NATIONAL ASSOCIATION OF REALTORS®

August 14, 2026

The Honorable Maxine Waters
Ranking Member, House Financial Services Committee
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Ranking Member Waters:

Thank you for the opportunity to provide input regarding AI and its implications for federal financial services laws, housing programs, and consumers.

The National Association of REALTORS® (NAR) represents more than 1.4 million real estate professionals, most of whom are independent contractors, sole proprietors, or small business owners helping consumers achieve the dream of homeownership. Real estate professionals increasingly rely on third-party AI tools to help consumers buy, sell, and rent homes more efficiently, and streamline processes in real estate transactions at a lower cost. For many small businesses, AI has the potential to level the playing field by providing capabilities that were once available only to large firms with significant financial and technical resources.

Real estate professionals are end users of commercially available AI products developed and operated by others; they do not develop, materially modify, test, control, or maintain AI systems. This distinction is critical because many legislative and regulatory proposals define “deployers” broadly enough to include end users who do not materially alter an AI system’s functionality, training data, or operation. REALTORS® lack visibility into and control over the design, testing, and operation of these “black box” technologies. NAR believes existing consumer protection, fair housing, civil rights, licensing, and disclosure laws should continue to govern AI use, while liability for harms arising from the design, development, testing, or modification of AI systems should rest with the entities that create, control, or materially alter those systems, not end users who lack the knowledge, visibility, and control to prevent those harms.

NAR recommends that Congress adopt a federal light-touch regulatory framework that:

- Provides for responsible development, innovation, and uniform, rigorous federal standards that preempt the patchwork of state AI laws, protect consumers, and reaffirms the applicability of the Fair Housing Act to AI products used in real estate;
- Narrows the definition of “deployer” to exclude end users who do not materially modify AI systems;
- Maintains existing consumer protection, fair housing, and civil rights safeguards that already govern the use of AI tools;
- Ensures appropriate human oversight and vendor transparency disclosures;

- Includes reasonable enforcement mechanisms but does not create a new private right of action particularly for the end user of AI systems; and
- Assigns accountability to the entities that possess the knowledge, visibility, and control necessary to prevent and address AI-related harms.

NAR can be helpful by offering the perspective of real estate professionals who use these technologies to serve consumers every day. Accordingly, NAR's comments focus on the opportunities, challenges, and policy considerations arising from that perspective:

Existing Laws Should Continue to Apply to AI

(Response to Questions 10-11, 22)

Real estate transactions are already subject to extensive federal and state consumer protection, privacy, fair housing, licensing, and disclosure requirements. A real estate professional's use of AI tools should not in any way alter existing federal and state requirements in consumer protection, fair housing, and other civil rights safeguards.

Federal oversight must focus on developers of third-party AI systems that affect access to housing, pricing, valuation, or consumer treatment. The federal policy challenge is how policymakers address the development of increasingly complex AI systems whose inner workings are often opaque to consumers and small businesses. Most REALTORS® use commercially available AI products developed by third parties. They have no visibility into how those systems are trained, tested, maintained, or secured. They do not select training data, establish model architectures, conduct safety testing, or control how an AI system generates its outputs. Simply put, most real estate professionals lack both the information and technical expertise necessary to evaluate these AI "black boxes."

Congress should specify that real estate professionals will remain accountable for responsible use and compliance with existing federal and state laws but will not be liable for latent defects they cannot reasonably prevent. **Responsibility for the design, testing, and operation of AI systems must adhere to the developer as the entity that controls these aspects of the AI tool.**

Consumers and real estate professionals alike have a reasonable expectation that products offered in the marketplace are suitable for their intended purpose and that material limitations, risks, and known defects will be appropriately disclosed. Federal policy should ensure that users have access to the information needed to make informed decisions about these available tools in the same way a nutrition label discloses vital information about our food.

NAR supports responsible AI use and believes real estate professionals should remain accountable for their own legal compliance and appropriate oversight of the AI tools they use. AI must not be the sole factor for decision-making and there must be human oversight of decisions when using AI. If a real estate professional becomes aware that a tool is producing inaccurate, discriminatory, misleading, or otherwise problematic results, existing legal and ethical obligations should continue to apply just as they would with any other business tool. At the same time, policymakers should avoid imposing duties that require small businesses to independently monitor, audit, validate, investigate, certify, or report complex AI systems that they did not develop and cannot reasonably evaluate. Those responsibilities are more appropriately borne by the entities that design, train, test, and materially modify the technology.

Small Businesses Need Transparency and Reliable Information About AI Systems

(Response to Questions 10-17)

Congress and federal agencies must establish implementable baseline transparency and explainability standards for high-risk AI tools used in housing-related decisions. AI developers and vendors should be required to provide documentation that allows real estate professionals to determine which tools are safe to use and for what uses. They need to understand intended uses, data sources, testing procedures, limitations, and risk mitigations. NAR urges Congress to establish clear, practical rules of the road that promote responsible use, transparency, privacy, cybersecurity, and accountability without imposing compliance obligations that only the largest organizations can satisfy. NAR would support a standardized disclosure model, an AI "nutrition label" for vendor-provided systems used in housing.

