CALIFORNIA ASSOCIATION OF REALTORS®

February 27, 2009

California Congressional Delegation
The U.S. House of Representatives
Washington, DC 20510

Re: Oppose President Obama's 2010 Budget Proposal to reduce the Mortgage Interest Deduction

2009 OFFICERS

JAMES LIPTAK
President

STEVE L. GODDARD
President-Elect

BETH L. PEERCE
Treasurer

JOEL SINGER
Executive Vice President / State Secretary

Dear Representative:

The California Association of REALTORS® (C.A.R.), which represents over 183,000 members, wants to voice our adamant opposition to provisions in President Obama's 2010 Budget Proposal that would reduce the Mortgage Interest Deduction by limiting the itemized deduction for households earning over $250,000. While C.A.R. has and continues to support and applaud the efforts of the Obama Administration and Congress in their aggressive steps to stabilize both the housing market and the nation's economy, C.A.R. is strongly opposed to this proposal. Our members have made clear their opposition to any erosion of the Mortgage Interest Deduction; which, if implemented during the current down market would have a severely negative effect on California.

While California's housing market and economy face historic hardships during the current recession gripping the nation, it is imperative that the Obama Administration and Congress not pass any legislation that would prolong these hardships and delay a recovery. Across California, neighborhoods continue to face an ever-increasing foreclosure rate, while home prices continue to decline with no floor in sight. In the fourth-quarter of 2008, approximately two out of every three homes sold in California were a distressed sale. Supporting the implementation of a policy that would deter and reduce the incentive of homeownership is counterintuitive to all the actions Congress has taken to turn the housing market and the economy around. C.A.R. encourages the Obama Administration and Congress to instead continue to work on and support additional housing and economic incentives to aid the nation in a quick recovery.

Additionally, the proposed reduction to the Mortgage Interest Deduction would have a profoundly perilous effect on California. The jumbo housing market has been devastated in the wake of Wall Street's refusal to invest in home loans. This lack of available capital coupled with the ongoing foreclosure crisis has crippled this sector of the housing market forcing homeowners to reduce home prices below the conforming loan limit. The only transactions taking place in the jumbo market are by families that will be directly impacted by this proposal. The proposed decrease to the Mortgage Interest Deduction would further reduce demand for homes requiring jumbo loans and would prolong this downward spiral of California's housing market and our economy.

In closing, C.A.R. stands ready to assist Congress and the Administration as you work to guide the nation back to prosperity; however, this proposal can only lead to the further devaluation of home prices and a prolonging of the current recession. We appreciate your consideration of our concerns over this vital issue and look forward to working with you and your staff as this issue moves forward. If you would like to discuss our concerns in more detail, please contact our Federal Government Affairs Manager, Matt Roberts, at 213-739-8284, or by email at matthewr@car.org.

Sincerely,

James Liptak,
President, California Association of REALTORS®

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