



September 25, 2007

The Honorable Charles B. Rangel
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

The Honorable Jim McCrery
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Dear Chairman Rangel and Ranking Member McCrery:

On behalf of the Mortgage Bankers Association (MBA), I write in support of legislation that the Committee will soon mark-up that would amend the Internal Revenue Code. Specifically, MBA supports provisions in the bill that would allow for limited exclusions of discharges of indebtedness on principal residences from gross income and extend the income tax deduction for all mortgage insurance premiums.

While we support the Committee's views with respect to the discharges of indebtedness on principal residences from gross income, we firmly believe that any tax code change must be done in a way that preserves incentives for borrowers to work with their lender on loss mitigation options and does not encourage foreclosures. We also caution that loss mitigation activities that result in debt forgiveness should be treated the same under the proposed tax exemption as debt that is discharged as a result of foreclosure, deeds in lieu of foreclosure or short sales. We would like to work with the Committee on details of this new tax provision as the bill advances.

MBA believes that the mortgage insurance deduction for all loans (including Federal Housing Administration mortgage insurance premiums and guarantee fees for Veterans Affairs and Rural Housing Service loans) provides a significant benefit to prospective homebuyers and, therefore, should be extended and made permanent. However, we believe there are some technical but critical amendments that should be made to the existing statute in order to clarify the law and assist the Internal Revenue Service, government lending programs and the mortgage industry in implementing this tax credit going forward.

Again, MBA encourages the Ways and Means Committee to support the bill and thanks you for considering this issue. We look forward to working with lawmakers to address our concerns as this legislation progresses through Congress. If you or your staff should have any questions, please feel free to contact me or Erick Gustafson, MBA's Vice President of Government Affairs, at (202) 557-2700.

Most Sincerely,

A handwritten signature in black ink, appearing to read "John M. Robbins", with a stylized flourish at the end.

John M. Robbins, CMB
MBA Chairman