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### JBN Practice Areas

- Banking Law
- Business Law
- Debt Collection
- Employment Law
- Estate Planning
- Guardianships
- Landlords' Rights/Evictions
- Local Government
- Litigation
- Probate
- Real Estate
- Taxation
- Title Insurance

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# Johnson, Bunce & Noble, P.C.

## Client Newsletter

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## 2008–2009 Tax Law Brief

### Housing and Economic Recovery Act of 2008

What a whirlwind year! Reacting to the slump in housing sales, the “credit crunch”, and the increasing unemployment numbers, Congress passed this Act. The Act includes \$15.1 billion in tax incentives which target home ownership and housing.

First, the First-Time Homebuyer Tax Credit, gives first-time homebuyers a temporary refundable tax credit equal to 10% of the purchase price of the home, up to \$7,500 (\$3,750 for married individuals filing separately). Of course, the credit begins to phase out for certain taxpayers depending on their adjusted gross income level. The buyer must have purchased the home after April 9, 2008 and before July 1, 2009.

However, the credit is structured like an interest-free loan in that it must be paid back in 15 equal installments over 15 years.

Second, the Act allows for a property tax deduction for non-itemizer taxpayers for the year 2008 only. This provision changes the current law, which provides for only itemizers to deduct real property taxes.

The new law gives non-itemizers a limited deduction for state and local real property taxes. This is accomplished by the lesser of:

1. The amount of real property taxes paid during the year, or
2. \$500 (\$1,000 for married couples filing jointly).

The most likely candidates for this deduction will include those people who own a home and no longer itemize deductions on their tax return.

### 2009 Estate & Gift Tax

Several changes to the federal and state estate and gift tax will go into effect on January 1, 2009.

First, the Federal Estate Tax

Exemption (a/k/a the “death tax”) will increase to \$3.5 million from the current \$2.0 million. The tax rate will remain at 45%.

Second, the Illinois Estate Tax exemption will remain at \$2.0 million, so estates may, for the first time in a while, not owe Federal Estate Tax but owe Illinois Estate Tax. Additionally, the credit previously allowed on the Federal return for State estate taxes paid has been eliminated and replaced with a deduction instead.

Third, the lifetime gift tax exemption will remain at \$1.0 million, but the annual gift tax exclusion will increase to \$13,000 (it is currently \$12,000).

Fourth, the Generation Skipping Tax will increase to \$3.5 million.

There are numerous other tax law changes. For more information, please contact JBN.

### - FREE BUSINESS SEMINAR -

On Saturday, January 17, 2008, JBN will host, in conjunction with three area professionals, a free “Basics of Business” seminar. This seminar is intended to help educate individuals who are interested in starting a business learn about the process. The event will be held at Barack’s Cater Inn in Peoria, Illinois and will run from 8:15 AM to 12:00 PM, and will include breakfast. For more information, go to: [www.peorialawyers.com/seminar](http://www.peorialawyers.com/seminar)

## Real Estate—What Should a Seller Do About Asbestos?

### What is Asbestos?

Asbestos contamination in the home is another example of how the use of a product (asbestos) in what previously thought was beneficial turned out instead to be a potential detriment to the health of our families.

Asbestos is a mineral fiber that has wonderful properties for fire resistance, heat insulation and strength when added to other fibers.

### What should a seller do with Asbestos contamination?

All the literature recommends that if the asbestos is in good condition that you should leave it alone. It is only asbestos that is damaged to such an extent that fiber is released into the air that creates a health hazard.

In Illinois, a seller must reveal any knowledge of asbestos in the Illinois Residential Disclosure form. Failure to do so can allow a home buyer to sue on the basis of the Disclosure form for up to one year and recover attorney fees. There are other theories of recovery for a buyer with longer statute of limitations. Even if the seller was not aware of asbestos contamination, the seller may have to spend time and money convincing a court of this lack of knowledge when an angry buyer discovers and sues for asbestos contamination.

Although I do not suggest to home sellers that they go out and specifically look for asbestos, if the seller is definitely aware of asbestos,

they should consider its removal prior to offering their home for sale.

The revelation of asbestos will scare off many buyers. Asbestos, whether considered safe by the EPA or not, will always be a detriment to a home sale.

For example, I recently had a client with asbestos roofing material. The home owner decided to remove and replace the roofing by a certified asbestos roofing contractor in part because of concern for resale later. Additionally, asbestos roofs are difficult to repair as the nails start to rust out so that the shingles move and the roof leaks. It's better to be safe than sorry, especially where asbestos is involved.

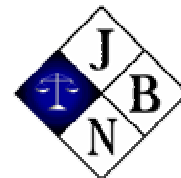
*This article was written by Patrick T. Chambers. Pat focuses his practice in the areas of residential and commercial real estate, including title insurance, and estate planning.*



**DISCLAIMER:** Nothing in this newsletter should be relied upon as legal advice. Please consult our office for legal advice tailored to your specific factual situation.

**ONLINE NOTE:** This newsletter is also available online at: [www.peorialawyers.com](http://www.peorialawyers.com).

- **Johnson, Bunce & Noble, P.C. and JBN Title Services, Inc. thank you for another successful year. On behalf of everyone here, Happy Holidays!**
- **On January 17, 2008, JBN will host "Basics of Business", a seminar for those starting a business. For more, go to [www.peorialawyers.com/seminar](http://www.peorialawyers.com/seminar)**



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