Most REALTORS® rely on commercially available AI systems that they do not design, train, test, or modify. Across the country, typically a real estate brokerage consists of two real estate licensees making $60,000 per year each. Unlike large corporations, they lack dedicated compliance staff, in-house counsel, cybersecurity teams, or data scientists capable of independently evaluating sophisticated AI systems.

Access to AI is becoming increasingly important for competition and consumer service. AI can help small businesses provide faster responses to consumers, analyze market information more efficiently, reduce administrative burdens, enhance customer service, and access capabilities that were once available only to larger firms with significant financial and technical resources. In this way, AI has the potential to help level the playing field between small businesses and larger market participants while fostering innovation, competition, and consumer choice, but developers of these technologies must owe a duty of care to the end users of their products.

Federal AI policy should recognize that small businesses do not have the capacity to navigate complex AI risks on their own. Real estate professionals lack expertise and visibility into how an AI system was trained, what data was used, whether it has been tested for specific applications, how consumer information is handled, or what limitations may affect its performance. The experience of small business AI users, including real estate professionals, underscores the need for greater developer transparency. Developers should provide information that is understandable to a lay user and clearly explains how a tool is intended to be used, its limitations, how consumer data is handled, and whether the system has been evaluated for the purposes for which it is marketed. Transparency promotes informed decision-making, strengthens consumer confidence, and helps small businesses evaluate competing products.

With respect to privacy issues, federal standards must address AI-specific risks associated with the sensitive consumer data routinely used in real estate transactions. Congress should require developers to provide information about data provenance and remain accountable for risks associated with copyrighted or improperly sourced training data. Congress should require developers to implement reasonable safeguards that help prevent the inappropriate disclosure, retention, or use of sensitive consumer information and provide clear warnings when users attempt to submit information that could create privacy, security, or legal risks. Congress must also require developer disclosures that state use of the AI tool does not take the place of a licensed real estate professional who should be consulted to verify information.

AI systems used in housing should be designed and marketed in a manner that supports compliance with existing state and federal laws. Developers and vendors should provide clear information regarding the appropriate uses and limitations of their systems and implement reasonable safeguards to reduce the risk that AI tools are used in ways that could violate licensing, consumer protection, fair housing, privacy, or other legal requirements.

AI should empower small businesses to compete and serve consumers, not create barriers that limit adoption to firms with extensive legal, technical, and compliance resources. Small businesses need confidence that the tools available in the marketplace are trustworthy, that material risks will be disclosed, and that they can compete on equal footing while continuing to meet their obligations to consumers.

Responsibility for AI Systems Should Follow Entities Having Knowledge, Visibility, and Control

(Response to Questions 11, 19-22, and 33-34)

NAR supports a uniform, light-touch federal framework for AI that includes reasonable compliance and enforcement mechanisms but does not create a new private right of action, particularly against end users for harms they neither caused nor controlled.

As Congress considers future AI legislation, obligations should be directed to the parties with the knowledge, visibility, and control necessary to meet them. Congress must require that liability be based on who controls the AI system: developers and deployers who materially modify AI systems. Developers, deployers, and vendors should be accountable for design defects, biased or improperly sourced training data bias, inadequate testing, and insufficient disclosures to users.

Compliance obligations and breach of duty must be proportional to the role and practical responsibilities of the entity at issue. Small business real estate professionals should remain responsible for their own conduct and use of AI tools, but they should not be expected to monitor, test, audit, or validate, certify, or report complex AI systems they did not build, cannot inspect, and do not control.

Real estate professionals primarily encounter AI as purchasers and users of commercially available products. They generally do not develop, modify, test, audit, or control the systems they use. Most REALTORS® have no visibility into a model's training data, testing methodology, cybersecurity safeguards, intellectual property practices, or internal decision-making processes. Nor do they possess the technical expertise necessary to independently evaluate many of these issues.

Consequently, federal policymakers should avoid imposing new duties, compliance obligations, or potential liability on end users for technical characteristics of AI systems they did not create and cannot reasonably evaluate. NAR is particularly concerned that AI policy could inadvertently shift responsibility away from entities that develop, modify, and control AI systems and toward those who merely use them. Obligations tied to technical aspects of AI development should remain with the parties best positioned to understand and manage those risks, including responsibilities related to:

- training data and data provenance;
- model architecture and system design;
- testing methodologies and performance validation; and
- other technical aspects of AI development outside the knowledge or control of end users.

Under state real estate licensing and related laws, obligations are appropriately tied to what a person knows or can reasonably be expected to know. A similar principle should guide federal AI policy. Real estate professionals should remain responsible for complying with existing laws governing their own conduct and for responding appropriately when they become aware of inaccurate, discriminatory, misleading, or otherwise problematic outputs. However, they should not be expected to identify hidden or latent defects embedded within complex AI systems that they did not develop, modify, or control.

