

David Hill




Date: 11/16/2007 10:23AM
From:
To: dhill3@kw.com
Subject: Mortgage Forgiveness Debt Relief Act of 2007 -- Short Sale Tax Info

Hi All,

As most of you know sellers can be taxed as income the amount the bank takes as a loss when doing a short sale. As always, our job should be to recommend our clients seek advice from a tax professional, not from us. However, I thought you should know what is going on with current legislation. Our government is working through the process of re-writing the tax code to eliminate this tax burden for people short selling their primary residence with The Mortgage Forgiveness Debt Relief Act of 2007. Attached is the actual bill. It has passed the House, and now needs to pass the Senate, then signed by the President to become law. It is expected to easily pass the Senate, and the President will sign it since he called for this change to be made.

The House passed H.R. 3648, to amend the Internal Revenue Code of 1986 to exclude discharges of indebtedness on principal residences from gross income, by a recorded vote of 386 ayes to 27 noes, Roll No. 948.

Vote Map: House Roll Call No. 948

Votes For : 386 
Votes Against : 27 
Not Voting : 19 

This bill will be retroactive to anyone who closed a short sale after January 1, 2007. This is great news for all of us, and our clients who are in financial trouble. If you have clients who are hesitant to do a short sale for fear of this tax, you can let them know what the government is doing to help them. Remember, we don't give tax advice, we refer them to a professional.