



July 21, 2015

The Honorable Orrin Hatch
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden,

On behalf of the Mortgage Bankers Association (MBA), I am writing to express the real estate finance industry's support for the extension of three critical tax provisions that are included in "An Original Bill to Extend Certain Expired Tax Provisions," which is scheduled to be considered by the Senate Finance Committee today. Rapid enactment of this broad "extenders" package will provide much needed certainty to the residential and commercial/multifamily real estate markets.

The first provision ensures that any mortgage debt that is forgiven by a lender will continue to be excluded from personal income. This prevents underwater homeowners from being taxed if their lender reduces principal or their home is subject to a so-called "short sale." If Congress fails to act again, struggling homeowners who accept short sales and/or a loan modification offer will be faced with a substantial tax assessment. The prior law, if reinstated, would aid many loss mitigation efforts more successful and provide borrowers with the certainty that they will not be faced with a large, unexpected tax bill.

Second, we believe that Congress should 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, 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.

Finally, maintaining the minimum credit rate for affordable housing projects financed with the Low Income Housing Tax Credit will ensure continued production of affordable housing. Without such action, it will likely make it more difficult for affordable housing projects to secure necessary financing and could cause a slowdown in production of future projects.

MBA applauds the committee's willingness to take quick action on a consensus "extenders" package and urges Congress to pass legislation including these critical provisions as soon as possible in order to provide much-needed certainty to our nation's real estate markets.

Sincerely,

A handwritten signature in black ink, appearing to read "William P. Killmer".

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