

# NAR Legislative Talking Points

## Summer 2012

### PROTECT HOME OWNERSHIP TAX BENEFITS

#### Congressional Action Needed:

- Cosponsor Mortgage Cancellation Tax Relief Legislation
- Secure its timely passage

#### What to Tell your Senator:

- Cosponsor **S. 2250** introduced by **Senator Debbie Stabenow (MI)**
- Urge Chairman Baucus to act quickly on this bill.

#### What to Tell your House Republican Representative:

- Cosponsor **H.R. 4336** introduced by **Representative Tom Reed (NY-29)**
- Urge Chairman Camp to act quickly on this bill.

#### What to Tell your House Democratic Representative:

- Cosponsor **H.R. 4202** introduced by **Representative Charles B. Rangel (NY-15)**
- Urge Ranking Member Levin work with Chairman Camp to secure this tax relief as soon as possible.

#### ISSUE BACKGROUND:

The housing market, while improving, is not yet stabilized. During any tax reform debate Congress must not impair the market by making changes to the *mortgage interest deduction or the property tax deduction*. These longstanding provisions are woven into the fabric of the tax laws. The most urgent need, in the short-term, is an extension of the tax relief provided in 2007 assuring that individuals in the process of foreclosure, short sales or loan modifications will pay no income tax on forgiven mortgage debt. This critical tax relief is essential to the more than 20% of all homeowners who owe more on their mortgages than the home's current fair market value.

### HELP CREDIT WORTHY HOMEOWNERS REFINANCE

#### Congressional Action Needed:

- Cosponsor S. 3085, the Responsible Homeowners Refinancing Act of 2012

#### What to Tell your Senator:

- Cosponsor **S. 3085** introduced by **Senators Robert Menendez (NJ) and Barbara Boxer (CA)**

#### What to Tell your Representative:

- Introduce a House Companion Bill to S. 3085

#### ISSUE BACKGROUND:

The housing market, while improving, is not yet stabilized. More than 20% of all homeowners owe more on their mortgages than the home's current fair market value. S. 3085 streamlines the refinancing process for "current borrowers"<sup>1</sup> whose mortgage is held by Freddie Mac or Fannie Mae, allowing them to take advantage of the market's current low mortgage interest rates. Additionally the bill compels the Federal Housing Finance Agency to have Freddie Mac and Fannie Mae to make their refinancing guidelines consistent to ease lender compliance requirements within 60 days of enactment. Freddie Mac and Fannie Mae are also required to issue guidelines on loans with less than an 80 percent loan-to-value ratio and closing cost policies within 90 days after the date of enactment. Collectively, the provisions of the legislation will reduce refinancing costs and open the door to refinancing for "current borrowers".

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<sup>1</sup> Defined as being current on the subject mortgage at the time of the refinancing, and has had no late payments in the preceding 6 months and not more than 1 late payment in the preceding 12 months