

Congress of the United States

Washington, DC 20515

March 28, 2003

Dear Colleague:

We invite you to join us in supporting H.R. 1336, legislation that we recently introduced which will make mortgage insurance payments, government and private, tax-deductible for most taxpayers. This is an important piece of legislation because making mortgage insurance payments tax-deductible will boost homeownership for lower-income, minority and veteran borrowers that typically need mortgage insurance to purchase a home.

It is widely recognized that homeownership helps create stable and safe communities. Thus, the expansion of homeownership has been a longstanding goal of the Federal Government. The Bush Administration announced a goal of 5.5 million new homeowners by the year 2010. To achieve that goal, groups that have typically been unable to purchase homes -- young people, low-income, members of minority groups -- must be able to participate in the housing market.

Government and private mortgage insurance programs help first-time, low-income and veteran borrowers afford to purchase a home. The VA, FHA, RHA and private mortgage insurance programs allow buyers to make a down payment of 3 percent or less of the appraised value. Mortgage insurance is a critical factor in allowing middle-income families and minorities to become homeowners. In 2001, mortgage insurance covered 57% of mortgage purchase loans made to African American and Hispanic borrowers and 54% of the loans to borrowers with incomes below the median income. The people who use mortgage insurance are policemen, firemen, teachers, and veterans who live in every community throughout the country. Twelve million American families presently use mortgage insurance.

Presently these borrowers cannot deduct the cost of their mortgage insurance payments for Federal tax purposes. If mortgage insurance payments were made deductible, the cost of homeownership would be further reduced for these borrowers, enabling new buyers to get into a home that they might not have been able to afford or to purchase a more valuable home. It is estimated that **300,000 more homeowners** per year would result from making these payments tax-deductible.

Making mortgage insurance payments tax-deductible will significantly contribute to making the American dream of owning a home come true for many more of our citizens. If you would like to cosponsor this legislation, call Joyce Meyer (Ryan) at 5-3031 or David Morgan (Jefferson) at 5-6636.

Sincerely,



Paul Ryan
Member of Congress



William Jefferson
Member of Congress