

End Of Mortgage Debt Relief Act Means Bigger Taxes for Short Sale

End Of Mortgage Debt Relief Act Means Bigger Taxes for Naperville Short Sale Sellers

Since 2007, distressed homeowners have benefited from the mortgage debt relief act to avoid paying taxes on the forgiven debt in a short sale. Prior to this, all forgiven debts up to \$2 million were considered taxable income by the IRS.

The Mortgage Debt Relief Act was only supposed to last from 2007 to 2010 but ~~has been~~ was extended twice since then. The Mortgage Debt Relief Act expired last December 31, 2013.

This means short sale sellers in Naperville and all over the U.S. now face bigger taxes on the forgiven amount of debt after short sales. For example, if a Naperville homeowner sold his or her home as a short sale and has a debt forgiveness of \$20,000, the homeowner would owe around \$5,600 in taxes if the bill is not extended.

One of the reasons Congress did not extend the Mortgage Debt Relief Act was because of the housing rebound. However, many housing experts say that the housing market has not rebounded enough to do away with the Act -- based on the number of homeowners who are still underwater with their mortgages, or owe more than what their homes are worth in the market.

If you are one of the distressed homeowners who has gone through a Naperville short sale and want to see the extension of the Mortgage Debt Relief Act, contact your congressman and let them know you support its

extension.

If you are ready to do a Naperville short sale call me, **Teresa Ryan** at **630-276-7575**. As an owner/broker of Ryan Hill Realty - www.RyanHillRealty.com, I have the experience and tools to help you sell your Naperville home.





The SRCOP means that if you earn above this amount, you pay tax on that part of your earnings at the higher rate of tax. Earnings below the SRCOP are taxed at 20%.

Personal Tax Credits	Tax Year 2006 €	Tax Year 2007 €
Single Person	1,630	1,760
Married Person	3,260	3,520
Widowed Person	1,490	1,760
Dependent children	2,130	2,310
Qualifying One-Parent Family Tax Credit	1,630	1,760
One-Parent Family Tax Credit	1,630	1,760
Widowed Person	1,630	1,760
Other Person	1,630	1,760
Widowed Person (5 years or more)	3,750	3,750
Widowed Person (5 years or more)	3,250	3,250
Widowed Person (5 years or more)	2,750	2,750
Widowed Person (5 years or more)	2,250	2,250
Widowed Person (5 years or more)	1,750	1,750
Widowed Person (5 years or more)	-	-
Home Care Credit	770	770
Age Tax Credit (over 65)	275	275
Single/Widowed	550	550
Married	550	550
Blind Person's Tax Credit	1,760	1,760
Single Person	1,500	1,500
Spouse Blind	1,500	1,500
Spouse Blind	3,000	3,000
Allo...	*825	*825
* allow...	Individual's highest rate of tax	Individual's highest rate of tax
Other Tax		
Dependent Rel...	Credit	Credit
(maximum amount)	80	80
...		