



## Mike Baker

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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



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.02%	-0.05	0.65
15 Yr. Fixed	6.60%	-0.15	0.55
30 Yr. FHA	6.87%	0.00	0.92
30 Yr. Jumbo	7.18%	-0.03	0.54
5/1 ARM	6.45%	+0.08	0.81

Rates as of: 6/28

## Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

# Housing News Update

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.

			Value	Change
Builder Confidence	Mar	51		+6.25%

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."

## Real Talk

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the ONLY objection we ever hear is "your rates sound too good to be true". Well they're not, and here is why...

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It's simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are NOT mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do NOT have to be mutually exclusive. It's just a lie that the big box mortgage companies have been telling you for years. Don't believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

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