

VALENTINO & ASSOCIATES  
moves to Keller Williams! Details on pg 4



**JUST SOLD**

1025 1st St SE #303  
3001 Veazey Terr NW #1423  
1239 Vermont Ave NW #209  
3166 18th St NW  
4740 Connecticut Ave NW  
#514  
400 Massachusetts Ave NW  
#1303  
1733 20th St NW #103  
2001 12th St NW #304  
1615 Queen St N #M207  
2444 Ontario Rd NW #1  
1 Scott Circle NW #507  
2665 Prosperity Ave #, 436  
Fairfax  
969 Spencer Rd McLean  
725 5th St SE #22  
1230 4th St NW #1  
4000 Tunlaw Rd NW #1119

**UNDER  
CONTRACT**

4224 16th St NW  
922 24th St NW #621  
6811 Duke Drive, Alexandria  
1352 Longfellow St NW #301

**GET \$5000 TAX CREDIT FOR DC BUY!**

The Federal \$8000 credit has been gone since last April, but DC residents still have something to cheer about! Congresswoman Eleanor Norton won another two-year extension of the \$5,000 DC home-buyer tax credit. The incentives are retroactive for 2010 and will continue through 2011.

**What is the DC home-buyer tax credit?** It is a credit against the home purchaser's federal income tax. Homeowners can get a credit of up to \$5,000 for a residential purchase in the District of Columbia. This includes houses, house-trailers, houseboats, cooperative apartments and condominiums. There are no period of ownership restrictions or requirements.

**Who is eligible for the DC home-buyer tax credit?** Anyone who is a first-time buyer in DC is eligible, as well as those who have previously owned a home outside of the District. Purchasers may not have owned a home in DC for at least one year prior to the new purchase.

**Are their other eligibility requirements?** Married, joint-filing taxpayers with incomes up to \$130,000 and individual taxpayers with incomes up to \$90,000 qualify for the credit. NOTE: this is adjusted gross income, so even if you are over these income brackets, it is very possible you still qualify.

The credit will be phased out for married joint-filing filers with incomes between \$110,000 and the \$130,000 limit. For individuals, the credit phase out begins at \$70,000. For example, single filers making \$70,000 (or joint filers making \$120,000) would receive a \$2,500 credit; single filers making \$90,000 (or joint filers making \$130,000) would not receive the credit.

**Are there any exclusions from the home-buyer tax credit?** Homes purchased from related persons, by gift or inheritance are not eligible. Related persons may include, but are not limited to, spouses, children, grandchildren and grandparents. The credit can only be claimed once. Homes that are not your main residence are not included in the tax credit program.

**February 2011 Market Update**

Our housing market is recovering. With mortgage rates hovering around recent record lows and home prices having generally stabilized, economists are expecting an upward trend to a healthy and sustainable level in 2011. In Washington, DC, they are predicting prices to go up 6% in 2011 (which put it #1 for the entire country). I personally think this statistic is aggressive, but do agree that an optimistic outlook is ahead.

Encouraging signs are showing up: Retail sales recently hit their highest level since before the recession. Key measures of small and big businesses' optimism marched back up to prerecession levels and new claims for jobless benefits are trending lower. Together they bode well for steady job creation and improved consumer confidence which is generally manifested in more spending. As the economy improves, current stimulus efforts by the government and the Federal Reserve Board are expected to gradually wind down.

# This Month in Real Estate (Nationally)

**Home Sales:** Existing home sales resumed on an upward trend since bottoming in July. Sales activity rose to a seasonally adjusted annual rate of 4.68 million in November. This was up 22% from July and 5.6% above the 4.43 million level in October, but remained 27.9% below the 6.49 million tax credit rush a year ago.



**Home Price:** Home prices continued to stabilize. Median prices edged up slightly to \$170K 0.4% above year-ago levels. Distressed homes have accounted for a fairly stable market share, representing 33% of sales in Nov. This is on par with the 34% in Oct and 33% in Nov '09.



**Inventory:** The number of homes on the market continued to decline. Total inventory fell to 3.71 million in November from 3.86 million in October. This reflects the increasing response from buyers to improved affordability conditions. As lending standards return to historical norms and consumers become more confident about their financial situation, more people will be able to buy their first home, move up, or invest.



