



# Troublesome Headlines vs. The Real Story

Rachel Valentino, President & Managing Partner

The Atlantic Coast Connection: Long & Foster Real Estate

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## JUST SOLD

- 4001 16th St. NW, DC
- 51 Randolph Place NW, DC
- 1607 Sadlers Wells Court, Herndon VA
- 1615 N. Queen St. #M605, Arlington VA
- 1245 13th St. NW #409
- 3600 S. Glebe Road #624W, Arlington, VA
- 3665 Prosperity Ave #5, Fairfax, VA

## Rachel gets her SRES® & ESRES™ designations

### So, what do they mean?

**The SRES® designation:** The SRES® (Seniors Real Estate Specialist) designation is awarded to Realtors® who complete advanced training specifically designed to assist the 50+ market. Designees demonstrate requisite knowledge & expertise to counsel senior clients through major financial and lifestyle transitions. Specific areas of expertise: estate planning, refinancing issues, title issues and relocation assistance.

**The ESRES™ designation:** A new, dynamic and innovative curriculum that inspires & motivates agents to incorporate energy efficiency into their practice. Energy Smart Real Estate Specialist (ESRES)™ know home energy efficiency & how it impacts the real value of a home.

## Time to Leave “The Land of Paralysis”

These are some very unsettling times. Energy prices are bouncing widely along with the equity markets. DC property values are amazingly holding steady. “So, what’s going on?!” It seems that most consumers are in the Land of Paralysis. Major purchases are delayed, vacations are put off or downgraded, and holiday shopping is curtailed.

I understand. If my only source of information was the media, I would be confused, misinformed & scared too! And while I can’t tell you the exact time when the housing market will turn (not a single soul can!), I do know that homeownership is still a GREAT long-term investment & **renting will NEVER increase your wealth**. I also know it isn’t about timing the market, but rather time in the market.

During this phase, when real estate in much of the country can be bought for relatively low prices, you need an expert on your side. These windows of opportunity only come around about once every 15 years or so and traditionally last maybe 12 to 18 months. I’m not talking about buying & flipping here. I’m talking about buying & holding. But by the time it’s on the front page, it is always too late.

One reason I see consumers holding back stems from a mistaken belief that mortgage rates are high & rising sharply. I know, you’ve heard station after station rant about foreclosures & the obscene interest rate increases some individuals are experiencing. Here’s the left out “boring part” – no one mentions that these individuals had rates reset on existing subprime ARMs (adjustable rate mortgages). Believe me, if you are a good credit risk, you can get a mortgage with a fixed interest rate of about 6.25% - not the lowest ever, but pretty darn close! Now, to me, that is far more important than most other media headlines!

**Smart Financing:** Today, I see more & more individuals worried about getting the wrong financing. And that’s a healthy & legitimate concern. Buying a home with the wrong financing is just as bad (or worse) than buying the wrong home. The predicament with foreclosures is a reflection of previous poor lending practices. It should have never happened, but if you’re working with a reliable Realtor®, they should also be putting you in touch with a trustworthy lender.

**Price it Right from the Get-Go:** The single biggest mistake sellers make is pricing their property unrealistically high. The longer a home sits without selling, the staler it looks—and the greater the perception grows, accurate or not, that something is ‘wrong’ with the property. This mistake should be avoided by pricing the house correctly. Markets establish price and letting emotions dictate pricing decisions can be costly. Additionally, flawlessly staging a space is a must. Clear all clutter, deep clean, paint & remove all the bulky furniture — be committed to do whatever it takes to make the home shine!

**There’s Still No Place Like a Home:** Homeownership is STILL where it is at. During these market fluctuations, don’t lose sight of the big picture. Buying & holding real estate has done an amazing job of generating phenomenal wealth for the average American. And beyond the financial benefits are the personal rewards. Home is where we create memories & dreams. It’s where we find our respite, our calm, our love. We enjoyed an eight year real estate boom, and now we’re stabilizing — unpleasant yes, but certainly not surprising...or permanent. By the way, I put my own money where my mouth is. Just bought a NW DC house in late September. Don’t let the current media negativity cloud your decision making. This is a VERY good time to buy a home.

What are your goals? Let’s grab a coffee & discuss your real estate aspirations.

Hope. Desire. **Expect. Accomplish.** — Rachel

# RACHEL'S PICK OF THE MONTH

**KENYON SQUARE Condominium in DC's bustling Columbia Heights**

**Now offering FHA approved financing with 3% down payment!**

- Awarded **Best Mid-rise Condominium** of 2008 from a field of national competition by the National Association of Home Builders.

**Just Reduced!**  
Kenyon Square is reducing the 1100 SF 2-level Loft Condos from \$555,000 to \$495,000. One \$35K Garage Parking Space included in price! Storage spaces also available.



***\*Call Rachel to arrange showing or with any questions\****



## First-Time Buyers — It's Your Time!!

For 2008 and 2009 there are two huge credits available to first time homebuyers. A first time homebuyer is someone who has not owned a home during the three years prior to taking either credit.

The first credit has been around for several years and only applies to purchases in DC. If you purchase a home in DC and are within the income limits you are entitled to a \$5000 federal tax credit to offset your tax liability. Single filers can make less than 70K and get the entire 5K credit. Between 70K and 90K the 5K reduces. Make over 90K you do not qualify for the credit. Married filers enjoy a slightly higher income range of 110K-130K. Filers who do not use the entire credit in the first year of filing may carryover the unused portion of the 5K to subsequent years provided that their income is within the limits. Example: A filer makes 50K and buys a home in DC. For '08 their tax liability is 2500. The credit would wipe out their entire tax liability of 2500. However they would only need 2500 of the credit. Provided their income does not exceed the limits in '09 they may use the remaining 2500 when they file their '09 tax returns.

The second credit available to first time homebuyers applies to homes purchased anywhere, including DC, and is more of an interest free loan of sorts. If you buy home after 4/8/08 and before 7/1/09 you may be entitled to a new credit up to 7500 dollars. This credit offsets your tax liability and the portion that exceeds your tax liability can be refunded. The income limits are slightly higher than the DC credit so filers that purchase in DC and don't qualify for the DC credit might qualify for this. Single filers must have an income below 75K in order to get the full credit, 75K-95K for a reduced credit, and over 95K they get no credit. Married filers enjoy income limitations of 150K-170K. Bear in mind the credit is a loan. Unlike the DC credit, filers must pay this credit back. The repayment of the loan is done over 15 years; interest free, \$500 per year, beginning with the second year after the credit is claimed. You don't physically write a check for 500 to the government. Your tax liability will increase by 500 dollars on the 15 tax returns following the claiming of the credit. There are some instances when the credit must be repaid in one lump sum. If you sell the home before the 15 years is up or if the home is no longer used as your primary residence (rental property, commercial use, or it becomes a second/vacation home) then you must give the government back the remainder of the loan balance when you file your next tax return.

These two credits are fantastic ways to alleviate some of the financial challenges of buying a home. However, like anything the government offers, there are time limits that will not be extended and you can only claim one or the other. Make sure you know your stuff and before making any moves you are encouraged to consult a real estate agent and a tax professional!

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