



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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Charles McMillan, CIPS, GRI
President

February 26, 2009

Honorable Barack Obama
President
The White House
Washington, DC 20500

Dear Mr. President:

On behalf of the 1.2 million members of the National Association of REALTORS®, I am writing to convey our concerns with your proposal seeking to modify the Mortgage Interest Deduction (MID) as part of your fiscal 2010 federal budget. The National Association of REALTORS®, “The Voice for Real Estate,” is America’s largest professional trade association. Our members are residential and/or commercial REALTORS® who are brokers, sales agents, property managers, appraisers, counselors and others with the common goal of providing full service to individuals, families and businesses that buy, sell, hold, operate or rent real estate.

The National Association of REALTORS® recognizes that our country is facing an intractable set of long-term budget and tax issues and that bold ideas and policy initiatives are necessary to jumpstart our economy and lay the foundation for growth for years to come. The National Association of REALTORS® stands ready to work with you and the new Congress to effect policy decisions that will go far in determining the fiscal and economic course the country will take going into the next decade. As you have correctly stated, the time is now to return America to greatness.

You have also rightly emphasized that housing is the backbone of our nation’s economy and have put forth a bold plan that stresses housing stability and neighborhood preservation. It is within this context that we harbor grave concerns regarding the impact of your budget proposal on the mortgage interest deduction (MID). Very simply, any changes to the mortgage interest deduction would de-value homes, hurting America’s families especially the middle-class – those who have achieved homeownership through mortgage financing. It could trigger yet another crisis in home values, even as we struggle to recover from the first.

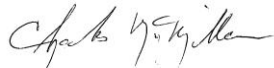
Our current tax system does not “cause” homeownership. The tax system facilitates homeownership, and it has been instrumental in helping our nation achieve a remarkably high rate of homeownership. Our research has continuously demonstrated that limiting or eliminating

the tax benefits of homeownership will have an adverse impact on housing markets and the value of housing nationwide.

Our initial analysis of your budget proposal forecasts home price declines and added damage to the broader economy because of reduced consumer spending, additional increases in foreclosures and additional increases in joblessness. The National Association of REALTORS[®] has embarked on detailed research analysis to ascertain the full impact of the budget proposal. However, our conclusion will not change. The National Association of REALTORS[®] believe the MID is the single most important tax provision for our nation and our families. Diminishing or eliminating the MID would hurt all families, the housing market and our national economy. And, at a time when our housing and real estate markets are suffering, we believe it would be irresponsible for the real estate industry and federal policymakers to consider, much less support, any proposal seeking to alter the MID.

The National Association of REALTORS[®] appreciates this opportunity to share our views and we look forward to working with you and Congress during the 2010 budgetary process.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles McMillan".

Charles McMillan, CIPS, GRI
2009 President, National Association of REALTORS[®]