**Affordability:** Housing affordability set a new record in November. The relationship between mortgage rates, home prices, and family income is the most favorable on record for buying. The home price-to-income ratio, currently at 13.5%, continues to remain well below the historical standard. Stabilizing home prices and rising interest rates are expected to begin drawing affordability back up toward more normal levels.

Source: National Association of Realtors - October housing data released

## Interest Rates

Mortgage rates are inching up but still remain historically low. **KEEP THE BIG PICTURE IN MIND!!** As overall economic recovery remains on track, rates are expected to rise to keep inflation in check.

Type	Rate
30 year fixed	4.77%
15 year fixed	4.13%
5/1-year ARM	3.75%
30 year average for a 30 year fixed rate mortgage	8.9%

Source: Freddie Mac, Rates as of Jan 7.

## Use the Season to Your Home-Selling Advantage

Summer is generally known as the peak season for home sales activity, but winter can also offer great advantages for sellers – such as less competition from other sellers. With a little effort, you can use the season to your home-selling advantage. Put these ideas to work, so your home shows at its best!

- Keep snow and ice at bay.** If the buyer can't get in easily, the house won't sell. That means keeping walkways and driveways free of the frozen stuff.
- Warm it up.** Think warm, cozy, and homey. Before a buyer comes through, adjust the thermostat to a warmer temperature. If you have a fireplace, turning it on right before the tour can create a more welcoming ambience.
- Emphasize winter positives.** Is your home on a bus route or some other vital service that means it's plowed or de-iced regularly in bad weather? Be sure to mention that to the buyers.
- Make it festive.** Even if you're not actually going to be present, greet your buyers as if they were going to be guests at a party. Set up the dinner table with the good china and silver. Have a plate of cookies for your guests,

# It's Tax Time... Organize, Prepare, File & Relax

New Years Day has come and gone, and now we, as taxpayers, need to get ready for that time honored tradition of filing our taxes!

The first thing you need to gather is a copy of your prior year's return from 2009. Look it over and see what forms you filed and what forms you received in '09. The next step is to figure out what has changed since 2009:

- Did you buy or sell a home in 2010?
- Did you get married or have a child?
- Did you switch jobs, start a home based or self-employed business?
- Did you collect unemployment, did you cash out a retirement account, did you liquidate or sell any stocks or bonds?
- Did you open any new bank accounts or investment accounts?
- Did you receive any income for which taxes were not withheld?



If you answered yes to any of these questions you should expect your 2010 taxes to look a bit different than 2009 and in most of these cases you can expect new forms to arrive that will help you deal with these questions. You should add any items to which you answered yes to your check list.

As your W-2, 1099, and 1098 forms arrive, check them off your list. For most taxpayers all your forms should have arrived by the middle or end of February. If you are missing anything on your list by then you should contact the employer, bank or organization from whom you expect to receive a tax form and inquire about the status of the form.

Once you have everything on your check list then you can start your tax returns for 2010. Most taxpayers use a paid preparer which is probably the best way to ensure your taxes are prepared correctly and to ensure you are paying the least amount of taxes allowed by law. If you chose to do your own, pay particular attention to your income and tax withholding. These are two places where self prepared returns have the most trouble. Make certain your income on your returns includes ALL your income earned in 2010. Make certain that when you report the tax withheld for 2010 that it matches ALL the taxes withheld on your forms to the penny. An error up or down on either of these numbers will definitely earn you a love letter from the IRS.

With a little planning and organization your taxes don't have to be a terrible experience. So relax, take a few minutes to create the checklist and your 2010 taxes should be a breeze...well maybe not a breeze but a lot less like a hurricane than prior years.

If you should have any questions or need any assistance please feel free to contact my office and I will be happy to guide you through the process.

Michael L. Fine, CSA  
President/CEO  
Finesse Tax Accounting, LLC  
2035 2nd St. NW; Suite GL05  
Washington, DC 20001  
202-455-0TAX (direct)  
240-559-0990 (fax)  
www.finessetax.com

**Rachel's Tidbit** — *“If you bought or sold a home (or have investment properties), it's good to use a paid preparer. This way you can ensure you are maximizing your deductions & write-offs. In my experience, the cost of employing a great accountant has always provided me with a more than a 100% return on my investment.”*

# VALENTINO & ASSOCIATES

## Joins the Keller Williams family!



**Usually, we're the ones helping people make a move.**

**This time, it's Rachel & Co. who has done it!**

We're pleased to announce the team has moved our licenses over to a new company — Keller Williams. KW is the 2nd largest real estate company in the U.S.! With the new marketing and technology tools that this switch provides – Valentino & Associates has a more powerful platform to list, market and sell properties, taking our work with both buyers and sellers to the next level.

