

National REIA Applauds House Passage of Mortgage Forgiveness Debt Relief Act

by Charles Tassell, National REIA

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Short Sale Tax Extension Protects Distressed Homeowners from \$8.1 billion in "phantom income" taxation; Congressional action sets stage for passage of permanent break in 2015 to expand utilization of short sales.

Today, [December 3] the U.S. House of Representatives approved a package of tax extension measures that included the Mortgage Forgiveness Debt Relief Act, a measure that prevents the IRS from taxing distressed homeowners on "phantom income" forgiven when utilizing a short sale. The bill is retroactive through all of 2014 and saves distressed homeowners from paying taxes on \$8.1 billion in forgiven debt. The U.S. Senate is expected to take swift action on the measure and President Obama is expected to sign the measure upon passage in the Senate.

Congressional delay on this measure has dramatically reduced the use of short sales, so today's success is an important step toward reinvigorating the short sale market for the residential investing community. As part of National REIA's ambitious government relations agenda for 2015, we plan to pursue permanent relief for our members by calling for permanent relief for distressed homeowners who use a short sale. Additionally, National REIA plans to work with FHA on the seasoning requirements for flipping a home rehab property and a number of other important provisions directly relevant to helping our members grow their business.

National REIA would like to thank Senator Dean Heller and Senator Debbie Stabenow for their leadership in pushing for the Mortgage Forgiveness Debt Relief Act. National REIA would also like to recognize the work of House Leadership and the White House for reaching a deal on this critical tax extension.

National REIA's lobbyist in Washington DC, John Grant, issued the following statement on today's developments:

Residential investors need and deserve certainty in the marketplace, and today is an important step toward delivering that for this community. We will build on the relationships developed this year and strive toward making the short sale tax break permanent in 2015. This effort involved over three dozen meetings on the Hill, countless phone calls and a media push to get us across the finish line. While pleased with these results, we now look forward to completing the 2015 goals National REIA has established. I would like to personally thank National REIA for the opportunity to shepherd this effort and I am happy to report that our industry has a firm seat at the table in the establishment of national housing policy. I expect to build on our numerous prior victories for many years to come in service to National REIA's President, Board of Directors and membership.

President of National REIA, Scott Whaley stated, "A roman proverb is 'everything is worth what its purchaser will pay for it' and the Mortgage Forgiveness Debt Relief Act realigns tax policy with that basic rule of economics. In addition, National REIA would like to thank our DC Lobbyist, John Grant who in the course of the past several years has delivered a number of key victories for the industry including the creation of the National Standard Short Sale Program, previous extensions of the Mortgage Debt Relief Act, and extensions for the FHA anti-flipping waiver."

National REIA plans to issue a comprehensive legislative agenda to members in early 2015. We remain committed to providing the highest level of service to our members and intend to utilize the reinvigorated government affairs program to expand investment opportunities for our membership in the coming year. Finally, National REIA would like to express our appreciation and thanks to our members and sponsors without whom today's victory would not have been possible.