



Senate Approves Extension of Tax Credit Closing Deadline

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The U.S. Senate has passed an amendment that would extend the closing deadline of the homebuyer tax credit by three months.

Right now, qualifying homebuyers who were under contract by April 30 have until June 30 to close the deal. But because of the large volume of applications for lenders to process, concerns have begun to surface that some buyers may miss out on the tax break simply because of the backlogged pipeline

The National Association of Realtors (NAR) says it has received reports that as many as a third of the buyers eligible for the credit have already been notified by their lender that they won't make the June 30 closing deadline.

The Senate's amendment, approved Wednesday by a vote of 60 to 37, would give homebuyers and their lenders until September 30 to complete their transactions.

The extension was proposed by Senate Majority Leader Harry Reid, whose home state of Nevada still holds the title of one of the most distressed housing markets in the country

Reid says not only did the tax credit make it easier for thousands of Nevadans to purchase their first home, it helped reduce the state's overblown inventory of residential properties.

But a statement on his Web site warns, "There is growing concern that because of the time it takes for banks to complete transactions such as short sales, many of these home purchases would not be complete before the deadline through no fault of the homebuyer."

The measure granting an extension is part of a larger \$140 billion jobs and tax bill currently under consideration by the Senate. A Senate vote on the full legislation is expected to come later this week or next week, and then it will be sent to the House for review.

"If Congress fails to act promptly, then prospective homebuyers might not get the benefit of the homebuyer tax credit, even though they have completed contracts," NAR stressed in a recent letter to lawmakers.

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