**THE STORY:** Keller Williams Capital Properties (the DC branch) was started by a unique group of incredible, young, talented, and driven real estate professionals. These individuals wanted to be part of a different kind of real estate company. Our team will be taking a unique leadership position within the industry – both locally and nationally --- to make Keller Williams the #1 brokerage in the DC Metro area by 2015.

**THE “WHY”:** The Keller Williams business model fits our values, beliefs & goals. As members of Keller Williams Capital Properties, we will be supported by other individuals who believe in the same values. We will also have access to unlimited resources that will allow us to continue to meet your needs while also reaching our full professional potential.



## MEET OUR NEWEST TEAMMEMBER: *Michael Chatterelli*

Originally from Ohio, Michael finished his BA in Justice Studies at Kent State University. After a very exciting introduction to Washington D.C. as an intern in the House of Representatives, Michael fell in love with the Metropolitan area. When he concluded his time on Capitol Hill, he began a career within the Department of Homeland Security and was able to learn the many interesting aspects of the DC community through six years of Government service. He is currently working on his last semester to attain a Master's degree of Science in Management from the University of Maryland University College this May.

Mike's interest in residential properties was sparked when he met Rachel Valentino, the Managing Partner of Valentino and Associates, in 2006. Mike and Rachel were married in July 2009, and he joined the team in 2010 as an agent & in-house renovation consultant.

Above all, Mike's foundation with Valentino and Associates is based on integrity and his desire to help others. His compassionate personality coupled with his professionalism and knowledge of the area is the recipe for an excellent and unforgettable experience.



# Priced to Sit or Sell

I hear it all the time. The common mantra among sellers: "Let's just try and see..." I get at least one seller every other day who tries to persuade me why their home is worth more than Mr. and Mrs. Neighbor's home down the block and why their dreamy pricing strategy is a viable option.

Homes that are not priced competitively from Day 1 WILL sit & lose value! The asking price determines the selling price, and statistics continue to prove this. In this high inventory market, pricing high creates a slippery slope with a downward spiral of price cuts and low offers.

Sellers often want to test the market with their initial listing price. BEWARE—this is not a harmless tactic!

- Buyers will pass up homes not in their price range.
- **A buyer may look at seven houses, but they will only make an offer on one. Your house may have earned a showing, but if you didn't get the offer, all you've accomplished is that you provided the buyer with a means comparison—effectively helping to sell the competition**
- The property will be labeled as a bad value.
- Agents avoid showing overpriced properties.
- Buyers do not return to a home even after the price is lowered. You will miss that one chance at a great first impression... and once that window passes, it's gone for good.

If the home is priced too high, days on the market will also add up. In DC, after a threshold of 60 days on the market, I often see that the property begins to get stigmatized. Buyers wonder - is there something wrong with the home? Why isn't it taken yet? I must be overpaying if it's still available. In reality, the only problem is pricing.

## PROS TO PRICING CORRECTLY:

- **Stronger Negotiating Position** — Fewer days on the market means you'll be in a position of strength



- **Limiting carrying costs** — the longer you are on the market means additional mortgage payments (mostly interest in first 10 years of ownership, so little benefit of making additional payments), cleaning costs, condo fees, insurance, taxes and more!
- **Stress** - Have you ever tried to keep a place in "showing condition" for months on end? It's not easy! Don't even think about leaving that magazine on the counter, the shower door not wiped down, or that coat on the couch! This can be overwhelming & extremely annoying for most owners.
- **Headaches** - when you put a home on the market, it is no longer your home! How much are you willing to spend in increased price to be out of the house non-stop for months on end due to showings? It's not easy - evenings and weekends are popular house-hunting times, so dinners are disrupted & lazy weekends gone

**No matter how much you love your home, the market will set the price, not you!** Buyers will "write off" the seller as being unrealistic and unmotivated... or they will just take their time because they know the listing won't get another offer at that price.

When in doubt, price conservatively. If the market rate is actually higher, you'll get multiple offers which will drive up the price to where it should have been.

**Rachel Valentino**, DC's "Best Real Estate Agent" as voted by the Washington City Paper

**Call for a free no-pressure consultation.**