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May 26, 2017

The Honorable Julia Brownley
1019 Longworth HOB
U.S. House of Representatives
Washington, DC 20515

Dear Congresswoman Brownley:

On behalf of the more than 1.2 million members of the National Association of REALTORS®, thank you for introducing H.R. 109, the Mortgage Insurance Tax Deduction Act of 2017, and H.R. 110, the Mortgage Debt Tax Forgiveness Act of 2017.

H.R. 109 would permanently extend on a retroactive basis the deduction for mortgage insurance premiums, which expired at the end of 2016. This provision has been very helpful to the high proportion of families who have found it necessary to purchase a home with less than a 20 percent down payment. According to our REALTORS® Confidence Index, 63 percent of all April 2017 homebuyers put less than 20 percent down on their purchase, thus requiring mortgage insurance. Among first-time homebuyers, the proportion was 79 percent.

According to the trade association U.S. Mortgage Insurers, mortgage insurance has assisted more than 25 million families become homeowners. A high percentage of these were first-time homebuyers with incomes below \$75,000. By targeting the tax benefit to those with earnings of less than \$100,000 per year, the deduction assists many who find it challenging to move from renting to homeownership.

H.R. 110 would retroactively and permanently 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.

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 your 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.

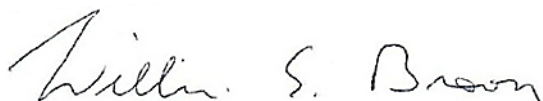


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While in many areas, the housing market has certainly experienced gains along with the broader economy, recent estimates by the real estate data analytics firm CoreLogic, show that about 3.2 million (over 6 percent) homeowners with mortgages in the 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 move forward both of these important bills.

Sincerely,

A handwritten signature in cursive script that reads "William E. Brown". The signature is written in black ink on a white background.

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