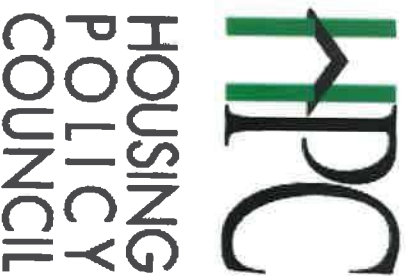




# THE FINANCIAL SERVICES ROUNDTABLE

*Financing America's Economy*



November 28, 2012

The Honorable Max Baucus  
Chairman, Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Orrin Hatch  
Ranking Member, Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Chairman Baucus and Ranking Member Hatch,

We appreciate the Senate Finance Committee's leadership in reporting out an extenders package that includes an extension of the Mortgage Forgiveness Debt Relief Act, and we ask that you work to enact this extension before it is scheduled to sunset at the end of this year. This tax law has bi-partisan support and is critical to helping homeowners and communities struggling with the ongoing foreclosure crisis. Furthermore, the housing market is beginning to show signs of a recovery, and expiration of this law would threaten that recovery.

The Mortgage Forgiveness Debt Relief Act was originally passed in 2007 and prevents homeowners who are underwater on their mortgage from receiving a tax bill if they sell their home through a short sale or receive a loan modification that includes principal

reduction. If Congress allows the law to expire, then homeowners who are working with their servicer could end up owing more in taxes if they receive any kind of mortgage debt forgiveness. This would make it more difficult and expensive for these homeowners, who are already financially struggling, to accept short sales and many loan modification offers. Allowing the law to expire would harm these families and their communities, and it would run counter to current loss mitigation efforts.

Congress should make an extension of this law a top priority in order to help as many homeowners facing foreclosure as possible. Our tax policy should not result in bad housing policy that will prolong a foreclosure crisis that has already gone on for too long.

Sincerely,



Tim Pawlenty  
President and CEO  
The Financial Services Roundtable



Mike Calhoun  
President  
Center for Responsible Lending



John Dalton  
President  
Housing Policy Council