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Builders Blast Tax Proposal; Realtors not Smiling Either

Congressional leadership and the Trump Administration stand accused of "abandoning middle-class taxpayers in favor of high-income Americans and wealthy corporations" by the National Association of Home Builders (NAHB). The remark came in a statement from NAHB Chairman Granger MacDonald regarding Thursday's release of the framework for the long anticipated Republican tax reform proposal. The National Association of Realtors (NAR) also released a statement critical of the plan, but withheld talking about specifics pending further review.

MacDonald had no such reservations. In the statement, which carried the headline "Republican Tax Reform Plan Slams Middle Class," he said, "The bill eviscerates existing housing tax benefits by drastically reducing the number of home owners who can take advantage of mortgage interest and property tax incentives," and that "Capping mortgage interest at \$500,000 for new home purchases means that home buyers in expensive markets will effectively lose this housing tax benefit moving forward."

The bill, is expected to hit **heavy headwinds** from other lobbying groups as well. It cuts the corporate tax rate from 35 percent to 20 percent but appears not to eliminate many of the current exemptions that cut the average corporate tax bill to 18 percent. The bill would reduce the current six tax brackets to four; 39.6 percent for households making more than \$1 million annually, and 35 percent on incomes from \$260,000 to \$1 million. A 25 percent rate would apply from \$90,000 to \$260,000, and percent from \$24,000 to 90,000. Households making less than \$24 would pay no income tax.

The plan also:

- Caps the mortgage-interest deduction on new home sales at \$500,000 rather than the current \$1 million for couples filing jointly.
- Caps deductions for state and local property taxes at \$10,000 and repeals other state and local tax deductions.
- Eliminates deductions for student loan interest
- Taxes endowments at large schools at a 1.4 percent rate.
- Raises the childcare tax credit from \$1,000 to \$1,600, and
- Leave provisions for 401(k) retirement savings plans untouched.

National Average Mortgage Rates



| | Rate | Change | Points |
|--------------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 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 |
| Freddie Mac | | | |
| 30 Yr. Fixed | 6.86% | -0.01 | 0.00 |
| 15 Yr. Fixed | 6.16% | +0.03 | 0.00 |
| Mortgage Bankers Assoc. | | | |
| 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% |

Granger further charged that "The House leadership killed a cost-effective plan proposed by NAHB that Ways and Means Committee leaders agreed to include in the legislation. It would provide a robust homeownership **tax credit** that would have helped up to 37 million additional home owners who do not currently itemize. Most of them are low- and moderate-income home owners.

"Meanwhile, as corporations receive a major tax cut, small businesses, which generate the lion's share of job growth, get limited relief.

The bottom line, according to Granger, "Congress is ignoring the needs of America's working-class families and small businesses. And by undermining the nation's longstanding support for homeownership and threatening to lower the value of the largest asset held by most American families, this tax reform plan will put millions of home owners at risk."

When early details about the plan began to leak out, NAHB seemed **ready to abandon** the mortgage interest deduction as long as the low-income tax credit stayed in place. However, they said over last weekend that they felt betrayed by the refusal of House Speaker Paul Ryan to allow inclusion of their tax credit in the bill presented to the House. They announced then that they would spend the money they had set aside to lobby in favor of the tax proposal to fight against it instead.

The statement from NAR President William E. Brown said, "We are currently reviewing the details of the tax proposal released today, but at first glance it appears to confirm many of our biggest concerns about the Unified Framework. Eliminating or nullifying the tax incentives for homeownership puts home values and middle-class homeowners at risk, and from a cursory examination this legislation appears to do just that. We will have additional details upon a more thorough reading of the bill."

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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