



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

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November 2, 2009

The Honorable Max Baucus  
Chairman, Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510-6200

Dear Chairman Baucus:

The NATIONAL ASSOCIATION OF REALTORS® (NAR) sincerely appreciates all your efforts to stabilize the housing market during an unprecedented challenge. The mortgage cancellation relief provisions enacted in December 2007 and their subsequent extension through 2012 have been a saving grace for many homeowners facing substantial economic losses. The homebuyer tax credit, first enacted in 2008 and improved in the 2009 stimulus legislation has generated activity that has helped stabilize home prices in many markets.

The tax credit has served effectively to diminish the inventory of homes available for sale. The housing market has not yet, however, returned to a “normal” inventory level. Your current efforts to extend and expand the homebuyer tax credit are essential to restoring that balance. We note particularly the fine work and creativity of your Tax Chief Cathy Koch and Tax Counsel Ryan Abraham in refining this proposal.

The expansion of the homebuyer credit to the so-called “move-up” market, along with revised income limits, is an essential feature of the pending amendment. While the current first-time homebuyer credit generated substantial activity in the entry-level categories of homes, inventories of “move-up” homes have remained high. The proposed expansion of the credit to purchasers who have a proven track record of homeownership should even out the current inventory of homes for sale. A holding period is a reasonable eligibility standard for these purchasers.

The utility of a tax incentive is that it can serve as a temporary corrective. The housing market has improved steadily since the homebuyer credit was enacted in February, but the market has not quite returned to “normal” levels of activity and inventory. This extension should, barring external market surprises, be a big step toward restoring a stable housing market. An incentive is not an incentive if it is open-ended: consumers must be required to act within a time certain.

Again, we deeply appreciate your commitment to housing and its role in the economy.

Sincerely,

A handwritten signature in cursive script that reads 'Charles McMillan'.

Charles McMillan, CIPS, GRI  
2009 President, National Association of REALTORS®