Care should also be taken to avoid creating new sources of legal exposure for small businesses that are unlikely to improve consumer protection. The real estate industry is largely composed of small businesses and independent contractors with limited resources to defend against litigation. Federal AI policy should encourage responsible development and innovation while ensuring that liability remains aligned with the entities best positioned to prevent, identify, and remediate defects in AI systems. Consumers are not served when responsibility is shifted from the parties that design and control a technology to the small businesses that simply use it.

Privacy, Cybersecurity, and Consumer Trust Must Remain Priorities

(Response to Questions 13-21 and 35-38)

Real estate transactions involve highly sensitive personal and financial information. Consumers and real estate professionals should have confidence that AI tools will safeguard that information, protect against cyber threats, and operate in a manner consistent with reasonable expectations of privacy and security.

Cybersecurity is a concern for the real estate industry. Recent attacks on Multiple Listing Services (MLS) have demonstrated the potential consequences when critical real estate infrastructure is disrupted. Sensitive personal and related transaction data could be attractive targets for malicious actors. As AI capabilities continue to advance, policymakers should carefully consider both the opportunities and risks these technologies present for cybersecurity.

Many of the largest technology companies developing advanced AI systems possess cybersecurity expertise and resources that are far beyond the reach of most housing-related organizations and the small businesses they serve. Unlike major financial institutions, most real estate businesses do not employ dedicated cybersecurity teams, data scientists, or AI specialists. Many real estate professionals are sole proprietors or members of small firms that rely upon third-party technology providers to help protect consumer information and secure their systems.

For this reason, federal policymakers should consider ways to improve access to practical cybersecurity guidance, threat information, best practices, and other resources that help small businesses safely adopt AI-enabled technologies. NAR recommends establishing a federally supported information sharing hub for small businesses, like the real estate community. Small businesses need clear information regarding how AI systems use data, what security protections are in place, what risks may exist, and how those risks can be mitigated. Transparency and education are essential to helping consumers and small businesses make informed decisions.

NAR has long supported uniform federal standards codifying strong state privacy protections, robust cybersecurity practices, transparency regarding data practices, and policies that protect consumers without imposing disproportionate compliance burdens on small businesses. **NAR opposes federal legislation that would permit a private right of action.** As AI systems become more capable and more widely deployed, maintaining public trust in these technologies will be essential to their successful adoption. Consumers and small businesses alike should be able to rely upon AI-enabled tools without sacrificing privacy, security, or confidence in the integrity of the housing marketplace.

Federal Leadership Can Promote Consistency and Responsible Innovation

(Response to Questions 13-22 and 32-38)

The opportunities and challenges presented by AI are national in scope, but most real estate businesses are small businesses that operate with limited financial, legal, and technical resources. Unlike large technology companies, most real estate firms lack the market leverage necessary to negotiate meaningful protections through private contracts or influence how AI systems are developed and maintained.

NAR has consistently supported uniform federal standards in areas such as AI, privacy, and cybersecurity where a consistent national framework can benefit both consumers and small businesses. Without clear federal leadership, small businesses may face a growing patchwork of state laws, regulatory requirements, and litigation risks that increase costs and create uncertainty without necessarily improving consumer outcomes.

Federal policymakers have an important role to play in establishing clear rules of the road that promote innovation, transparency, privacy, cybersecurity, accountability, and consumer trust. Any federal framework should preserve existing protections for consumers while ensuring that responsibilities remain aligned with the entities best positioned to understand, manage, and mitigate AI-related risks.

NAR believes that the Federal Housing Finance Agency (FHFA) should be given authority to oversee and regulate its third-party service providers. This action would allow FHFA to have greater insight into the PropTech companies that Fannie Mae and Freddie Mac use as service providers. This change would allow greater transparency into the service providers that lenders and the Government Sponsored Enterprises use and would be an additional layer of safety that could review PropTech companies periodically for compliance with existing regulations and fair lending laws. This additional oversight can promote responsible innovation while ensuring access to fair and affordable housing while prohibiting disparate outcomes and/or discriminatory practices.

For real estate professionals, the objective is clearer accountability. Consumers benefit when AI developers, providers, and users each understand their respective responsibilities and when those responsibilities reflect actual knowledge, visibility, and control.

Artificial intelligence has tremendous potential to expand opportunity, enhance competition, support innovation, and help small businesses better serve consumers. REALTORS® want to use these tools responsibly, but they need confidence that the products they rely on are safe, transparent, and subject to appropriate oversight. A thoughtful national framework can help ensure that AI promotes innovation, consumer protection, and economic opportunity while providing clear expectations for all participants in the AI ecosystem and aligning responsibility with those who develop, control, and profit from AI systems.

Thank you again for the opportunity to provide these comments. NAR looks forward to continuing to work with the Committee on issues affecting housing, real estate professionals, consumers, and the responsible adoption of artificial intelligence. Please reach out to NAR staff Susan Frederick (sfrederick@nar.realtor) and Austin Perez (aperez@nar.realtor) for follow up.

Sincerely,

Bryan Greene
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National Association of Realtors