

"As most Americans continue to sort through the ramifications of the various provisions signed into law on Jan. 2 through the Fiscal Cliff bill, there are several specifics of the agreement that directly affect homeowners. Make sure you're aware of the following as you develop your financial plan for 2013:

**Mortgage Debt Relief Act extended.** The Fiscal Cliff deal extended the Mortgage Debt Relief Act of 2007, which was scheduled to expire December 31, 2012, until January 1, 2014. This Act excludes borrowers from paying taxes on debt forgiven through a short sale, foreclosure, or loan modification.

**Tax breaks continue for most.** The "American Taxpayer Relief Act of 2012" extends current tax rates for all households earning less than \$450,000, and for all individuals earning less than \$400,000. According to the National Association of REALTORS®, for households earning above these limits, tax rates would revert to where they were in 2003, when taxes were reduced across the board. Taxpayers in the highest income brackets will pay income taxes of 39.6 percent, up from 35 percent.

**Capital gains tax rate to increase for high-income earners.** The tax rate on capital gains would also remain the same, at 15 percent, for most households, but for those earning above the \$400,000-\$450,000 threshold, the rate would rise to 20 percent.

**Mortgage insurance deductions.** Deduction for Mortgage Insurance Premiums for filers making below 110,000 is extended through 2013 and made retroactive to cover 2012.

**Energy credit extended.** The 10-percent tax credit (up to \$500) for homeowners for energy improvements to existing homes is extended through 2013 and made retroactive to cover 2012.

**Estate tax exemptions.** The first \$5 million in individual estates and \$10 million for family estates are now exempted from the estate tax. After that, the rate will be 40 percent, up from 35 percent.

As a Member of the Top 5 in Real Estate Network®, I have a wealth of real estate and homeownership information that may be of help to you. Feel free to [contact me](#) any time to learn more about this important information, and be sure to forward this article on to any friends or family that may be interested as well. "

Sincerely,

Terry Herschberger

[Terry.Herschberger@SothebysRealty.com](mailto:Terry.Herschberger@SothebysRealty.com)

Premier Sotheby's

International Realty

Office: 941-412-3179 Mobile: 941-468-8439

<http://www.terryherschberger.com/>