

Tax Credit Extension Passes; Senate OKs Flood Bill

After a close brush with a deadline that could have impacted tens of thousands of home buyers, the U.S. Congress last night passed an extension of the Home buyer Tax Credit closing deadline.

The extension is included in the Home Buyer Assistance and Improvement Act (H.R. 5623) and will prevent as many as 180,000 home buyers from losing their eligibility for the tax credit through no fault of their own. These households had home purchase contracts pending as of April 30 and had until June 30 to close on their purchases to claim the federal tax credit. Under the legislation that passed last night, these households now have until September 30 to close.

The NATIONAL ASSOCIATION OF REALTORS® supported extension of that closing deadline because buyers are experiencing delays in getting their financing closed. The delays are the result of the large number of transactions that are short sales, which can take a long time to close, and the rush of transactions lenders are processing from buyers submitting contracts before the April 30 contract deadline.

The legislation, which now goes to President Obama for signature, is designed to create a seamless extension of the closing deadline; there will be no gap between June 30 and the date the President signs the bill into law.

NAR worked closely with congressional leaders on both sides of the aisle in supporting lawmakers' passage of the legislation, which the association says will help provide additional stability to real estate markets across the nation.

Separately, the U.S. Senate also last night passed the National Flood Insurance Program Extension Act of 2010 (H.R. 5569), which extends the National Flood Insurance Program until September 30. This will allow home purchases in the 100-year floodplain to move forward. The House passed the bill last week.

When signed into law by the President, the bill, which will apply retroactively, will cover the lapse period from June 1 to the date of enactment of the extension. Without flood insurance, households buying homes in the 100-year floodplain cannot obtain mortgage financing.

More information on both pieces of legislation is at REALTOR.org.

Source: NAR