

Brought to you by: Lissette Cancio

Around the House

April 2009

Points of Interest...

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- More Tax Credits for Energy Efficient Homes
- Disputing Credit Card Charges: Know the Rules

Disputing Credit Card Charges? Know the Rules.

Did you know that under federal law, "you are entitled to an "investigation" of any dispute you make on a credit card charge...but according Chi Chi Wu, a staff attorney at the National Consumer Law Center, "you are not entitled to a "result" or explanation of how the dispute will be negotiated with the merchant.

First some details:

- You have 60 days to file a "billing dispute"
- There is no time limit for an "unauthorized use" dispute
- Credit Card Company has 90 days (or 2 billings cycles) to "respond"
- Credit Card Company has 270 days (about 9 months) to "resolve"

According to Wu, the Fair Credit Billing Act gives you the right to dispute a credit card charge (or withhold payment) only under certain circumstances.

1. Disputes must be in writing for goods/services \$50 or more and the transaction must have occurred in your home state or within a 100 mile radius of your address. If you purchased online or by phone, it meets the 100-mile rule and they are considered bonafide charges.
2. If you dispute a charge, you do not have to pay the contested amount and the credit card company cannot charge you interest. However, if you lose the dispute, they can charge you the "back" interest.
3. When you dispute a charge, you will need receipts or a copy of a contract for what services were supposed to be provided.

Credit card companies "classify" disputes into about 24 categories—like "merchandise not received" or "cancelled re-occurring transaction" but there is ONE CATEGORY where you get the greatest amount of protection, by law called "Unauthorized User". Unlike other dispute categories, you can report an unauthorized user over the phone and there is no requirement to do so within 60 days.

If all else fails, don't give up. The Better Business Bureau or your state's Attorney General may have additional laws to protect you when you dispute certain charges on your credit card!



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What You Need to Know About the \$8000 Tax Credit

Maybe you don't qualify for the new, first-time homebuyer tax credit, but I'll bet that you probably know someone who does! A friend? Relative? Someone at work? Here's the shortened version of who qualifies.

First time homebuyers who purchase a home between January 1 and December 1, 2009, can file for a tax credit of up to \$8000*. It's a true tax credit (with no repayment) and the money will be given in the form of a refund check from the IRS. While I always advise my clients to check with their tax advisor, here are the tax credit highlights and how it works.

Who is considered a first-time homebuyer?

- Anyone who has not owned a home within the last 3 years
- If married, and one person owned a home within last 3 years and the other did not; they DO NOT qualify for the tax credit
- If unmarried and buying a home together, if one person owned a home within the last 3-years and the other did not, they can "designate" the tax credit to the person who is able to claim it on their income tax return form 5405
- Parents co-signing for child buying a home ~ the child can claim the tax credit



What types of homes can you buy?

Most home types qualify as long as it will be a "primary residence" (meaning that is the address you will use when you file your income tax returns).

Single-family, townhomes, condos, manufactured homes, mobile homes and houseboats qualify!

For new construction—the home must be occupied between January 1 and December 1, 2009.

How is the tax credit figured?*

The dollar amount of the refund is based on 10% of the sales price or a maximum of \$8000. It can be claimed regardless if there is a mortgage or the buyer pays "cash" for the home.

What are the Income Limits?

This is a little more complicated and again, I suggest talking with a tax professional. The "simple" explanation is that there is an income "number" based on what the IRS calls a Modified Adjusted Gross Income (MAGI).

- Single Tax Payer: MAGI of \$75,000 or less
- Married Tax Payers: MAGI of \$150,000 or less



Here's the complicated part: A first-time homebuyer who EXCEEDS these income limits can still be eligible for a "partial tax credit" based upon a formula created by the IRS.

What You Need to Know About the \$8000 Tax Credit – Cont'd

What's My Advice?

It's best to get pre-approved for a mortgage before buying a home, regardless of whether you are a first-time homebuyer or purchasing another home. I can also refer you to tax specialists that I work with on a regular basis to determine if you (or your friends/relatives) are a candidate for this once-in-a-lifetime credit! Of course, I would appreciate it if you would refer them to me!

More Tax Credits for Energy Efficient Homes!

The Emergency Economic Stabilization Act of 2008 was signed by President Bush just before he left office and a section of this bill extended the tax credits for energy efficient home improvements, new homes built with energy efficient systems and certain hybrid vehicles.

The maximum tax credit for certain home improvement, energy-efficient upgrades are \$500 for 2009 and covers those made between January 1 to December 1, 2009. For a detailed list of categories and tax credit dollar amounts, visit www.energystar.gov. For example:

- Exterior Doors or storm doors – up to \$500
- Insulation – up to \$500
- Asphalt or metal roofs – up to \$500



Another tax credit, completely separate from the home-improvement credit, is up to \$2000 for a Solar Energy System.

You can also claim additional tax credits for hybrid cars using electric, a combination of gas/electric, diesel, alternative fuel and fuel cell vehicles. Tax credit dollar amounts range from \$2,500 to \$7,500 depending upon the type of car, truck, fuel used, etc. Most car dealers know which cars qualify!

Check with your tax adviser. When you visit the website mentioned above, it outlines exactly "what" qualifies, including the tax form number you would use to claim the credit when filing your 2009 tax returns.

How has the new Stimulus bill affected the tax credits for energy efficient home improvements?

The highlights are:

- The tax credits that were previously effective for 2009, have been extended to 2010 as well.
- The tax credit has been raised from 10% to 30%.
- The tax credits that were for a specific dollar amount (ex. \$300 for a CAC), have been converted to 30% of the cost.
- The maximum credit has been raised from \$500 to \$1500 for the two years (2009-2010). However, some improvements such as a geothermal heat pumps, solar water heaters, and solar panels are not subject to the \$1,500 maximum.
- The \$200 cap on windows has been removed.

About Lissette Cancio.....

Lissette Cancio is an Experienced Mortgage Professional dedicated to putting her clients FIRST. She strives to build long-term relationships by helping clients achieve their goals and upholds a culture based on integrity and fair dealings. She feels that keeping her clients informed about new loan programs, ways to improve credit, and tips on managing their financial well-being are critical in maintaining good relationships. Once you join her team, you will fully experience what it means to have your needs put first.

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