAR's Legislative Meeting and Trade Expo every year. As always, there were many sessions of interest to attend and much information of value to bring back to members at the 2017 meeting.

Federal Legislative & Political Forum

Speaker: Ron Insana, CNBC Analyst

Insana said despite the breaking news about the firing of FBI Director, James Comey, the market was flat that morning. He said he suspected investors were waiting to see where things went, but that so far the political firestorm that continues to surround Trump was not affecting the markets, as investors believe the administration will continue to ease regulations, which is good for business. Unemployment is at a low 4.4% and wages are showing a 3% annual growth rate. Even with the oil industry collapse, the U.S. still is #1 in natural gas reserves, surpassing Russia and #1 in oil reserves, surpassing Saudi Arabia. He said the energy mindset of the U.S. is "Fortress America", meaning the goal is energy independence. And with an improved economy, no longer is it much cheaper to manufacture in China, so we will see more jobs come back to the U.S. We are experiencing a technological revolution that will continue. Examples would be the 3D printer (ability to print or create three-dimensional objects) and Genomics (using gene sequencing to find disease causes and to alter DNA). There are 140 million Millennials and Gen X'rs and as Baby Boomers die, these two groups will take over society. Tax reform has been delayed due to work on the healthcare act, which if passed should result in \$150 billion in savings. Assumption is that something will be put forward by the August recess. Polls show that 61% of Americans believe their quality of life is less than what it has been for their parents. Personal prediction that Trump will resign or be impeached before his four years are up.

FPC Lobbyist Salon 4: Dan Blair

NAR Lobbyist Dan Blair reviewed talking points for REALTORS® to share with our federal legislators when we visited their offices. Topics this year are:

- National Flood Insurance Program (NFIP)
 - Reauthorizing and gradually strengthening the NFIP so it is sustainable over the long run;
 - Providing federal assistance to high risk property owners, including guaranteed loans, grants and buyouts in order to build higher and keep NFIP rates affordable
 - Encouraging the development of private market options to offer comparable flood insurance coverage at lower cost than NFIP
 - More granularity pricing NFIP policies to better reflect the property's specific risk
 - Improving flood map accuracy so fewer property owners have to file expensive appeals

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- Sustainable Homeownership
 - Fannie Mae and Freddie Mac must be reformed to bring them out of receivership
 - These entities should not be dismantled without identifying a viable replacement
 - A secondary mortgage market with an explicit federal guarantee is critical in safeguarding the 30-year fixed-rate mortgage
 - Ban the use of Guarantee Fees for anything non-housing related
 - PACE (Property Assessed Clean Energy) Loans and other energy efficiency lending programs should be subject to the same consumer disclosure laws that apply to mortgages

- Tax Reform
 - Under the GOP Tax Reform blueprint, middle-income homeowners could be worse off, based on a study by PricewaterhouseCoopers (PwC) commissioned by NAR. The study shows that home-owning families with incomes between \$50,000-\$200,000 could face average tax hikes of \$815 in the year after it would become effective, while non-homeowners in that same income range would see an annual reduction of \$516. This is due to a doubling of the standard interest deduction, but no longer being able to deduct state property taxes and other interest. This projection only applies if the blueprint remains as is. President Trump's tax reform plan does not exactly follow the blueprint.
 - Like-Kind Exchanges (Section 1031) must be preserved. This tax section permits real estate held for investment to be exchanged for property of a like kind on a tax deferred basis. These are essential to the commercial real estate sector and the economy.

Regulatory Reinvention

Speaker: Ben Carson, Secretary of Housing and Urban Development (HUD)

Carson said the definition of wisdom is learning from one's mistakes. He said FHA has expanded the flexibility for loans for condos and the final rule should be out soon. He said rather than programs having budgets and existing in silos, the new philosophy is to look at the totality of resources and how they can best be used. Carson said he and HUD staff have been traveling around the country to gather feedback from stakeholders. He said programs are most successful when addressing the whole person and the whole community. This administration supports public/private partnerships to leverage the public funds available. The vision is to re-purpose buildings that have been closed and to create centers where human capital can be developed and those in need can be assisted. He said we are fortunate to live in a great nation. He said Alexis the Tocqueville, when he travelled to the U.S. in the early 1800s to determine why we were so successful so soon after having earned independence said, "America is great, because America is good." Carson said the challenge is that America will cease being great if we cease being good.

Carson then took questions.

Q: Before leaving office the Obama administration had reduced FHA premium points by one basis point and this was put on hold after the election. Will HUD be reviewing premium levels?

A: Yes. Points were reduced in 2015 causing reserves to fall to a historical low and requiring FHA to borrow from the Federal Reserve. So the agency is currently reviewing to ensure it is done responsibly and intends to keep the rate as low as possible in keeping with the law. Q: FHA requires lifetime mortgage insurance premiums when less than 20% down, Private Mortgage Insurance cancels automatically when it reaches 78%. NAR supports eliminating life-of-loan mortgage insurance requirement for FHA. Would you support? A: FHA and PMI work on two different models. Congress would need to change the law to allow. Comment: We are happy to see the changes in the condo regulations, such as the reduction in non-owner percentage. Carson: We currently are reviewing all of the comments. It is a high priority for the agency. Q: As regards PACE loans, NAR is concerned with FHA guidance which seems to allow PACE to retain a first lien ahead of FHA. Although NAR supports green actions, oppose the way PACE loans are constructed. A: HUD is studying and is amenable to adjusting. Q: Preference would be to see Section 8 be expanded, rather than to have rent control. A: There are 3-4x more people in need of affordable housing than we are able to provide right now. Getting the private sector involved is vital.

Speaker: Roy Wright, Deputy Administrator, FEMA NFIP Director
NFIP put in place in 1968. The availability of flood insurance is based on communities choosing to join. Currently 22,235 communities represent 98% of the population using the NFIP program. There are 5 million NFIP Policies representing \$.2 Trillion. 73 WYO companies work on behalf of FEMA. Most of the dollars from the Disaster Relief Fund go to repair public infrastructure. Distributions are mean tested and vary from for example South Carolina residents affected receiving an average of \$4200 to New Orleans, where they received an average of \$8000. There were 144,000 claims following Sandy, representing \$8.4 million. Due to the volume of claims, there were inconsistencies in how claims were paid out – mainly due to sloppy work. As a result, the agency allowed 19,000 to have their cases reviewed and reopened and an additional \$8,000-\$11,000 was paid out. As a result, FEMA made changes. Needed to transform the customer experience, so changed how claims are handled and the appeals process. FEMA now is using email for faster response and have full-time case managers.