

Tax Break For Mortgage Debt Forgiveness

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R E A L T Y

With the passage of the Mortgage Forgiveness Debt Relief Act of 2007, a taxpayer does not have to pay federal income tax on debt forgiven for a loan secured by a **qualified principal residence**.

This tax break applies qualified to debts discharged from January 1, 2007 to December 31, 2009. Qualified principal residence indebtedness is debt incurred in acquiring, constructing, or substantially improving the residence (up to \$2 million). Please consult with a qualified legal tax professional about your situation, however, taxpayers generally may exclude from capital gains income up to \$250,000 (or \$500,000 for married couples filing jointly) for properties owned and used as their principal residence for at least two of the last five years.

For a copy of the Mortgage Forgiveness Debt Relief Act of 2007, go to www.govtrack.us/congress/bills/110/3648



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