

Real Estate Newsletter

Tim & Pat Buffham

Office: 952-945-3109 Cell: 612-799-5255

E-mail: thebuffhams@comcast.net

What the Housing and Economic Recovery Act of 2008 Means for You

Good news has made its way into the real estate arena this summer -- in the form of the Housing and Economic Recovery Act of 2008. What does this Act mean for you? It means a lot if you are in the market to be a first time homebuyer -- up to a \$7,500 tax credit if you purchase before July 1, 2009. And there's more good news. First time homebuyers is defined as, "a buyer who has not owned a principal residence during the three-year period prior to the purchase."

This means for all those markets that have started to stabilize, now could be a great time to buy. Let's take a closer look at just what this new incentive entails. In order to receive the tax credit you must have purchased your home -- single-family detached, townhouses and condominiums, manufactured homes and houseboats between April 9, 2008 and July 1, 2009. Purchase being the closing date. You must also meet income requirements. But even if you are over the modified adjusted gross income level of \$95,000 (single) or \$170,000 (married), you may be able to receive partial tax credits. The full amount of credit is available for individuals with adjusted gross income of no more than \$75,000 (\$150,000 on a joint return). This phases out above those caps (\$95,000 and \$170,000, respectively).

And getting started with the tax credit program is simple. You claim the tax credit on your federal income tax return. That's it. It doesn't require any other confusing, fancy paperwork. You can even access the funds quick, instead of waiting to file your return. The NAHB reports, "Buyers who believe they qualify for the tax credit are permitted to reduce their income tax withholding. Reducing tax withholding (up to the amount of the credit) will enable the future home buyer to accumulate cash by raising his/her take home pay. This money can then be applied to the down payment. Buyers should adjust their withholding amount on their W-4 via their employer or through their quarterly estimated tax payment. IRS Publication 919 contains rules and guidelines for income tax withholding."

What's tricky about this Act -- its a tax *credit*, meaning that you must repay the government either over the next 15 years (no interest charged), or when you sell the home, if there were sufficient capital gains from the sale.

The NAHB gives this example, "A home buyer claiming a \$7,500 credit would repay the credit at \$500 per year. The home owner does not have to begin making repayments on the credit until two years after the credit is claimed. So if the tax credit is claimed on the 2008 tax return, a \$500 payment is not due until the 2010 tax return is filed. If the home owner sold the home, then the remaining credit amount would be due from the profit on the home sale. If there was insufficient profit, then the remaining credit payback would be forgiven."

So why do you have to repay this credit? Because this is just that, a credit, not a deduction. The government's hope is that this credit will stimulate the housing market and in turn the economy. By providing first-time home buyers with a little financial boost remember it's interest free -- it could do just that.

by Carla L. Davis, Managing Editor for Realty Times

Real Estate Newsletter Volume Seventy-Nine

Share Yourself

~Mac Anderson Author *Simple Truths*

One of my favorite habits in life is waking up early on Sunday morning, getting the Sunday paper, making a hot cup of coffee, and kicking back to read about what's going on in the world. It's my quiet time ... my time alone to reflect and relax.

One Sunday morning about halfway through my little ritual, I spotted a headline that read "Graduating Student Credits His 'Angel' " and I began to read.

A young man who was graduating from college told the story about how Oral Lee Brown was his "Real-Life Angel." In 1987, Brown, a real estate agent in Northern California, saw a young girl in her neighborhood begging for money.

When she went to the school the girl had claimed to attend, Brown couldn't find her, but that day she made a decision that would change the lives of many other children forever. She adopted an entire first-grade class in one of Oakland's lowest-performing schools, and she pledged that she personally would pay for anyone who wanted to attend college.

This would be a great story even if Oral Lee Brown were independently wealthy; however, it is a much greater story considering she was a former cotton picker from Mississippi, making \$45,000 a year and raising two children of her own.

Brown lived up to her pledge. Since 1987, she's personally saved \$10,000 a year while raising donations for her "adopted first-grade kids." And because of her tremendous act of unselfish love, children who could have been "swallowed by the streets" are now graduating from college to pursue their dreams.

We all seek our purpose in life. Most of us wonder how we can make a positive difference during our brief time on this earth. But asking and doing are different things.

It's hard to imagine that Oral Lee Brown wouldn't have a wonderful positive attitude, because she has thought less about herself and more about others. This, in my opinion, is a "little secret" that many people never quite understand about life.



Buffham[↑]
Bulletin

14451 Highway 7
Minnetonka MN 55345

Minnetonka Office
952-945-3109
Tim & Pat Buffham



~ Monthly Featured Homes ~

10539 Scott Avenue N, Brooklyn Park



Fabulous custom 2-story home featuring a large main floor family room, open kitchen with breakfast bar, informal dining room and four season porch! Four bedrooms on upper level including large master bedroom with private bath and walk-in closet.

6502 108th Trail N, Brooklyn Park



Beautiful Novak Fleck model, just waiting for you to call it home! Hardwood floors, large kitchen with center island, granite countertops and pantry. Four season porch with vaulted ceilings! Large master bedroom with his/her closets. Upper level laundry! Upgrades galore!

If you or anybody you know might be interested in one of these featured homes, please give us a call at 952-945-3109.