

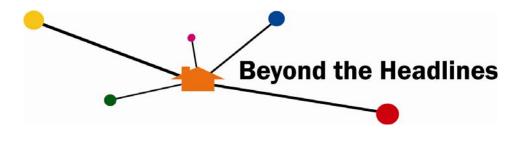
Governor signs home tax credit bill

Governor Schwarzenegger today signed AB 183 providing \$200 million for home buyer tax credits. The bill allocates \$100 million for qualified first-time home buyers who purchase existing homes and \$100 million for purchasers of new, or previously unoccupied, homes.

Eligible taxpayers who close escrow on qualified principal residences between May 1, 2010 and December, 31, 2010, or who close escrow on a qualified principal residence on and after December 31, 2010 and before August 1, 2011, pursuant to an enforceable contract executed on or before December 31, 2010, will be able to take the allowed tax credit.

This credit is equal to the lesser of 5 percent of the purchase price or \$10,000, taken in equal installments over three consecutive years. Under the bill, purchasers will be required to live in the home as their principal residence for at least two years or forfeit the credit (i.e. repay it to the state). Buyers also must be at least 18 years old and be unrelated to the seller. First-time buyers are defined as those who have not owned a home in the past three years.

To learn more about the California Home Buyer Tax Credit, click here. http://www.car.org/governmentaffairs/stategovernmentaffairs/homebuyertaxcredit/



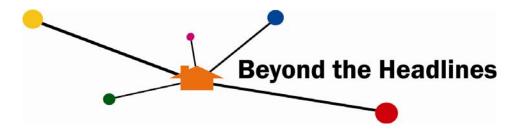
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IRS tells homeowners how to get tax relief if a lender forgives part of their debt Generally, the Internal Revenue Service (IRS) treats debt forgiveness by a creditor as taxable income. However, under federal legislation that took effect in 2007, certain home mortgage debt cancellations—such as loan modifications, short sales, or foreclosures—may be exempted from federal taxes. Other exemptions are also available.

MAKING SENSE OF THE STORY FOR CONSUMERS

- Homeowners considering a loan modification, short sale, or foreclosure should note that the federal tax exclusion under the Mortgage Forgiveness Debt Relief Act of 2007 only applies to mortgage balances on a qualified principal residence and not on second homes, rental real estate, or business properties.
- The maximum amount of forgiven debt eligible under the 2007 law is \$2 million for married taxpayers filing jointly and \$1 million for single taxpayers.
- The debt reduction only can be for loan amounts used to buy, build, or substantially improve a principal residence, including refinance loans as long as an increase in the total mortgage debt if any is attributable to renovations and capital improvements of the house. However, if refinance proceeds were used for other personal purposes, such as paying off credit card bills, purchasing cars, or investing in stocks, then the mortgage debt attributable to those expenditures is not eligible for tax exclusion under the 2007 law.
- California homeowners who sold their house in a short sale or were foreclosed upon in 2009 still may have to pay state taxes on forgiven mortgage debt. The California legislature did not extend the tax exemption for mortgage debt forgiveness for state taxes. However, lawmakers are working on a bill that would provide the same tax relief on state taxes as the federal government currently offers.

To read the full story, please click here: http://www.latimes.com/classified/realestate/news/la-fi-harney14-2010mar14,0,7087233.story



In Other News...



Bloomberg

Housing real-estate recovery signaled as Fed unwinds

The U.S. housing market is poised to withstand the removal of government and Federal Reserve stimulus programs and rebound later in the year, contributing to annual economic growth for the first time since 2006.

To read the full story, please click here: http://www.bloomberg.com/apps/news?pid=20601014&sid=ajt_govc17as

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The Sacramento Bee

Option ARM mortgages still pose a risk

Inside the fallout from risky housing boom loans in Sacramento, one particularly notorious brand of mortgage, the option ARM, still looms as big potential trouble.

To read the full story, please click here:

http://www.sacbee.com/2010/03/19/2618175/home-front-risk-from-option-arms.html

Los Angeles	Times

More homeowners are opting for "strategic defaults"

Underwater on their mortgages and angry at banks, more borrowers are choosing to hand over the keys, even if they can afford the payments.

To read the full story, please click here: <u>http://www.latimes.com/business/la-fi-walkaway17-2010mar17,0,2297178.story</u>



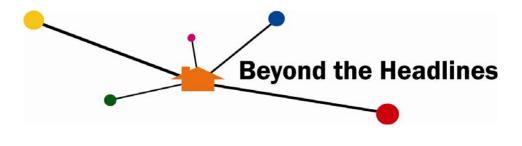
Supply of foreclosed homes on the rise again

The supply of foreclosed homes that banks need to sell is rising again, signaling further downward pressure on home prices in some parts of the U.S.

To read the full story, please click here:

http://online.wsj.com/article/SB10001424052748703523204575129861685086570.html?mod=WSJ _Real+Estate_LeftTopNews

March 25, 2010



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The Mercury News

Mortgages: Congress debates how to revive home-loan market

Lawmakers are starting to wrestle with how to replace Fannie Mae and Freddie Mac, the mortgage giants that nearly collapsed at the start of the financial meltdown.

To read the full story, please click here: http://www.mercurynews.com/breaking-news/ci_14739815

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The Press Enterprise

Flip squads take on foreclosed houses, try to turn profits

Each weekday morning, a troupe of opportunists who hope they have the Midas touch unfold camping chairs in front of the old Riverside County courthouse.

To read the full story, please click here: http://www.pe.com/business/local/stories/PE News Local W auction22.446ecbe.html



The New York Times

When not to pay down a mortgage

The Federal Reserve has reaffirmed its intention to stop buying mortgage-backed securities, signaling the likelihood that the mortgage rates you can get today are as good as they're going to be for a long time. Once the Fed stops buying, after all, rates are likely to go up.

To read the full story, please click here: http://www.nytimes.com/2010/03/20/your-money/mortgages/20money.html?ref=realestate