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August 5, 2013

The Honorable Joe Heck
132 Cannon House Office Building
Washington, DC 20515

Dear Congressman Heck:

On behalf of the one million members of the National Association of REALTORS® I would like to thank you for introducing H.R. 2788, "The Mortgage Forgiveness Tax Relief Act." Your bill would extend the current law provision that allows tax relief for homeowners when lenders forgive some portion of mortgage debt they owe. This critical provision, which has helped millions of American families, is currently set to expire at the end of this year. Securing its extension is one of our highest priorities for 2013.

In today's housing market, which is just beginning to recover from a devastating multi-year decline, there are still too many homeowners who find themselves in foreclosure, completing a short sale, or attempting to have an existing loan restructured. If this provision is not extended, thousands of American families starting next January will have to pay income tax on "phantom income." They will owe tax on money they've already lost and will be required to pay that tax at a time of dire hardship, when they are least likely to have the means to pay it. The mortgage tax relief provisions protect these homeowners (so long as they meet certain requirements) from facing a tax bill after an economic loss on what, for most, is their most valuable asset.

Despite recent optimism for a rebounding housing market, our estimates show about 9.6 million homeowners whose homes are still worth less than what they owe on them. This means that about 20 percent of all homeowners with mortgages in the U.S. are "under water." In addition, the Mortgage Bankers Association estimates there are still 1.45 million homes in the process of foreclosure. This is down from the peak of just over 2 million, but way above the average of about 430,000 from the pre-housing crisis period of between 2000 and 2006. In short, it is clear that this legislation is needed now as much as ever.

Thank you once again for your efforts.

Sincerely,

Gary Thomas
2013 President, National Association of REALTORS®



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