

REAL ESTATE Connection

Buy Smart. Sell Smart. Live Smart.



HOUSING RECOVERY

The passage of the Housing and Economic Recovery Act of 2008 should not only benefit hundreds of thousands of home buyers and sellers, it also marks the beginning of the next real estate cycle. Two of the most significant provisions in this legislation are first-time home-buyer tax credits and permanent increases to FHA loan limits.

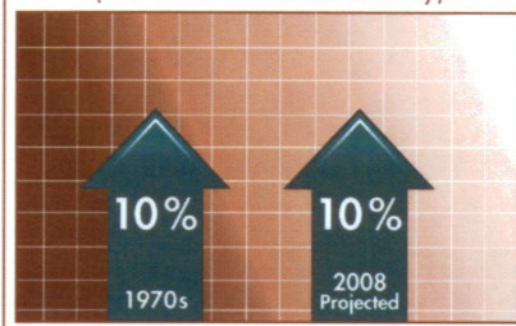
In order to qualify for the **first-time home-buyer tax credit** of 10% of the home purchase price (up to \$7,500), buyers must not have owned property within the last three years and must make their purchase between April 9, 2008 and July 1, 2009. The credit phases out for individuals making more than \$75,000 or joint filers making more than \$150,000 a year. The credit functions much like an interest free loan from the government. It is not a tax deduction and must be paid back in equal installments over 15 years.

The last time the government passed a tax credit for home buyers in the 1970s, 535,000 people took advantage of it, sales of homes increased 10%, and inventory of new homes on the market went from over 10 months to under 6.

Increasing FHA loan limits to as much as \$625,000 (varies by area) will help many potential borrowers qualify for affordable mortgages. Loan limits in our area are \$xxx,xxx.

HOUSING TAX CREDIT

(The effect on market activity)



While there is a good selection of homes in the more affordable price ranges, there is not an overabundance. Homes in the more affordable price ranges will only go up over this next ten-year housing cycle. The ripple effect of increased sales in the more affordable markets will eventually cause a chain reaction of sales up the price points, helping to stabilize the entire housing economy.

If you are interested in learning more about how this new legislation could affect you and your home, please feel free to contact me. I would be happy to answer your questions or put you in touch with a Response Mortgage consultant who can discuss financing options with you.

John L. Scott
REAL ESTATE