

January 26, 2009

United States Senate  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senator:

As organizations immersed in the persistent housing crisis, we deeply appreciate the modification of the first-time homebuyer tax credit in the Finance Committee Chairman's mark for the economic stimulus bill. The provision would eliminate the repayment feature of the \$7500 first-time homebuyer tax credit enacted in July 2008. This change will make the credit far more attractive to potential purchasers. A companion provision was included in the Ways and Means Committee's mark agreed to on January 22.

Regrettably, the consumer response to the tax credit to date has been modest, largely because of its repayment feature. Now that the repayment issue will likely be resolved in favor of consumers, we urge you to make the credit available to them through the end of this year, rather than allowing the credit to expire June 30, 2009.

If the stimulus bill is signed sometime in February, as anticipated, only about 4 months will remain for the credit to have a meaningful impact. The spring, summer and early fall months are historically the most active season for home purchases. Allowing the credit to expire June 30 undermines the potential of the credit, as modified in the Chairman's mark, to help stabilize housing. Strengthening the housing market is by far the most effective tool for restoring consumer confidence, shoring up communities and moving the economy forward. Thus, we urge the Finance Committee to extend the effective date for the homebuyer credit through December 31, 2009.

We also believe the credit should be available to all purchasers and available to them at settlement (also known as "monetizing" the credit). It is well understood that any home purchase creates a multiplier effect in the economy as homeowners make the changes that personalize their newly-acquired homes and make the updates, upgrades and other modifications that meet their own specific needs. This multiplier effect would increase demand for a host of goods and services, thereby increasing activity and demand in other sectors of the economy. Prospective homebuyers and our members are urging that the credit be monetized at settlement. Unfortunately, the current rule provides no mechanism to facilitate that result. We ask you to correct that deficiency in current law.

We sincerely appreciate all the Committee's efforts on behalf of homeowners over the course of the past year. We believe that proposed changes to the repayment requirement, effective date and credit eligibility will move the housing market to greater stability.

Sincerely,

Independent Community Bankers of America

National Association of Home Builders

Mortgage Bankers Association

National Association of REALTORS®