

Within three hours has been up with a way out of the confusion over the new Economic Tax Incentive Act of 1978 — at least for some of the 10,000 tax preparers.

According to Philip Witt, vice president of the Tax and president of Home Builders Association of Metropolitan Denver on its Roundtable Square, Pleasant Hill said Arthur Davis believes the company will "pay a sum equivalent to 2 per cent of the purchase price" to the residential holder of any first lien mortgage or first deed of

trust for the sole purpose of being applied as a balance of the principal balance of the loan. If there is no first mortgage or deed of trust, the 2 per cent will be paid directly to the purchaser.

What that means is that if the loanholders do not qualify for the tax reduction rebate associated with second mortgages, the company itself will pay it.

"We have been working hard trying to get clarification on the credit plan," Witt reported, "and based on what we have found we believe the loanholders qualify for a

credit plan. We want to protect our buyers if that's the case."

The company bill was part of the tax package introduced by President Carter's end of March.

As announced by the President, the plan would provide a 6 per cent tax credit up to \$1,000 for the purchase of a new home between March 12, 1978, and Jan. 1, 1981. It applies to single family homes, condominiums and townhomes but it requires the buyer to use the home as a primary residence for at least three years.

From the beginning, the

anticipation of the bill have plagued the home builders' legal departments. Nothing was spoken of in the bill. There was no clear definition of a housing start but the service that requires that the new home be sold at the lowest price at which it has ever been offered has been the most contentious.

That section still is causing primary because some builders have been building the same model for years and to go back to the original price in view of rising costs of materials and labor plus

land would be impossible. "That's all we can do pending the release of regulations by the Internal Revenue Service clarifying the anticapture," Witt said. "The fact we can make no representation as to a tax credit resulting from the purchase of a home."

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