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NAHB Does About-Face on GOP Tax Cuts

We know that politics makes strange bedfellows. Still we get confused when they rise up and **switch partners** in the middle of the night.

A mere 25 days ago, we reported that the National Association of Home Builders (NAHB) had abandoned its 75 years of **vigorously supporting** the mortgage interest tax deduction **(MID)** as the Republican majority in Congress was beginning discussions about their planned massive tax cuts (AKA tax reform). The National Association of Realtors (NAR), NAHB's staunch partner in the 75-year battle to protect the MID, was holding firm.

Way back then, in early October, NAHB seemed willing to forego the MID in favor of protecting the **low-income tax credit.** The then current chairman, Granger MacDonald, said "By lowering the pass-through rate, the plan will reduce the tax bill of thousands of small businesses and help to spur job and economic growth. More importantly, the blueprint maintains the Low-Income Housing Tax Credit, the most indispensable tool to help produce affordable rental housing. The plan also retains a business interest deduction for small businesses, which would ensure that our future tax code is truly pro-growth."

Granger went on to acknowledge the tradeoffs and that the effectiveness of the MID "could be diminished as more families elect to take a higher standard deduction." He pledged the involvement of NAHB to help mitigate any detrimental effects the changes could have on the housing market."

In other words, its own most sacred cow(s) protected, NAHB seemed more than ready to support what was, at that point, the thinly documented GOP tax plan.

On Saturday, according to Politico, NAHB accused House Speaker Paul Ryan of "abruptly reversing course on a mortgage tax credit proposal" and announced it would oppose the tax-reform proposal that GOP lawmakers expect to unveil on Wednesday.

NAHB did not, in its early comments, seem to view the MID as crucial. NAHB CEO Jerry Howard, raised the prospect of a mortgage tax credit, which, unlike the MID, wouldn't require taxpayers to itemize. However, Politico says the lobbying group continued to work with House Ways and Means Chairman Kevin Brady (R-Texas) to keep the tax breaks for homeowners. Another part of the GOP plan would remove the deduction for state and local taxes which would include the real estate or property tax. Brady had agreed to combine the MID and local property taxes into a **single tax credit** but late

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.27%	0.00	0.00
15YR Fixed	6.92%	0.00	0.00
30YR FHA	6.91%	+0.01	0.00
30YR Jumbo	7.52%	-0.03	0.00
7/6 SOFR	6.70%	-0.08	0.00
30YR VA	6.92%	+0.01	0.00

Rates as of: 11/2

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	100.01	+0.19
10 YR Treasury	4.8817	-0.0482
30 YR Treasury	5.2502	-0.0580

Pricing as of: 11/2 11:36AM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 21	195	+3.39%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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Friday informed NAHB's Howard that the idea had been rejected by House leadership. House Speaker Ryan said House members were not comfortable with the concept.

Howard reacted strongly saying he didn't think it was fair "of the speaker to take a concept that his own committee chair is in favor of and deep-six it without vetting it with the conference." Howard told Politico's Lorraine Woellert, "He (Ryan) told me there wasn't enough time and the concept would not be put into the document. I told the speaker candidly we had shopped the proposal to the White House and **we had support there.**"

Brady said in a statement that tax writers will restore an itemized property tax deduction to the plan and suggested that the fight over the mortgage tax break wasn't over.

Howard, for his part, said "All the resources we were going to put into supporting are now going to go into opposing the plan."

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I would appreciate the opportunity to share with you my extensive mortgage lending experience. My client focused approach has allowed me to build long lasting relationships and partnerships throughout Arizona. I know this market. I live here and work here. Please allow me to be your mortgage lending partner.

Timothy Baron 

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