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United States Senate
Washington, D.C. 20510

Dear Senator:

On behalf of the over 1.2 million members of the National Association of REALTORS®, I urge you to cosponsor S. 122, the “Mortgage Debt Tax Relief Act.” This bipartisan legislation, introduced by Finance Committee Members Heller, Stabenow, Menendez, and Isakson, would extend for two years the rule that allows tax relief for homeowners when lenders forgive some portion of mortgage debt they owe. This critical provision, which has helped many thousands of American families, expired at the end of last year. Securing its extension, as this bill would do, is one of REALTORS® highest priorities for 2017.

A decade after the housing crash that led to the Great Recession, there are still far too many homeowners who find themselves in foreclosure, completing a short sale, or attempting to have an existing loan restructured. If S. 122 is not enacted, thousands of American families 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 provision protects 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.

While in many areas, the housing market has certainly experienced gains along with the broader economy, recent estimates by the real estate data analytics firm CoreLogic, show that about 3.2 million (over 6 percent) homeowners with mortgages in the U.S. are still “under water.” Further, the Mortgage Bankers Association estimates there are still nearly 600,000 homes in the process of foreclosure across the nation. In short, it is clear that this legislation is needed now as much as ever.

Sincerely,

A handwritten signature in black ink that reads 'William E. Brown'.

William E. Brown
2017 President, National Association of REALTORS®



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