



## HOME BUYER TAX CREDIT EXTENSION, MYTH OR REALITY?

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The proposed extension of the home buyer's tax credit is still not finalized. Only the first step has been completed. As of June 16, 2010, the United States Senate passed a bill extending the deadline for closing escrow on a home buyer's tax credit contract. The bill still needs to go to the House of Representatives and then to the President. So, the extension is not here yet, but we should know sometime this week.

The National Association of REALTORS® (NAR) estimates the number of home buyers who have qualified for the tax credit and met the contract deadline of April 30, but who would not be able to close their transaction by the June 30 deadline, could go as high as 180,000. Realtors® have reported as many as one-third of qualified applicants have been notified by lenders that their mortgages will not close before June 30 due to the sheer volume of applications in the pipeline.

"These are not buyers who just entered into the market. These are buyers who previously met all the qualifications for the tax credit, but find themselves at the mercy of a work-flow jam with the lenders or other delays and might not be able to complete the purchase of their homes," said NAR President Vicki Cox Golder. "It would be a tragedy for them not to be able to complete the purchase in time to claim the credit."

Golder said she also wanted to make this clear: "This amendment does not extend the deadline for home buyers to qualify for the tax credit; it extends the deadline for closing the transaction, from June 30 to Sept.30. Since these applications were already in the pipeline and figured into the program's cost, the extension of the closing deadline should not incur any further government costs."

Keep watching the news. Remember this extension, if passed, will only extend the closing time for home buyers who have already qualified for the tax credit and met the contract deadline of April 30, but who have not yet closed.

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