

Real Estate Newsletter

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Housing and the Obama Stimulus Package - Status Report

Here's our take on the Stimulus Bill and Treasury announcements made this week. We look at the Stimulus package AND the Treasury's package holistically, in compliment with each other - mostly because that's how the Obama team is looking at it. Your representatives, the NAR Board of Directors, asked us in November to do 4 things (with an unspoken but clearly understood mandate to PRESERVE what we already have). Here they are: 1) get loan limits raised for high cost areas, 2) make the \$7,500 tax credit NOT a loan, 3) try to find ways to push interest rates down (which are higher than they should be due to systemic risk right now) by 200 basis points, and 4) help provide solutions to the foreclosure/short sale problem.

So here's what we have achieved: 1) the loan limits will be raised to \$727,000 in high cost areas, 2) the tax credit will be raised to \$8,000 with NO payback [a true credit], 3) interest rates have come down 125-150 basis points, and 4) the bill has over \$50 billion in it for foreclosure mitigation, with Geitners Treasury plan signaling that the second half of TARP and TALF will be used to mitigate foreclosures through a government guarantee, drive down interest rates by buying another \$200-300 billion of mortgage paper from the GSES's thereby freeing them up to do the same with new mortgages, and Fannie has just agreed to lift the cap of 4 investment properties eligible for loans and raise it to 10.

In addition, we preserved what we have - which some tend to forget is always on the table when these negotiations start up again - mortgage interest deductibility, real estate tax deductibility, and the \$250,000/\$500,000 cap gains exclusion (an overall package worth more than \$100 billion and for some a very attractive funding source for their pet projects).

We did make a run at the \$15,000 credit -- and we would have loved to have gotten that or the Homebuilders \$22,000 credit idea as well as their 5 year loss carryback deal, but they were considered too rich for this program. What it did do though is totally take the debate off of whether a tax credit should be reinstated at all (it expired last year) and whether it was a true credit or a repayable loan, and kept the conversation on how much it should be. It also kept the debate off of 'what we are willing to give up to get a \$15,000 tax credit' and kept the debate again, on how much it should be. It's pretty hard to complain when they give you what you ask for and you lose something you never had. While we study the Treasury specifics on their major role in providing the rest of the housing solution -- there is much more to come and we are working diligently with the Administration to help 'unclog the pipeline' and get capital flowing into housing again.

~ Excerpt from the President of the National Association of Realtors update to all Realtors on the Obama Stimulus Package.

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Love, Wealth and Success

A woman came out of her house and saw 3 old men with long white beards sitting in her front yard. She did not recognize them. She said "I don't think I know you, but you must be hungry. Please come in and have something to eat." "Is the man of the house home?", they asked. "No", she said. "He's out." "Then we cannot come in", they replied. In the evening when her husband came home, she told him what had happened. "Go tell them I am home and invite them in!"

The woman went out and invited the men in. "We do not go into a House together," they replied. "Why is that?" she wanted to know. One of the old men explained: "His name is Wealth," he said pointing to one of his friends, and said pointing to another one, "He is Success, and I am Love." Then he added, "Now go in and discuss with your husband which one of us you want in your home."

The woman went in and told her husband what was said. Her husband was overjoyed. "How nice!!", he said. "Since that is the case, let us invite Wealth. Let him come and fill our home with wealth!" His wife disagreed. "My dear, why don't we invite Success?" Their daughter-in-law was listening from the other corner of the house. She jumped in with her own suggestion: "Would it not be better to invite Love? Our home will then be filled with love!"

"Let us heed our daughter-in-law's advice," said the husband to his wife. "Go out and invite Love to be our guest." The woman went out and asked the 3 old men, "Which one of you is Love? Please come in and be our guest" Love got up and started walking toward the house. The other 2 also got up and followed him. Surprised, the lady asked Wealth and Success, "I only invited Love, Why are you coming in?" The old men replied together: "If you had invited Wealth or Success, the other two of us would've stayed out, but since you invited Love, wherever He goes, we go with him. Wherever there is Love, there is also Wealth and Success!!"

OUR WISH FOR YOU...

- *Where there is pain, we wish you peace and mercy.
- *Where there is self-doubt, we wish you a renewed confidence in Your Ability to work through them.
- *Where there is tiredness, or exhaustion, we wish you understanding, patience, and renewed strength.
- *Where there is fear, we wish you love and courage.



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~ 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. Price reduced, finished basement included!

4340 North Shore Drive, Orono



Fabulous 4 bed/ 3 bath walk out rambler located on a 1-acre lot with woods & expansive views of Lake Minnetonka (Forest Lake Bay). Hardwood floors, cozy wood burning fireplace in Great Room and in lower level family room, walk out to the lakeside & lower level deck. Award winning Westonka Schools or open enrollment for Orono schools is available. 10 minutes from downtown Wayzata.

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