



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

500 New Jersey Avenue, N.W.  
Washington, DC 20001-2020  
202.383.1191 Fax 202.383.7580  
www.REALTOR.org

Charles McMillan  
CIPS, GRI  
President

Dale A. Stinton  
CAE, CPA, CMA, RCE  
Chief Executive Officer

COMMUNITY & POLITICAL AFFAIRS  
Walter J. Witek, Jr., Senior Vice President

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Dear Federal Political Coordinator:

Enclosed please find the FPC Information Pack for the August Congressional Recess. NAR is asking FPCs to plan a meeting with their Member of Congress (or staff) to discuss both the health insurance issue and the extension of the homebuyer tax credit. The information in the packet will be helpful in educating your Member of Congress on both of these high priority REALTOR® issues. You can feel free to leave this information pack behind for your Member and his or her staff to peruse.

August is REALTOR® Month in the District. Please plan a meeting in a manner you're most comfortable with – an office visit, a phone call, a few minutes aside at a picnic or other local summertime event. We will leave the specifics up to you, as you know best how to share this information with your Member of Congress.

Don't forget to file your field report after your meeting(s) to let NAR lobbying and policy staff know of what transpired. You can do that by going to the REALTOR® Action Center: <http://www.realtoractioncenter.com/realtors/fpc/field-reports.html>. If you have any questions, please feel free to contact Laura Vogel at [lvogel@realtors.org](mailto:lvogel@realtors.org).

Thank you for your continued service to NAR as the face for real estate in the district!

# NAR Legislative Issue Brief

## H.R. 3200 America's Affordable Health Choices Act



National Association of REALTORS® Government Affairs Division  
500 New Jersey Avenue, NW, Washington DC, 20001

**ISSUE BACKGROUND:** Members of the NATIONAL ASSOCIATION OF REALTORS® are individual real estate agents, brokers and realty firm broker/owners. The overwhelming majority of real estate agents are independent contractors and not employees of the realty offices with which they are affiliated. Consequently, they struggle to find affordable coverage in the individual market. Realty firms, like other small businesses, also face difficulties finding affordable coverage for their salaried administrative staff. As a result, our most recent survey work indicates that 28 percent of our individual members are uninsured and only 39 percent of realty firms are able to offer coverage to their salaried staffs.

There are three separate and distinct bills moving through Congress at the start of August. H.R. 3200 is the House Tri-Committee bill and has garnered the most attention. The Senate Health, Education, Labor and Pension Committee has also marked up a bill, and the Senate Finance Committee is currently working to produce what many believe will be the best shot at a middle-of-the road bill that can garner bi-partisan support. NAR has yet to take a position for or against any of the bills as a whole. Instead we have focused our efforts on pointing out areas for improvement. Since most of your meetings will take place with Members of the House, it is most useful to look at areas of agreement, as well as concern for Realtors® in that legislation.

### **REALTOR® CONCERNS ABOUT H.R. 3200:**

#### **Treatment of the Self-Employed:**

- NAR strongly believes that any health reform measure must recognize the unique circumstances that being self-employed entails.
- NAR strongly believes that the self-employed **should not** be treated on par with employees of firms unable to provide employee health coverage.
- Given the diverse nature of the self-employed, their business models and individual circumstances, allowing the self-employed to choose whether they participate in reforms as individuals or as small businesses is the right way to determine where the self-employed fit into a health reform framework.

#### **Exchange:**

- REALTORS® welcome the incorporation of a national “Exchange” in the House bill.
- The Exchange would offer individuals and small business access to the full array of private insurance products offered by insurers in their communities.<sup>1</sup>
- An Exchange should include not only access to information on available policies but also include assistance in identifying the available policies that best fit their needs.
- NAR believes a national Exchange will reduce the administrative overhead and inefficiencies that have been major contributors to the high cost of premiums in the individual and small group markets.
- NAR has concerns with the bill’s provisions that would allow the creation of **state-based Exchanges, which we believe would do little to reduce the higher administrative costs** associated with individual and small group policies.
- NAR believes that one national Exchange or a limited number of regional Exchanges would better serve the nation than a system of 50+ mini-Exchanges that replicates the existing dysfunctional state-based insurance markets.

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<sup>1</sup> Some have described the Exchange concept as an “Expedia.com for health insurance”. Just as Expedia or Orbitz provide a one-stop shopping website for airline ticket from an array of private airlines, the Exchange would offer individuals and small businesses an array of the private insurance products offered in their communities.

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### Rating Rules:

- NAR is pleased to see that the proposed AAHCA market reforms include:
  - Uniform federal rating rules for the individual and very small employer markets,
  - Guaranteed issue and guaranteed renewal rules, and
  - A prohibition on health status and pre-existing conditions as underwriting criteria.
  - While the use of age as a rating criterion is one that will raise rates for older individuals, it is an appropriate rating factor, just as the type of policy purchased and geography are.<sup>2</sup>

### Benefit Options:

- NAR policy has long held that no single list of mandates can satisfy the competing tensions between (a) assuring all desired (or desirable) coverages and (b) creating affordable products.
- NAR supports benefit options that provide both primary and preventive care options needed to maintain health and wellbeing, such as would be required by the bill.
- NAR has concerns with the bill's procedure for determining what constitutes qualified coverage. Extreme care must be taken to ensure that standards recommended by the Health Benefits Advisory Committee are crafted so that qualified coverage products are affordable and meet the varied needs of the targeted population.
- The Health Benefits Advisory Committee decisions must be made with input from those who will be required to purchase the product, including the self-employed and small employers.
- Any final bill must add the self-employed and small firms to the list of stakeholder groups (i.e consumers, employers, labor, providers, etc.) already identified as required members of the Advisory Committee.

