



NATIONAL
ASSOCIATION of
REALTORS®

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Dear Chairman Baucus and Ranking Member Hatch:

More than one million members of the NATIONAL ASSOCIATION OF REALTORS® (NAR) are pleased that the Finance Committee will mark up a package of expired and expiring provisions on August 2. On behalf of NAR's members, I offer our strong support for this extenders package. Three provisions are of particular interest to our members. Two have already expired; a third will expire at the end of this year.

The already-expired provisions affect commercial and investment real estate. The provision that permits a 15-year cost recovery period for leasehold improvements more correctly reflects economic reality than the 39-year recovery period that would otherwise apply. The leasehold improvement provisions allow the owners of an existing commercial building to update the property and to make it more productive. Thus, the provision would create new jobs, particularly for skilled craftsmen.

The provision that allows developers of contaminated properties to deduct (rather than capitalize) the costs associated with brownfields cleanup also enhances investment. Allowing the deduction improves cash flow for developers. These projects require specialized knowledge and also contribute to job creation and to community health and safety.

Finally, the extension through 2013 of the mortgage cancellation relief is among NAR's highest priorities for this session of Congress. This provision benefits individuals and families who have incurred substantial economic losses. Unfortunately, the crisis in the housing market has not yet resolved itself. Thus, this relief provision will still be needed after 2012. Families engaged in these transactions continue to need assurance that eligible debt cancellation will continue to be tax-free whether transactions are completed in 2012 or 2013. . If this provision is not extended, thousands of homeowners will pay income tax on "phantom income." They will owe tax on money they've already lost and be required to pay that tax with cash they never received.

Timely enactment of this extenders legislation is critical to the ongoing recovery of the housing and commercial real estate markets. We therefore offer you and the Committee our full support.

Sincerely,

Maurice "Moe" Veissi
2012 President, National Association of REALTORS®



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Cc: Senate Finance Committee