

Published based on [What You Have To Know Concerning The 2012 Short Sale Tax Modifications And The Mortgage Debt Forgiveness Act](#)

# **What You Have To Know Concerning The 2012 Short Sale Tax Modifications And The Mortgage Debt Forgiveness Act**

### [Tucson short sale negotiator](#)

Hi, this is Shawn Polston with 520shortsale.com where we're Tucson's leading short sale team. I wished to speak to you about something that I've been getting a variety of questions on lately. That's an eminent change to the tax code in the way forgiveness of debt is going to be dealt with with both short sales and foreclosures. After you complete a short sale, the lender is required by the IRS to issue a 1099 for the amount of debt forgiven. One frequent misconception is letting a home go to foreclosure changes that. It really doesn't. As a substitute it will increase the amount of the 1099 typically. Sometimes the lenders have more costs associated with foreclosures they also sell the properties for less than what we sell them for in the short sale. Back in 2007 President Bush put into place the Mortgage Debt Forgiveness act which covers you in sure situations. This will cover folks from any tax legal responsibility on that 1099. In 2010 it was renewed by President Obama and it's scheduled to go away on the end of 2012. The explanation this is necessary is my typical short sale process takes from three to six months to complete. Sometimes it takes more or less time.

In case you're in a state of affairs where you are making an attempt to resolve when you should walk away from that house or you do a short sale, it's taking the common lender 12 to fifteen months to foreclose. One of the reasons I am bringing this up is that by simply simply walking away from the house you could miss out on the big tax financial savings that you simply'd have and get a 1099 for the foreclosure that you'll have vital tax implications on. I can not inform you for certain in the event you would have tax implications, because a CPA has to have a look at your situation. The mortgage debt forgiveness act is pretty straight forward and you'll examine it at IRS.gov. I will put a hyperlink to it on my web site as well.

I'm sure you've got different questions so don't hesitate to call me or fill out the short sale request form. I really look ahead to speaking with you and helping you out. Again, this is Shawn Polston with 520shortsale.com where we're Tucson's leading short sale team.

For more information on short sales and how to avoid foreclosure, [visit the Tucson Short Sale Negotiator blog](#) or you can also [contact the Shawn Polston team](#) and get started today.

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