



Americans for Financial Reform
1629 K St NW, 10th Floor, Washington, DC, 20006
202.466.1885

November 22, 2013

Dear Senator,

We write to urge you to support S. 1187, the Mortgage Forgiveness Tax Relief Act.

Extending the qualified principal residence indebtedness exclusion (QPRI) is of critical importance as we work to resolve the housing crisis. More than six years after the mortgage market imploded, we have still not returned to pre-2008 foreclosure levels. In the next year, many more homeowners will receive loan modifications with principal reduction under HAMP, the National Mortgage Settlement, or through private, proprietary modifications. The recent settlement with JP Morgan Chase, which requires a minimum of \$1.5 billion in principal reductions, further ups the ante. Homeowners who need a principal reduction on their mortgage in order to avoid foreclosure should not face a tax bill. The imposition of tax in these circumstances undermines national housing policy.

The extension of QPRI will allow many homeowners to remain in their homes, paying on their mortgages, restoring some small measure of financial stability to their lives and to their communities. Extension of QPRI has received uncommonly wide bipartisan support across the entire spectrum of stakeholders.

We would ask that you go further, as well. QPRI has never reached the majority of homeowners who need principal reductions because QPRI is, as a practical matter, only available to homeowners receiving reductions on their purchase money mortgage. Homeowners who refinanced and received cash-out, or who paid off medical bills or student loans, or who took out a home equity loan to address deferred maintenance on their homes, cannot use QPRI to avoid paying income tax, even though they will have no additional income with which to pay the increased taxes and even if they remain deeply underwater after the loan modification. For example, under the terms of a recent principal reduction modification offered a Connecticut homeowner, the homeowner would, after the modification, owe nearly \$250,000 more than the house is worth and face an increase in their annual taxes of over \$10,000 a year, for three years, on a total annual income of only \$71,000. In order to protect homeowners who need principal reductions from adverse tax consequences and to promote tax equity, QPRI should be expanded to include all residential mortgage debt forgiven due to a decrease in the value of the home or the homeowner's financial condition.

The Mortgage Debt Forgiveness Tax Relief Act expires on December 31, 2013. Principal reduction modifications entered into after this date, including those authorized by the recent settlement with JP Morgan Chase, will result in additional tax consequences for homeowners. Without an extension, far fewer modifications will be done and the modifications done will be less sustainable, with wide-reaching consequences for homeowners, the communities they live in, and our national economy. The settlements with some of the large financial institutions which are finally providing modifications with principal reductions for qualified homeowners should not end up penalizing the homeowners who have waited so long for assistance.

An extension of the Mortgage Debt Forgiveness Tax Relief Act cannot wait for a more global tax reform bill; it should be enacted swiftly.

Sincerely,

National Signatories:

Action for the Common Good
Americans for Financial Reform
Campaign for a Fair Settlement
Center for Responsible Lending
Consumer Action
Consumer Federation of America
Home Defenders League
The Leadership Conference on Civil and Human Rights
MFY Legal Services, Inc.
National Association of Consumer Advocates
National Consumer Law Center (on behalf of our low income clients)
National Education Association
National Fair Housing Alliance.
National Housing Resource Center
The Center for American Progress
The Housing Research & Advocacy Center
The National Association of Neighborhoods (NAN)

State and Local Signatories:

ACCE (Alliance of Californians for Community Empowerment)
A Home For Everyone
AAA Fair Credit Foundation
Affordable Housing Alliance
Agora Community Services
Albany County Rural Housing Alliance, Inc.
Arizona Housing Alliance
Asian-American Homeownership Counseling, Inc.
BOTHANDS, Inc.
Bridge Street Development Corp

Buffalo Urban League
California Reinvestment Coalition
Cambridge Credit Counseling Corp
Catholic Charities
CCCS of Greater Greensboro, A division of Family Service of the Piedmont Inc.
Center for New York City Neighborhoods
ClearPoint
Coalition on Homelessness & Housing in Ohio (COHHIO)
Community Action Human Resources Agency
Community Housing Development Corporation
Connecticut Fair Housing Center
Consumer Credit Counseling Services of West Florida, Inc.
Covenant Community Development
Credit & Homeownership Empowerment Services, Inc.
Credit Card Management Services, Inc.
Cypress Hills Local Development Corporation
Debthelper.com
Eastside Community Development Corporation, Inc
Empire Justice Center
ESOP: Empowering and Strengthening Ohio's People
Fair Housing Contact Service, Inc. Akron, Ohio
Fair Housing Council of the San Fernando Valley
Family Housing Resources
Financial Pathways of the Piedmont
Friends of the North Country
Genesis Housing Development Corporation
GO Northwest HRC
Greater Southwest Development Corporation
Green Forest H.O.M.E., Inc.
Hawaiian Community Assets
HomeFree-USA
HomeSight
Housing & Education Alliance
Housing Action Illinois
Housing Options & Planning Enterprises, Inc
Housing Resource Center of Monterey County
Inland Fair Housing and Mediation Board
Integra Home Counseling, Inc
Jacksonville Area Legal Aid, Inc.
Joseph Corporation
Latino Economic Development Center
Legal Aid Society of Milwaukee
Miami Valley Fair Housing Center, Inc.
Mon County Habitat for Humanity
National Asian American Coalition
National Housing Resource Center

Neighborhood Housing Services of Chicago, Inc.
Neighborhood Housing Services of Greater Cleveland
Neighborhood Nonprofit Housing Corporation
New Economy Project
New Kensington CDC (NKCDC)
New York Legal Assistance Group
Newsed CDC
NHS Phoenix
NID Housing Counseling Agency
NID Housing Counseling Agency
Northern Circle Indian housing Authority
Northfield Community LDC
Northwest Side Housing Center
OC HOC
Ohio Poverty Law Center
Old Pueblo Community Services
OnTrack Financial Education & Counseling
Partners In Community Building, Inc.
Peoples' Self-Help Housing
Philadelphia Unemployment Project
Pratt Area Community Council
Project LIFT
Public Justice Center (Baltimore, MD)
Rockland Housing Action Coalition
RUPCO
Rural Community Assistance Corporation
Select Milwaukee, Inc.
SLCAP
Spanish Coalition for Housing
St. Petersburg Neighborhood Housing Services, Inc. d/b/a Neighborhood Home Solutions
SurePath Financial Solutions
The Affordable Housing Partnership
The Hagerstown Home Store
Toledo Fair Housing Center
West Bronx Housing and Neighborhood Resource Center
Woodstock Institute

Following are the partners of Americans for Financial Reform.

All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

- AARP
- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- American Income Life Insurance
- American Sustainable Business Council
- Americans for Democratic Action, Inc
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Center for Effective Government
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Green America
- Greenlining Institute
- Good Business International

- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Home Defender's League
- Information Press
- Institute for Agriculture and Trade Policy
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lawyers' Committee for Civil Rights Under Law
- Main Street Alliance
- Move On
- NAACP
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Council of Women's Organizations
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Resource Center
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Urban League
- Next Step
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club

- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

List of State and Local Partners

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)
- Cooperative Fund of New England, Wilmington NC

- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- Neighborhood Economic Development Advocacy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network
- New Yorkers for Responsible Lending

- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

Small Businesses

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- The Holographic Repatterning Institute at Austin
- UNET

