

Realtors® Oppose MID Reduction in Administration Budget Plan

WASHINGTON, February 26, 2009

The National Association of Realtors®, which has supported the Obama administration's housing and stimulus plans, is opposed to the budget proposal that would reduce the mortgage interest deduction for thousands of families.

In a letter sent today to President Obama, NAR President Charles McMillan said, "There is never a good time to propose something that undermines the basic foundation of homeownership, but given our current housing crisis, this has to be the worst possible time."

Any changes to the current mortgage deduction would have repercussions far beyond the homeowners directly impacted. "The tax deduction of interest paid on mortgages is both a powerful incentive for homeownership and one of the simplest provisions in the tax code. It should not be targeted for change," McMillan said.

According to NAR's analysis, changing the mortgage interest deduction will not only negatively impact the 2 percent of families who own homes targeted by the proposal, but also will impact home prices and values across the board. The middle class would see their home values reduced even further by such action, and NAR cautioned the Obama administration that any further pressure on home prices will hamper the economic recovery, raise foreclosures and hurt banks' abilities to lend.

"Bank balance sheets will bleed as collateral value of their mortgage-backed securities falls even farther. We can't afford another credit crisis before we resolve the current one," said McMillan. He also stated that, with the current problems in the economy and the housing market, economic stability must be the focus. Changes that affect the housing industry and the financial arena have to be carefully thought out and balanced, he said.

As the leading advocate for homeowners and the real estate industry, NAR pledged to continue to address issues facing Americans who are trying to purchase a home, protect their current home or preserve investment opportunities in residential and commercial properties. "NAR and our members look forward to working with the president to once again bring stability, prosperity and community to America's families," McMillan said.

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