

***The Tax Review* Foreclosures, Repossessions, and Cancelled Debt Learning Objectives/ Table of Contents**

Chapter

1 Cancelled Debt

- 1-A** Differentiate between recourse and nonrecourse debt.
- 1-B** Identify characteristics of Forms 1099-A and 1099-C.
- 1-C** Recognize why a taxpayer may receive both Forms 1099-A and 1099-C or just Form 1099-C.
- 1-D** Identify differences in how nonbusiness debt, business debt, and shareholder debt are reported.
- 1-E** Determine how to properly report debt cancellation and sales or other dispositions of property securing the debt.

2 Cancelled Debt as Income

- 2-A** Identify the tax effects of discounts and loan modifications.
- 2-B** Recognize the various provisions of the Making Home Affordable Program.
- 2-C** Apply exceptions to cancelled debt as income.
- 2-D** Identify exclusions from cancellation of debt income specific to bankruptcy and insolvency.
- 2-E** Identify exclusions from cancellation of debt income specific to real property and farming.

3 Foreclosures and Repossessions

- 3-A** Recognize tax effects of the Mortgage Forgiveness Debt Relief Act.
- 3-B** Recognize the reporting requirements regarding the abandonment, foreclosure, or repossession of the taxpayer's main home and any associated cancelled debt.
- 3-C** Distinguish between foreclosures and short sales.
- 3-D** Identify the requirements for filing information returns that a seller or lender might have when property that is collateral for a loan is abandoned, foreclosed, or repossessed.
- 3-E** Identify the tax effect on the seller or lender when property that is collateral for a loan is abandoned, foreclosed, or repossessed.

4 Form 982

- 4-A** Identify required tax attribute reductions resulting from exclusions of debt cancellation income.
- 4-B** Determine how to apply the election to reduce basis first when excluding debt cancellation income.
- 4-C** Determine the extent to which a taxpayer is insolvent.
- 4-D** Recognize the different elections that are available with Form 982.
- 4-E** Identify how the different types of cancelled debt affect the order of tax attribute reductions.