

**MORTGAGE BANKERS
ASSOCIATION OF AMERICA**

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The Honorable Roger B. Porter
Director
Office of Policy Development
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. Porter:

I extend my sincere thanks for your meeting with me and others in the real estate industry on December 2, 1991, to hear our views on ways to stimulate our nation's economy through incentives provided to the housing and real estate industries.

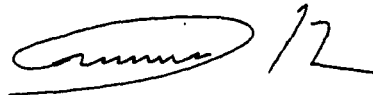
As I said in the meeting, modification of the passive loss rules as they apply to real estate professionals are needed now, to ensure tax parity, increase equity investment in real estate by private investors and to stem decline in real estate values. These changes supported by the real estate and housing industries would not reinstate tax shelters, but rather would permit professional real estate organizations to deduct legitimate expenses currently granted to other taxpayers in other lines of business. These measures would create stability in local property tax bases, preserving neighborhood and community services.

While a capital gains tax rate reduction would provide a long-term stimulus to the real estate and housing industries and to the overall economy, immediate incentives must be implemented to lead the nation out of the recession. Passive loss tax changes would furnish this necessary short-term catalyst.

Also, as I mentioned, the recent changes in the FHA program have severely impacted the ability of FHA to assist first time homebuyers and others seeking to buy a home. Reversing these changes would not only help low-and-moderate income homebuyers but it would also stimulate housing construction and other sectors of the real estate industry.

It is through a cooperative spirit such as was demonstrated during our meeting that we can overcome the problems plaguing the economy. The real estate industry is committed to supporting constructive, positive action and to restoring fairness in national policies and confidence in real estate and financial markets. Thank you again for taking the time to meet with me and listen to our concerns and recommendations.

Sincerely,



Angelo Mozilo

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Враш Президенти Гирстк Протокоп