

The Bottom Line

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More Homeowners Facing Foreclosure

- Gary L. Seymour, Esquire

I recently read a New York Times article that states foreclosures are not slowing down . . . **THEY ARE SPEEDING UP!** So, despite all the hype about help foreclosure is still the loss mitigation tactic of choice for lenders and servicers dealing with delinquent homeowners.

NOW FOR THE GOOD NEWS!:

Foreclosure, a legal process in Connecticut and many other states, is not the end of anything. It is actually the beginning of what represents the best time for a homeowner to modify their mortgage or short sale their property. In Connecticut a homeowner facing foreclosure is entitled to several sessions of mediation during which a solution to the foreclosure is highly possible. Visit www.jud.state.ct.us for more information on the foreclosure mediation program.

SPECIAL NOTE:

If you are served with foreclosure papers in Connecticut, the foreclosure mediation request form is including in the papers as the second or third page. **FILL IT OUT AND GET IT INTO THE COURT IMMEDIATELY OR CONTACT AND ATTORNEY TO DO IT FOR YOU.** Do not sleep on your rights and miss an excellent chance to get the relief you and your family need.

THE BOTTOM LINE:

If you are facing foreclosure or are trying to help someone that is facing foreclosure the sooner you get involved in the legal process the better. A properly defended foreclosure will take months if not years to come to conclusion and during the time is most often when a homeowner finds a remedy to their situation. If you do not get involved the foreclosure will move very fast and your chances of save your home are very slim.

THE FINAL WORD:

Don't forget that for years Chapter 13 Bankruptcy has been helping people facing foreclosure saves their homes. Chapter 13 is especially helpful to those that lost a job, found themselves unable to pay their mortgage temporarily but are now in a position to pay again. The rule of thumb is to first try and work out a solution with your lender or servicer but if not explore Chapter 13. For more information go to www.theseymourlawfirm.com or www.justiceforhomeowners.com

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Volume 2 | February 2009



First-Time Buyer Tax Credit... *Continued from page 1*

Fast Track:

Accelerated Loan Modifications

Did you know that the White House is preparing to roll out its own plan to deal with foreclosures and the housing market, (and some \$50 billion in money from the Troubled Asset Recovery Program has been earmarked to help stanch foreclosures? President Barack Obama could outline further steps next week during a swing through Denver and Phoenix, where home prices fell by 33% in 2008, among the worst such declines in the nation. **Find out more by visiting:** <http://blogs.wsj.com/developments/2009/02/13/hud-secretary-calls-for-accelerated-loan-modifications>

After much political rhetoric, it was decided that the credit would not have to be re-paid unless a house is sold within a three year recapture period. This is a key distinction because prior to the plan's passage, first-time buyers who purchase homes between April 1, 2008 and June 30, 2009 were entitled to receive a tax credit of 10% of the home's purchase price up to \$7,500.00; however, the credit had to be repaid annually in \$500.00 installments over a 15 year period. In addition, if the home was resold before the 15 year repayment period expired, the outstanding balance of repayment would have been recaptured upon the sale of the property.

The table below is a comparison of the tax credit initiated by the Housing & Economic Recovery Act of 2008 and the credit as modified in the American Recovery & Reinvestment Act that is about to be signed into law.

- Jeffrey M. Wasikowski

Tax Credit for First-Time Home Buyer As modified in the American Recovery and Reinvestment Act – February 2009		
Law	Credit initiated in July 2008 applies to all qualified purchase made on or after April 9, 2008 (Housing & Economic Recovery Act of 2008 H.R. 3221)	Credit for purchases made on or after January 1, 2009 and before December 1, 2009
Effective Date	Purchases on or after April 9, 2008 and before January 1, 2009. Repayment begins for 2010 tax year.	All revisions are effective as of: January 1, 2009
Termination	July 1, 2009	December 1, 2009
Amount of Credit	Lesser of 10% of purchase price or \$7,500.00	Maximum amount of credit increased to \$8,000.00
"First-Time" Home Buyer Defined	Buyer (*and Buyer's spouse), may not have owned a principal resident in three (3) years prior to their purchase	No Change
Tax Payer Income Limitations	Full credit for all buyers with adjusted gross income of no more than \$75,000.00 (**\$150,000.00 for joint filers.) Credit will phase out over those caps (\$95,000.00 & \$170,000.00)	No Change
Eligible Property	All Single-family principal residences	No Change
Tax Refund	Reduces (*Or may eliminate) income tax liability for year of purchase. Buyers are entitled to receive a refund for unused amount of tax credit.	No Change
Repayment of Credit	\$500.00 to be re-paid annually for 15 years, starting in 2010.	No Repayment for purchases on or after January 1, 2009 and before December 1, 2009
Recapture Tax	If home is sold before 15 year repayment period expires, the outstanding balance of repayment is recaptured upon close of sale.	If home is sold within three (3) years of purchase, the entire amount of the credit is recaptured upon close of sale.

Next Issue: Sneak Peak

Attorney Seymour discloses critical facts and stats regarding:

- Foreclosure alternatives and prevention tactics
- Debt consolidation methodology
- Short sale synergies
- Mortgage fraud tsunami

To read more on the Buyer Tax Credit please visit:

<http://www.nationalassociationofrealtors.com>