



For Immediate Release
December 20, 2007

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MORTGAGE TAX RELIEF LEGISLATION SIGNED INTO LAW
Finance Chairman championed bill to offer help to families caught in the sub-prime mortgage crisis

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today hailed the signature of the Mortgage Forgiveness Debt Relief Act of 2007 into law. This legislation offers tax relief to American families caught in the sub-prime mortgage crisis. When debt is forgiven on a home loan, the homeowner must normally count that debt forgiveness as income and pay taxes on it. The mortgage tax relief bill creates a three-year exception for debt forgiveness on home loans – helping families already unable to meet their mortgages to avoid incurring large tax bills as well. It also extends a provision allowing homeowners to deduct mortgage insurance payments from their taxable income. The Senate approved a Baucus amendment to the House-passed bill, H.R. 3648, on December 18.

“This bill reaches out a helping hand to the millions of American families struggling to pay their bills in the wake of the sub-prime mortgage crisis,” said Baucus. **“This timely tax relief will help families save money, and get their financial feet back under them. Congress needs to do more to examine the causes of the sub-prime mortgage crisis and to protect Americans seeking the dream of home ownership.”**

In addition to tax relief for debt forgiveness and mortgage insurance payments, the bill includes:

- Tax relief for volunteer firefighters and emergency medical technicians
- Help to expand housing options for college students with children
- Protection of tax relief for homeowners after the death of a spouse
- Flexibility to help co-op tenant/owners deduct real estate taxes and mortgage Insurance

The bill is fully offset by increased penalties for failure to file S corporation returns or partnership returns, and new requirements for the payment of corporate estimated taxes.

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