



*Bill Nelson
U.S. Senator*

I am proud to represent Floridians in the U.S. Senate, where one of my goals is to make sure our state receives its fair share of federal funds. These funds give our cities and communities the tools necessary to improve the quality of life for all Floridians. And as law enforcement now plays a greater role in the fight against terror, I understand the importance of making sure you receive adequate federal resources.

U.S. Senator Bill Nelson is a member of the Senate's Armed Services, Finance, Commerce, Intelligence, Aging and Budget Committees.

“Instead of being disappointed about where you are, be optimistic about where you are going.”

~ Jon Gordon

From Washington D. C.

Legislative News for PBA

The Fraud Enforcement Recovery Act

In a year where health care dominated the debate in Congress last May's passage of a new law aimed at curbing financial fraud largely went unnoticed.

The Fraud Enforcement Recovery Act (FERA) is among several measures Congress has passed to help get to the root of the problems that caused the collapse of the housing and financial markets.

The law aims to prevent financial and mortgage fraud by making federal criminal statutes regarding financial fraud applicable to mortgage lenders. It also extends the prohibition against making false statements on a mortgage application and extends federal securities fraud statutes to cover commodities such as derivatives made up of mortgage backed securities.

In the years leading up to the housing crisis, mortgage lenders increasingly relaxed their rules relating to loan standards with some going so far as to even ignore warning signs in mortgage applications. For instance, there has been widespread reporting of mortgage companies offering so-called "liars loans" where lenders either ignored

a person's income or knew such information was false. In many of these instances, lenders would often overlook such false information in order to push people into bigger, more expensive homes. The result: once the interest payments on these mortgages started to balloon and homeowners could no longer make their mortgage payments, people started to lose their homes.

FERA also attempts to get at the very root of what caused the financial crisis. It established the Financial Crisis Inquiry Commission which is tasked with examining the causes of the financial and economic crisis – including accounts of fraud and abuse in the financial and mortgage sectors.

In January of this year, the commission held its first public hearings and is scheduled to submit a final report of its findings by the end of the year. I look forward to the

commission's final report and I will continue to work with law enforcement then with whatever tools are needed to crackdown on financial and mortgage fraud. ●

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IRS TAX TIP: TT-2010-12 Tax Credit Helps Pay for Higher Education Expenses

The American Recovery and Reinvestment Act was passed in early 2009 and created the American Opportunity Credit. This educational tax credit – which expanded the existing Hope credit – helps parents and students pay for college and college-related expenses.

Here are the top nine things the Internal Revenue Service wants you to know about this valuable credit and how you can benefit from it when you file your 2009 taxes.

1. The credit can be claimed for tuition and certain fees paid for higher education in 2009 and 2010.
2. The American Opportunity Credit can be claimed for expenses paid for any of the first four years of post-secondary education.
3. The credit is worth up to \$2,500 and is based on a percentage of the cost of qualified tuition and related expenses paid during the taxable year for each eligible student. This is a \$700 increase from the Hope Credit.
4. The term "qualified tuition and related expenses" has been expanded to include expenditures for required course materials. For this purpose, the term "course materials" means books, supplies and equipment required for a course of study.
5. Taxpayers will receive a tax credit based on 100 percent of the first \$2,000 of tuition, fees and course materials paid during the taxable year, plus 25 percent of the next \$2,000 of tuition, fees and course materials paid during the taxable year.
6. Forty percent of the credit is refundable, so even those who owe no tax can get up to \$1,000 of the credit for each eligible student as cash back.
7. To be eligible for the full credit, your modified adjusted gross income must be \$80,000 or less -- \$160,000 or less for joint filers.
8. The credit begins to decrease for individuals with incomes above \$80,000 or \$160,000 for joint filers and is not available for individuals who make more than \$90,000 or \$180,000 for joint filers.
9. The credit is claimed using Form 8863, Education Credits, (American Opportunity, Hope, and Lifetime Learning Credits), and is attached to Form 1040 or 1040A.

For more information about the American Opportunity Tax Credit visit the IRS Web site at www.irs.gov/recovery.

LINKS:

- The American Recovery and Reinvestment Act of 2009: Information Center (www.irs.gov/newsroom/article/0,,id=204335,00.html)
- American Opportunity Credit (www.irs.gov/newsroom/article/0,,id=205674,00.html)
- Form 8863, Education Credits (<http://www.irs.gov/pub/irs-pdf/f8863.pdf>)

**Need to contact the PBA?
Call: 1-800-733-3722**