



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

October 2, 2007  
(House)

## STATEMENT OF ADMINISTRATION POLICY

### H.R. 3648 – Mortgage Forgiveness Debt Relief Act of 2007

(Rep. Rangel (D) New York and 20 cosponsors)

The Administration supports House passage of H.R. 3648, which advances the President's proposal to help financially troubled homeowners by shielding mortgage write-offs from taxation. While the House should be commended for its efforts to protect these homeowners from an unexpected tax bill, the Administration strongly believes this relief should be temporary to assist homeowners during the current mortgage market transition period and to avoid distorting consumer and lender decisions on new mortgage loans. The tax code already protects people who are insolvent or whose debt has been discharged in bankruptcy from having to pay tax when debt is cancelled; therefore, the most financially-stressed mortgage borrowers are already protected under current law. The Administration looks forward to working with Congress to narrow the scope of the bill and ensure that it addresses current difficulties without the potential for influencing future behavior. Also, the Administration does not think it is necessary for this tax relief to be offset by revenue increases.

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