

In the News

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Closing a Volatile Year

As 2017 comes to a close, I am hard pressed to think of a year in my lifetime that witnessed so much Washington-based controversy since Vietnam coupled with Watergate. Front and center on my mind at the end of a tumultuous year is that state of the real estate economy and just how much real estate impacts the U.S. economy as a whole.

An interesting [piece](#) in Mortgage Professional America recently spoke of the benefits to the real estate economy if a home purchase tax credit were adopted, and a statistical note in the article really stood out to me: “According to the Bureau of Economic Analysis, the GDP reached \$18.6 trillion in 2016. Of this amount, real estate chipped in \$2.48 trillion, or 13.3 percent. In comparison, manufacturing was worth \$2.18 trillion, retail contributed \$1.1 trillion, and lawyers produced services worth \$245 billion.”

Clearly, the need to promote real estate transactions through the tax code is imperative. Thankfully, the tax bill just passed in Congress ended up being less unfavorable to real estate than previous versions. Some deductibility for property taxes was maintained and the mortgage interest deduction was largely preserved, while capital gains treatment on the sale of a primary residence was preserved. [Commercial](#) real estate also should benefit as pass-through entities such as LLCs will be treated more favorably in the new tax environment.

For my part, I am keeping an open mind on the possibilities for the real estate market as the new tax laws come into greater focus during 2018.

CFPB Follies. There’s no need to discuss the spectacle of the agency temporarily having two directors, but there has been movement on TRID disclosures since we last published.

On Dec. 6, CFPB issued an updated version of the TRID [Guide](#) to the Loan Estimate and Closing Disclosure forms, which did not really help solve disclosure issues. More hopefully, there is some momentum behind a bipartisan effort in Congress to [legislate](#) needed changes to the disclosure rule. We hope the new year will bring good news in this arena.

Finally, We recently saw *Mudbound*, an early 2017 movie release set in post World War II Mississippi. While I enjoyed the entire movie, one scene struck me as it unfolded: A family arrives at a home they believe they have rented (and indeed put \$100 down on, quite a sum in those days) only to find that the homeowner has sold the home in the interim and they are out their money. The renter had made the deal on a handshake, with no paperwork, and unfortunately paid the price for that mistake.

To me, the scene was a reminder that real estate fraud has always been and always will be with us, and the need for vigilance to guard against fraud and theft remains and grows greater every day.