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TAX CREDIT CAN BE USED AT CLOSING

Find out what the guidelines are for the \$8000 tax credit

PREMIER PROPERTIES SNAPSHOT

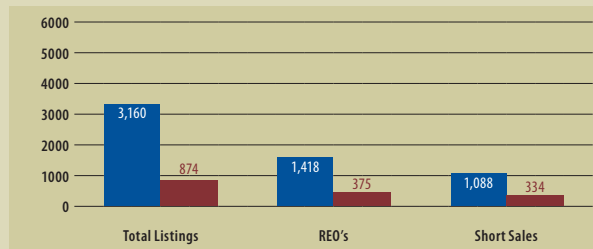
“SHOW ME THE MONEY”

Making Home Affordable Program

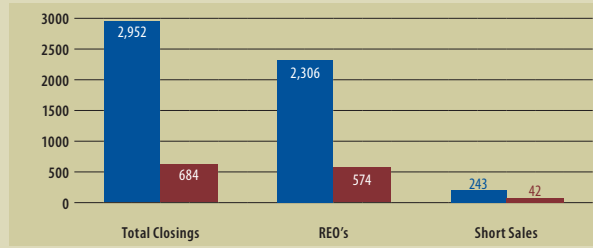
CONDOS—THE NEW COLLEGE STUDENT HOUSING!

Purchasing a condo can cut monthly on-campus housing costs

MAY 2009 NEW LISTINGS



MAY 2009 CLOSINGS



■ Single-Family Homes ■ Condo/townhomes

Source: Windermere Real Estate. All figures as of May 31st.

TAX CREDIT CAN BE USED AT CLOSING

According to an FHA document released on May 29th, first-time buyers using FHA financing will be able to use their \$8,000 federal housing tax credit at the closing table, rather than waiting for a tax refund.

First Time Buyers Can Apply to Use Tax Credit

The program will allow all first-time buyers using FHA mortgages to apply their tax credit at closing, not just FHA borrowers working with a state housing finance agency. Many such agencies have already established programs that allow borrowers to do just that.

How It Works

- Buyers cannot use the tax credit as part of the initial 3.5% down payment required for an FHA mortgage.
- Lenders, agencies, and others will be allowed to purchase the credit from buyers, who can then use the proceeds for closing costs or to increase their down payment beyond the 3.5%.
- Lenders and agencies will then be able to convert the tax credit into a second lien on the property. If a borrower fails to repay the tax-credit advance by the agreed-upon date (i.e. sending a check after their federal tax refund arrives), then the loan will convert to a second mortgage.
- Lenders and agencies can either require monthly payments on this loan or simply hold it as a “soft” second, receiving the proceeds when the home is next sold.

Other Guidelines

Buyers cannot combine the tax credit advance and an FHA mortgage to get “cash back” on their loan. They also cannot borrow more for the tax-credit-funded second mortgage than the total required for their down payment, closing costs and prepaid expenses.

For further information, please contact your lender.

PREMIER PROPERTIES SNAPSHOT

In May 2009, the Premier Properties (\$1 million or more) showed 92 new listings; 8 were short sales and 1 was bank-owned. There were 14 closings for May; 1 of them was bank-owned. The highest closing for May listed at \$14,500,000 and sold for \$9,500,000. The average days on market for luxury homes is 373 days.

“SHOW ME THE MONEY”

Making Home Affordable Program

The stimulus money has arrived for some home owners. The plan being introduced by the Obama Administration is called “Making Home Affordable.” This program was created to address key problems and get our economy back on track. The hope of this program is to stabilize our housing market and help 7 to 9 million Americans reduce their monthly mortgage payments to more affordable levels.

The Home Affordable Refinance Program gives 4 to 5 million homeowners, with loans owned or guaranteed by Fannie Mae or Freddie Mac, an opportunity to refinance into more affordable monthly payments. The Home Affordable Modification Program commits \$75 billion to keep 3 to 4 million Americans in their homes by preventing avoidable foreclosures.

For further information, log onto www.MakingHomeAffordable.gov.

CONDOS—THE NEW COLLEGE STUDENT HOUSING!

Parents and students are finding purchasing a condo to be one-third less than their monthly on-campus housing costs.

The cost for room and board at The University of Nevada–Las Vegas is \$10,730 for one year, or \$894 per month (based on 12 monthly payments). Purchasing a condo can range from \$260 to \$550 monthly, which includes principal, insurance, taxes and Home Owners Association fees.

Currently, there are 761 Condos listed for under \$75,000 in the Las Vegas Valley, which includes 28 for under \$25,000.

Some parents are choosing to purchase condos for their students, due to the affordability of condos in Las Vegas and the surrounding areas near the UNLV campus. After the 4 years of schooling, the student would be able to recover some of their investment, even at a 2% appreciation.

Parents and students are reviewing tax benefits to owning a condo, and in some cases there is a benefit.

	\$25,000	\$50,000	\$75,000
Down Payment	\$5,000	\$10,000	\$15,000
Total Loan Amount	\$20,000	\$40,000	\$60,000
Monthly Payment	\$113.56	\$227.12	\$340.67
Monthly Insurance	\$25.00	\$25.00	\$40.00
Monthly Taxes	\$50.00	\$50.00	\$50.00
HOA Fees	\$75.00	\$100.00	\$120.00
Total Monthly Payment	\$263.56	\$402.12	\$550.67

Above amounts are based on a 30-year fixed rate loan at a 5.5% interest rate. Readers are advised to contact their Certified Public Accountant to determine whether there would be a tax benefit in individual cases.