

DON'T LET YOUR SHORT SALE LEAVE YOU TAXED

WHAT THE **EXPIRING**
MORTGAGE DEBT RELIEF
ACT MEANS FOR YOU!



CERTIFIED DISTRESSED
PROPERTY EXPERT®

Prepared Exclusively for: Our Neighbor



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WHAT THE EXPIRING MORTGAGE DEBT RELIEF ACT MEANS FOR YOU!

The Mortgage Forgiveness Debt Relief Act was passed by Congress in 2007 in an attempt to provide some relief for the millions of homeowners who found themselves owing more on their mortgage than the property was worth as a result of the collapse of the housing and finance industries. This report was created to give homeowners the most accurate information about the Mortgage Forgiveness Debt Relief Act, which has helped many distressed homeowners find options that were previously unavailable.

The act, which was always intended to be a temporary solution, is now set to expire at the end of 2013. Time is running out. But there is still time to change your financial direction and avoid foreclosure. Reading this report will teach you what the Mortgage Forgiveness Debt Relief Act is and how it can help save you money.

What is the Mortgage Forgiveness Debt Relief Act?

The way things worked before the Mortgage Forgiveness Debt Relief Act:

- A homeowner finds that he or she can no longer afford the mortgage. At risk of default and foreclosure, the homeowner is able to negotiate with the bank an option that avoids foreclosure (most likely a short sale or a principle reduction).
- The bank is legally required to report the amount of debt that is forgiven or cancelled to the IRS.
- The IRS labels this amount as "income." Even though the homeowner is never given any cash from the bank, it must be considered income because it is a credit that is issued to the borrower from the bank that didn't previously exist.
- The homeowner is now responsible for paying income tax on this amount. In many cases, the tax responsibility can end up being tens of thousands of dollars.

For many homeowners in this situation, the amount that they owe in taxes on this newly reported income is impossible to afford. All they have done is trade one unmanageable payment for another.

With the Mortgage Forgiveness Debt Relief Act, the homeowner is no longer required to pay taxes on forgiven or cancelled mortgage debt.

WHAT IS A SHORT SALE?

If you are struggling with your home payments, you're not alone. An estimated one fourth of all U.S. homeowners are upside down on their mortgage—meaning they owe more on their home than it is worth – and millions are behind on their payments.

Often the best solution for homeowners in this situation is a short sale in which the bank agrees to accept less than is owed on the mortgage. The bank doesn't want to foreclose on your home, and short sales are more common than ever before.

According to the National Association of Realtors, nearly 10 percent of all real estate transactions in 2013 have been short sales!

The situation is complicated and the stakes are high. Never has it been more important to have a local market advocate on your side.

Contact me today and let's get started!



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Does the Mortgage Forgiveness Debt Relief Act apply to all forgiven or cancelled debt?

No. Only debt forgiven or cancelled on a homeowner's primary residence is included in the Mortgage Forgiveness Debt Relief Act.

What is the maximum amount of debt that can be forgiven?

The maximum amount of debt that is exempt from taxes under the Mortgage Forgiveness Debt Relief Act is \$2 million (or \$1 million if the borrower is married but filing separately at the time of forgiveness of the debt).

What does this mean for you?

This is the easiest question to answer. It means that **you have options.**

Even if you find yourself among the millions of homeowners who are in danger of losing their home to foreclosure and you aren't sure if any options are available for you, you can be helped.

Fortunately, you are looking for information before time has run out. After the end of this year, you will be unable to take advantage of the Mortgage Forgiveness Debt Relief Act. **THIS CAN SAVE YOU THOUSANDS OF DOLLARS.** More importantly, it can give you peace of mind and a fresh start on the future.

As a Certified Distressed Property Expert® (CDPE), I am uniquely qualified to talk to you about your options, to guide you through the process and to help you save your home from foreclosure.

The clock is ticking. The quicker you act, the better your options are.

And the good news is you have already taken the first step. You are looking for the information that will help you change your situation. Take a look at my website. Go through the reports. Write down your questions and then **contact me today and schedule your free, confidential consultation.**

Mortgage Debt Relief Act Frequently Asked Questions:

- When does the Mortgage Forgiveness Debt Relief Act Expire? December 31, 2013.
- How much debt can be forgiven? \$2 million (\$1 million if you are married and filing separately).
- Does this apply to any debt that is forgiven? No, the Mortgage Forgiveness Debt Relief Act applies only to debt forgiven on your primary residence.
- Who determines how much debt is forgiven? The lender is required to report any forgiven debt that is over \$600.
- Will this be reported on my credit? If a foreclosure was started, then it probably will be, although it will be less impactful than if the foreclosure is completed.



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