

Steve Brown, AB, CIPS, CRS, GREEN
2014 President

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July 17, 2014

Dear Representative:

Every day that Congress fails to bring certainty on the expired tax provisions, more American homeowners are faced with the awful choice between a tax bill they are unable to pay and losing their home to foreclosure. That's why I am writing on behalf of the one million members of the National Association of REALTORS®, urging you to first, cosponsor H.R. 2994, "The Mortgage Forgiveness Tax Relief Act," and second, to ask House Leaders to schedule a vote on it as soon as possible.

This bipartisan legislation, introduced by Ways and Means Members Tom Reed (R-NY) and Charles Rangel (D-NY), currently has over 110 cosponsors. First enacted in 2007, this critical provision has helped millions of financially distressed American families by allowing tax relief for homeowners when lenders forgive some portion of the mortgage debt they owe. Unfortunately, this temporary provision expired at the end of 2013, leaving hundreds of thousands of families to decide whether a loan modification or a short sale is worth the potential tax penalty.

Today's housing market is finally recovering from a devastating multi-year decline. However, the recovery is still uneven, and there are still far too many homeowners who find themselves under water or unable to meet their mortgage obligations because of a struggling economy. Estimates from CoreLogic, a prominent economic analytics firm, show about 6.3 million homeowners whose homes are still worth less than what they owe on them. This represents about 13 percent of all homeowners with mortgages in the U.S. In addition, the Mortgage Bankers Association estimates there are still 1.1 million homes in the process of foreclosure. This is down from the peak of just over 2 million, but still way above the average of 430,000 from the pre-housing crisis period of between 2000 and 2006.

If H.R. 2994 is not enacted, hundreds of thousands of American families who did the right thing by short-selling their home or by successfully negotiating a lower principal payment 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 do so. Moreover, every day that Congress fails to act, more distressed homeowners will decide to take a pass on opportunities for short sales, opting instead for continued delinquency or possible default until foreclosure, or simply to walk away from the property. In either case this will destabilize the communities where such homes are located, as foreclosed and vacant houses drive down values in the surrounding neighborhood.

We urge you to cosponsor this legislation and ask for its immediate consideration. Please contact Phillips Hinch with Rep. Reed (Phillips.Hinch@mail.house.gov or 2-0310) or Reba Raffaelli with Rep. Rangel (Reba.Raffaelli@mail.house.gov or 5-4365) to be added as a cosponsor.

Sincerely,



Steve Brown
2014 President, National Association of REALTORS®

