



December 2, 2014

The Honorable John Boehner  
Speaker  
U.S. House of Representatives  
H-232, The Capitol  
Washington, DC 20515

The Honorable Nancy Pelosi  
Minority Leader  
U.S. House of Representatives  
H-204, The Capitol  
Washington, D.C. 20515

Dear Speaker Boehner and Leader Pelosi:

On behalf of the Mortgage Bankers Association (MBA), I am writing to express our support for H.R. 5771, the Tax Increase Prevention Act. This legislation, which extends several critically important tax provisions, will provide much needed certainty to the residential and commercial/multifamily real estate markets at this critical point in our nation's economic recovery.

Included in H.R. 5771 is the Mortgage Forgiveness Debt Relief Act, which prevents underwater homeowners from being taxed if their lender reduces principal or they sell their home through a short sale. If Congress fails to act, struggling homeowners who accept short sales and many loan modification offers will be faced with a substantial tax assessment.

H.R. 5771 also contains a provision that will extend the tax deduction for mortgage insurance premiums paid by homeowners. For a \$200,000 home, a homeowner will be able to deduct between \$600 and \$1,000 from their taxes. Reinstating this deduction will greatly benefit the large number of homeowners who cannot afford a 20 percent or greater down payment and who use mortgage insurance to purchase a home.

Finally, H.R. 5771 maintains the fixed interest rate for affordable housing projects financed with the Low Income Housing Tax Credit. Without this legislation, the tax credit's fixed rate for projects will continue at a variable rate. This will likely make it more difficult for projects to secure necessary financing and could cause a slowdown in production of future affordable housing projects.

While MBA continues to support a more long-term extension of these three provisions in order to provide our nation's real estate markets with greater certainty, we are grateful Congress is extending these important tax breaks for a year and urge the House to approve this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "William P. Killmer". The signature is fluid and cursive, with a long horizontal stroke at the end.

William P. Killmer  
Senior Vice President, Legislative and Political Affairs