



June 19, 2019

The Honorable Richard Neal
Chairman
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
United States House of Representatives
1139 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Neal and Ranking Member Brady:

On behalf of our respective members, who represent the primary industries involved in the financing, sales, and construction of American homes, we are writing in support of two critical tax provisions that have expired. Rapid enactment of a broad “tax extenders” package that includes these provisions will help to provide much needed certainty to the residential real estate market.

The first provision (Section 101 of the *Taxpayer Certainty and Disaster Tax Relief Act of 2019*) ensures that any mortgage debt that is forgiven by a lender in connection with a principal residence will continue to be excluded from the taxable income of the borrower if entered into before January 1, 2021. This prevents “underwater” homeowners from being taxed if their lender reduces the principal balance or a portion of their mortgage debt is forgiven in connection with a so-called “short sale.” If Congress were to fail to act on this provision, struggling homeowners who accept short sales or a loan modification offer could once again be faced with substantial tax assessments. This provision, once re-extended, will aid many loss mitigation efforts and provide borrowers with the certainty that they will not be faced with a large, unexpected tax bill.

Second, we believe that the Committee should extend the tax deduction for mortgage insurance premiums paid by homeowners (Section 102 of the underlying bill). The deduction phases out for taxpayers with an Adjusted Gross Income over \$100,000 (\$50,000 if married and filing separately). By way of example, on a \$200,000 home, many homeowners were previously able to deduct between \$600 and \$1,000 from their taxes when this provision was in effect. Re-extending this deduction through the end of calendar year 2020 will greatly benefit the large number of homeowners, particularly first time home buyers, who cannot afford a 20% or greater down payment and who use mortgage insurance in order to purchase a home.

The undersigned organizations urge the Committee – and both the full House and Senate – to pass “tax extenders” legislation including these critical provisions as quickly as possible in order to provide much-needed certainty to our nation’s real estate markets.

Sincerely,

Mortgage Bankers Association

National Association of Home Builders

National Association of REALTORS®

cc: All Members, House Committee on Ways and Means