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June 1, 2017

The Honorable Tom Reed
2347 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

The Honorable Ron Kind
1502 Longworth House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Representatives Reed and Kind:

On behalf of the more than 1.2 million members of the National Association of REALTORS®, thank you for introducing H.R. 2543, a bill to extend for two years the exclusion from gross income of discharges of qualified principal residence indebtedness. Your legislation would extend the rule that allows tax relief for homeowners when lenders forgive some portion of mortgage debt they owe. This critical provision, first enacted in 2007, has helped millions of financially distressed families. Unfortunately, the provision has always been temporary and last expired at the end of 2016. Securing its extension, as this bill would do, is among 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 the Reed-Kind bill is not enacted, many thousands of families will owe income 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.

Moreover, if the mortgage debt forgiveness provision is not extended, other distressed homeowners may decide to take a pass on opportunities for short sales, opting instead for continued default until foreclosure or simply to walk away from the property. Either way, this would destabilize the communities where such homes are located, as foreclosed and vacant houses drive down values in the surrounding neighborhood. Thus, your bill will encourage faster resolution to these problems.

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.

Thank you again for your efforts. The National Association of REALTORS® looks forward to working with you to enact this important legislation.

Sincerely,

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



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