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ATTORNEY GENERAL MASTO JOINS NATIONAL EFFORT TO EXTEND TAX RELIEF FOR DISTRESSED HOMEOWNERS

Exclusion Estimated to Save \$1.3 Billion Over Two Years

Las Vegas, NV – Nevada Attorney General Catherine Cortez Masto urged Congress to extend tax relief for consumers who have mortgage debt canceled or forgiven because of financial hardship or a decline in housing values.

Masto joined 41 attorneys general to sign on to a [letter](#) to U.S. House and Senate leaders today, urging them to extend the exclusion, which has been in effect since 2007 and which will otherwise expire on Dec. 31, 2012.

The expiration comes at a time when many homeowners nationwide are benefitting from the \$25 billion national settlement agreement with the nation's five largest loan servicing companies, which provides \$17 billion in debt reduction and other relief to homeowners. The [progress report](#) on the national settlement released yesterday shows Nevada homeowners have received \$907.9 million in relief, or \$100,089 per borrower, so far. Many other banks across the country also offer mortgage modification and debt relief programs.

"I urge Congress to extend this critical tax exclusion so that families in need are not stuck with an unexpected tax bill or deterred from participating in this historic settlement," said Masto. "Mortgage modification and debt relief programs provide real relief to Nevada homeowners fighting to keep their homes or trying to get back on their feet. Unless Congress acts, any debt relief to be provided in 2013 under the National Mortgage Settlement, as well as other mortgage debt relief programs, will likely be considered taxable income."

Under the federal Mortgage Debt Relief Act, in effect since 2007, mortgage debt that is forgiven after a foreclosure or short sale or through a loan modification provided to a homeowner in financial hardship may be excluded from a taxpayer's calculation of taxable income. This exclusion only applies to mortgage debt forgiven on primary residences, not second homes.

An extension is included in the Family and Business Tax Cut Certainty Act of 2012 (S. 3521), which recently passed out of the Senate Finance Committee with bipartisan support.

Connecticut Attorney General George Jepsen and Florida Attorney General Pamela Bondi led this effort for the attorneys general.

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