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EINHORN, HARRIS, ASCHER, BARBARITO & FROST, PC

Practice in focus

Real Estate

Tax Credits and Deadlines

The North Jersey newspaper, *The Daily Record*, reported in August that: "First-time buyers are searching for homes with a growing sense of urgency, worried that time is running out on an \$8,000 federal tax credit."

News that the economy is improving might be the "stimulus" for the housing market heat-up, but some are still taking a wait-and-see approach. If you are a first-time buyer, however, waiting is probably not the best option this year.

The federal tax credit officially expires on December 1, but you'll need to move fast in making a buying decision. To qualify for the credit, you must have a real estate *closing*, which is the finalizing of the sale of a property, as its title is trans-

ferred from the seller to the buyer.

To qualify, **The Housing and Economic Recovery Act** does not accept a loan approval, offer or contract. Because a real estate closing can take 45 to 60 days after you sign a contract, to meet the December 1 deadline for the tax credit, you'll have to sign in September or early October.

Here are some important questions and answers about the First-Time Home Buyer Tax Credit.

Are you eligible?

First-time home buyers purchasing any kind of home "new or resale" are eligible for the tax credit. The law defines "first-time home buyer" as a buyer who has not owned a principal residence during the three-year period prior to the purchase. For married taxpayers, the



law tests the homeownership history of both the home buyer and his/her spouse.

How much is the credit?

The tax credit is equal to 10 percent of the home's purchase price up to a maximum of \$8,000.

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Tax Appeals. What property owners should know:

In order to prepare for a tax appeal hearing, there's a great deal a property owner should know. Here are some key points to remember as published in the

NJ State Guide to Tax Appeal Hearings:

✓ Property taxes are the

result of the local budget process and may not be appealed but the property's assessment may be.

✓ You must prove that your property's assessed value is unreasonable compared to a market

value standard.

✓ An assessment is an opinion of value by a licensed professional. For an assessed value to be considered excessive or discriminatory, you must prove that the

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NJ Real Estate In the News...

"Rising housing sales encouraging, but market still has more ebbs to overcome"
By Lisa Fleisher, *The Star-Ledger*
Sunday, August 9, 2009

Pru sees challenging real estate environment in quarterly outlook"
By João-Pierre Ruth
NJBIZ, August 10, 2009

An Appeal for a Better Real Estate Tax System [NJ]
By Janet Armuth Wolkoff; *The New York Times* "The Local" online, August 5, 2009

How Effective are Tax Appeals?

Here are some statistics for Morris County, NJ
Tax Year: 2009

Total Appeals Filed 2,981

178 had Assessed Valuations Revised by the Board
781 had Assessed Valuations Affirmed by the Board
1,337 had stipulated agreements between the tax assessors and property owners

1 Farmland Assessment was granted by the Board
7 Farmland Assessments were denied by the Board
677 were dismissed, withdrawn or other disposition

Source: Annual Report, Morris County Board of Taxation

Tax Credits and Deadlines

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Are there income limits?

Yes. The income limit for single taxpayers is \$75,000; the limit is \$150,000 for married taxpayers filing a joint return.

How do I claim the tax credit? Do I need to complete a form or application?

Participating in the tax credit program is easy. You claim the tax credit on your federal income tax return.

What types of homes will qualify for the tax credit?

Any home that will be used as a principal residence will qualify for the credit.

Is a tax credit the same as a tax deduction?

No. A tax credit is a dollar-for-dollar reduction in what the taxpayer owes. That means that a taxpayer who owes \$8,000 in income taxes and who receives an \$8,000 tax credit

would owe nothing to the IRS.

There are many more issues related to this tax credit and you may have further questions. Please call your attorney at Einhorn Harris for additional answers and information.

(source: Nat'l Assoc. of Home Builders:
http://www.federalhousingtaxcredit.com/2009/faq.php)



Commercial Real Estate Newsclip:

According to MIT Real Estate Professor David Geltner, who was recently interviewed on Fox Business News, low prices will trigger an upturn in the commercial real estate market. Geltner, who helped develop the Moody's commercial price index, feels that the "fundamental factor is falling prices." Prices are down 35% from their peak and Geltner says prices are near bottom and even though transaction volume is still low, because volume is triggered by prices, as buyers jump in, volume should rise.

If you are in the market to buy or sell commercial real estate, contact an attorney at Einhorn Harris for legal guidance.

Tax Appeals. What property owners should know:

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assessment does not fairly represent one of two standards: "True Market Value" or "Current Level Range."

- ✓ As the appellant, the burden is on you to prove that your assessment is in error, unreasonable, excessive, or discriminatory.
- ✓ Tax appeals must be filed annually on or before April 1st or within 45 days of the bulk mailing of the Assessment

Notices; or May 1st where a municipal-wide revaluation or municipal-wide reassessment has been implemented.

- ✓ All evidence must be submitted to the Assessor and Tax Board at least 7 days prior to the hearing.
- ✓ October 1 pre-tax year is the annual "assessment date," and all evidence for a tax appeal should precede the Oct 1 assessment date, including property sales used for comparisons.

WSJ reported a story* about Nick Osnato, a real-estate appraiser in Egg Harbor Township, N.J., who said he conducted a tax appeal in March and succeeded in getting his tax assessment lowered by \$30,000, saving him about \$150 a month in property taxes. He looked for sales of homes comparable to his that had a lower tax assessment and that motivated him to act.

*"Using the Rout in Housing to Lower Taxes New Tools Help Owners Get Reduced Valuations; Saving Big in New Jersey", Wall Street Journal, July 16, 2009 by M.P. McQueen.

"As the appellant, the burden is on you to prove that your assessment is in error."

Real Estate, Zoning, Land Use: Who we are and what we do....

We are a full-service real estate department, experienced in all aspects of real estate law, including: negotiating and preparing contracts for purchase and sale of residential and commercial real estate, representing landlords and tenants in negotiations and preparation of leases, and representing borrowers and lenders regarding loans secured by real property. We protect our clients' interests in a dispute, avoiding costly litigation when possible.

Our zoning and land use attorneys navigate the complicated fields of zoning, ensuring our clients' properties can be used as intended.



Theodore E.B. Einhorn, Esq.

Founder of the firm, Ted Einhorn, has extensive experience in land use, zoning and environmental matters. Formerly a Municipal Attorney for Rockaway Twp. Netcong Borough and Denville Twp.



Jason R. Rittie, Esq.

Jason Rittie practices primarily in land use and zoning, real estate and corporate law. He has extensive experience in real estate matters, including tax appeals. Jason was admitted to the New Jersey bar and U.S. District Court District of New Jersey in 1999 and the New York bar in 2000.

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