



June 8, 2009

Dear Representative:

As the Legislature prepares to vote on a final biennium budget, the New Hampshire Association of REALTORS®, the state's leading advocate for real estate practitioners and consumers, is strongly opposed to the idea of expanding the Real Estate Transfer Tax to include mortgage refinancing, as has been suggested by some elected officials in Concord.

Asking a homeowner who is already struggling to pay his or her mortgage to bring several hundred additional dollars to the closing is simply unfair and counterproductive to the efforts being made by our leaders in Washington to pull us out of the recession.

Congress, the Administration and the U.S. Treasury have taken extraordinary steps to get the economy moving forward, in large part by focusing hundreds of billions of dollars on the housing and commercial real estate sector. In fact, President Obama's \$75 billion Home Affordable Modification program is designed to offer a lifeline to just the type of homeowner that the proposed tax would affect.

It is important to keep in mind that the very few states which have a refinancing tax also have much lower real estate transfer taxes than New Hampshire's current 1.5 percent rate. As you may know, New Hampshire already has the highest uniform real estate transfer tax in the country, and expanding that tax to include refinancing activity would undoubtedly have a very real and long-lasting impact on all homeowners and their ability to create equity and wealth in their home.

Additionally, the impact such a mortgage tax would have on New Hampshire's commercial real estate, a sector which tends to lag behind downturns in residential real estate and which often refinances projects several times over a two or three year period, would be severe. Developers will undoubtedly be forced to delay or stop construction, creating layoffs, forcing business closings and generally stunting an industry particularly critical to New Hampshire's economy.

The recent announcement that the Federal Reserve will now permit TARP funds to support more commercial real estate loans, thereby helping shore up a struggling commercial real estate market, has provided some positive news for the industry. This proposed refinancing tax would dilute much of that optimism.

If the Committee of Conference recommends such a mortgage tax on refinancing, the New Hampshire Association of Realtors would implore you to support homeowners and businesses in your district by voting against any changes to the Real Estate Transfer tax.

Best regards,

Paul Sargeant, REALTOR®
2009 President, New Hampshire Association of REALTORS®