

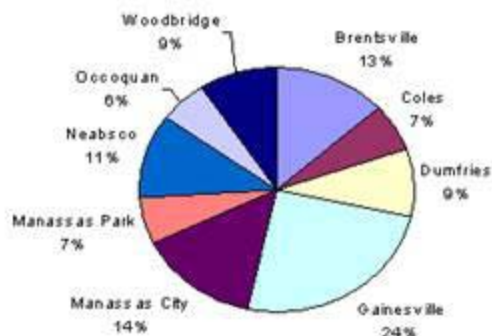
Personal Finance News

January 2010

Prince William County, Cities of Manassas, & Manassas Park

Home Foreclosure Prevention Counseling

Along with PWC funding, the VCE Financial Education Program receives grant dollars from U.S. Department of Housing and Urban Development and Virginia Housing Development Authority to provide foreclosure prevention counseling to Prince William Area residents and non-residents. In the Prince William Area, we counseled 227 clients from January 2008 through October 2009. The charts below describe the foreclosure clients served by Magisterial District and City.



Volunteer News

- Our congratulations go to Irene Antkowiak, September VCE Volunteer of the Month. Her willingness to go "above and beyond" has endeared her to Financial Education staff and clients alike, and commands our respect for her talents.
- Congratulations to Jim Marchio, November recipient of the County Executive's Volunteer of the Quarter Award for his creative and outstanding contributions in support of financial education through VCE programs and SERVE Life Skills Classes.
- Many thanks to Judy Haller, Prospect Mortgage Branch Manager, for the credit report review class she led for volunteers in October.
- Our thanks go to Felice Rollins, Director, The College Place, for the October presentation on the new Federal Student Loan Repayment plans.

Volunteer Events

Volunteers, friends and family are welcome to attend:

- In-service on Jan. 26, 7 p.m., McCoart Bldg.; Nancy Rick, CFP, on Investment and Retirement planning updates for 2010.
- Education Program Mar. 6 and 13, 9 a.m.-12:30 p.m., McCoart Bldg.; Bob Pugh on the Basics of Investing.
- RSVP and send in your questions to Robin Taylor 703.792.4765 or rotaylor@pwccgov.org.

Note that VCE does not endorse any product or service.

What You Need to Know About a Reverse Mortgage

A reverse mortgage is simply a loan homeowners make on the equity in their home that does not have to be paid back for as long as they live in the home. The money can be received as a lump sum, as a regular payment, as a "credit line" or as a combination of these payment methods - and is tax free.

No matter how this loan is paid out to you, you usually do not have to pay anything back until you die, sell your home, or permanently move out of your home. To be eligible for most reverse mortgages, you must own your home and be 62 years of age or older.

An ideal candidate for a reverse mortgage is a homeowner in his or her 70's who has few resources and needs cash for medical expenses, food, and other life necessities. There are drawbacks to reverse mortgages - they frequently have high fees and the loan must be paid back at the homeowner's death, reducing the value of the estate that can be passed on to heirs. Counseling by a HUD approved housing counselor is a mandatory requirement for all applicants before obtaining a reverse mortgage. A better informed homeowner can choose to go ahead with the reverse mortgage loan or decline it. See www.HUD.gov

Debt Cancellation after Home Foreclosure

Source: http://www.irs.gov/newsroom/article/0_id=174034.00.html

Generally, if you borrow money from a commercial lender and the lender later cancels or forgives the debt, you may have to include the cancelled amount in income for tax purposes, depending on the circumstances. When you borrowed the money you were not required to include the loan proceeds in income because you had an obligation to repay the lender. When that obligation is subsequently forgiven, the amount you received as loan proceeds is reportable as income because you no longer have an obligation to repay the lender.

The lender is usually required to report the amount of the canceled debt to you and the IRS on a Form 1099-C, Cancellation of Debt.

However, the Mortgage Forgiveness Debt Relief Act of 2007 generally allows taxpayers to exclude income from the discharge of debt on their principal residence. Debt reduced through mortgage

restructuring, as well as mortgage debt forgiven in connection with a foreclosure, may qualify for this relief.

This provision applies to debt forgiven in calendar years 2007 through 2012. Up to \$2 million of forgiven debt is eligible for this exclusion (\$1 million if married filing separately) but it must be directly related to a decline in the home's value or the taxpayer's financial condition.

Further information, including detailed examples, can be found in IRS Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments. Other related IRS publications, at www.IRS.gov, include: Pub. 523, Selling Your Home; Pub. 544, Sales and Other Dispositions of Assets; Pub. 908, Bankruptcy Tax Guide; Form 9465, Installment Agreement Request

Renter's Rights In Foreclosure

Protections are now in effect for renters of homes that have gone to foreclosure. All tenants must get a 90 day notice prior to eviction due to foreclosure. In addition (with some exceptions) tenants that have leases can continue to live in the homes until the end of the term of their lease.

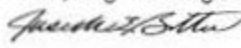
The Protecting Tenants at Foreclosure Act of 2009 was effective May 20, 2009 and is to expire December 31, 2012. For more information, go to the National Low income Housing Coalition (NLIHC) homepage at <http://www.nlihc.org/template/index.cfm>

Financial Believe It Or Not

Refundable Entrance Fee for Continuing Care Retirement Community? Before you move into a CCRC unit, read and understand the contract! You should know if the entrance fee or lifetime care fee is refundable should you move out. It is not unusual for the fee to be held until the unit is filled by a new tenant - delaying the refund for an unknown length of time!

Be careful where you click! Even the government endorsed www.annualcreditreport.com carries ads from credit bureaus for paid products or services!

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