### Fragmentation of Small Business Insurance Markets:

- **NAR does not support** the bill's provisions that would divide the small group insurance market into a very small employer group (firms with 10 or fewer employees in the first year, 20 or fewer in year two, with administrative discretion in following years) with access to a national Exchange and a second small firm market of larger small firms with no access to the Exchange.
- Fragmentation would create an uneven playing field for the self-employed and smallest firms vis-à-vis the rest of the small firm universe and create the potential for some participants to "game" the system.
- NAR strongly urges that all small employers be given access to the national Exchange.

### Individual Mandate:

- NAR has serious concerns with the bill's requirement that all individuals have some source of health insurance coverage.
- The self-employed are a significant portion of the uninsured today and cost is the overwhelming reason cited. NAR survey research confirms that uninsured Realtors® also find cost to be the greatest barrier.
- Policies that mandate individual coverage will fall on the self-employed in disproportionate numbers and often with unintended consequences.
- March 2009 polling, conducted by the bipartisan polling team of Hart Research and Public Opinion Strategies for NAR, indicated a low level of support for an individual mandate.
- Only 27 percent of Realtors® and 33 percent of registered voters who strongly favor health reform support an individual mandate.

<sup>2</sup> NAR's 2009 Member Survey, the median age of the Association's 1.2 million Realtors® is 54 years.

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## H.R. 3200 America's Affordable Health Choices Act



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### **Employer Mandate:**

- NAR's members oppose the proposed employer mandate provisions of the bill.<sup>3</sup>
- Small employers compete with other firms for talent and firms that do not offer coverage are at a disadvantage.
- NAR is very concerned with Tri-Committee bill provisions that would require employers with annual payrolls in excess of \$250,000 to provide and contribute to employee health insurance or pay a penalty ranging from 2 to 8 percent of payroll.
- The bill's employer mandate fails to recognize that not all small firms have the revenues necessary to cover premium costs and the large penalties like those envisioned in the bill will have a detrimental impact on small firms that are responsible for significant portions of job growth.

### **Public Plan Option:**

- REALTORS® are concerned with the bill's proposal that would create a new government-run public health coverage option that would compete with the private insurance products offered through the Exchange.
- REALTORS® believe the market functions best when there is a level playing field between all providers of a given service
- REALTORS® believe it is extremely difficult, if not impossible, for private firms to compete with the federal government. CBO's recent analysis of HR 3200 has indicated that the bill's proposed public coverage option would operate at a 10 percent cost advantage over private insurance.
- With the potential for crowding out of privately-provided insurance choices, a public option remains a major concern for REALTORS®.

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<sup>3</sup> NAR's position is a reflection of the low level of support expressed by Realtors® polled on an employer mandate - only 11% of NAR's members who strongly support health reform indicate that they also support an employer mandate. We would note that only one in three registered voters strongly supportive of health reform indicated support for an individual mandate. Source: Hart Research/Public Opinion Strategies National Poll, March 2009

# NAR Legislative Issue Brief

## First-Time Homebuyer Tax Credit



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### FIRST-TIME HOMEBUYER TAX CREDIT

#### Issue:

The \$8000 refundable tax credit currently available to first-time homebuyers will expire as of December 1, 2009.

#### Congressional Actions Required:

Extend the tax credit through 2010.

Expand eligibility to all purchasers.

#### Why Congress Should Expand and Extend:

- NAR home sales data show that the portion of first-time homebuyers in the market during 2009 has been about 50%. Historically, about 35 – 40% of purchasers are first-time buyers.
- With prices affordable and interest rates relatively low, entry-level purchasers have more housing opportunities than they have had in decades. At the same time, there is an abundance of housing inventory above those entry level houses. **For this reason, the credit should be expanded to all purchasers.**
- As the December 1 deadline approaches, purchasers will race to the closing table relying on the \$8000 tax credit. Every facet of the purchase process is more closely reviewed causing real estate transactions to take much longer to complete today than in the past. Short sales take a particularly long time to close because of the many bank approvals that are required.
- Current law requires that the transaction be closed in order for the purchaser to take the credit. It would be wrong to deprive purchasers who had entered into binding contracts well before the expiration date the opportunity to claim the credit. **The credit should be extended to 2010 so that these purchasers are assured they will receive this important credit.**
- **Expanding the tax credit to all purchasers and extending the deadline until December 2010 will further stimulate the economy, and ensure that there will be a vibrant housing market that can sustain its current momentum.**
- Prospective buyers who meet the mortgage underwriting guidelines but do not have the upfront cash should be allowed to use the tax credit for the downpayment.