

December 12, 2012

Majority Leader Harry Reid
United States Senate
Washington, DC 20510

Speaker John Boehner
United States House of Representatives
Washington, D.C. 20515

Minority Leader Mitch McConnell
United States Senate
Washington, DC 20510

Minority Leader Nancy Pelosi
United States House of Representatives
Washington, D.C. 20515

Dear Majority Leader Reid, Minority Leader McConnell, Speaker Boehner, and Minority Leader Pelosi:

The undersigned trade associations urge you to extend the Mortgage Forgiveness Debt Relief Act (the Act) before it expires at the end of the year. The Act was included in The Family and Business Tax Cut Certainty Act of 2012 that was reported out of the Senate Finance Committee in August.

The Act 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, the possibility of receiving a tax bill would make it more difficult and expensive for these struggling homeowners to accept short sales and many loan modification offers. The current law makes it possible for current loss mitigation efforts to be more successful.

We urge you to ensure renewal of the Act before the end of this year in order to help as many underwater homeowners as possible.

Sincerely,

American Bankers Association
American Financial Services Association
American Land Title Association
Consumer Bankers Association
Credit Union National Association
The Financial Services Roundtable
The Housing Policy Council
Mortgage Bankers Association
National Association of Home Builders
National Association of REALTORS®