



Happy New Year

Ring out the old,

Ring in the new!

We look forward to the New Year with joy and enthusiasm. This year, instead of making a list of changes and work to be done, we are looking for potential!

It was not that hard to find. In spite of economic conditions, we are seeing pathways to success for the organization and everyone involved in it.

As the New Year begins, we take this opportunity to thank you for your dedication and contributions in 2009. With your continuing support in the coming year, we will be able to move forward toward our goals. We thank you in advance for your help.

Happy New Year to you and yours! May it be a time of satisfying work and of the fulfillment in 2010.

Housing market is on the move again

Recently interviewed by Money magazine, Pat Lashinsky, CEO of online brokerage ZipRealty, says sales of homes between \$100,000 and \$250,000 are up 9 percent from a year ago. Buyers in some areas are going up against multiple offers.

A real estate agent in Phoenix recommends that you see homes on the first day they are listed. If there is one you want, submit an offer immediately. Don't expect a deep discount and put down 20 percent or more in order to compete with investors. If your bid is not accepted, check back with the real estate agent a few more times. Many deals fall through.

If you are selling, don't try to compete with foreclosures on price. Many buyers will pay more for a home in move-in condition, so spruce yours up and sell that fact in your marketing material.

Offering a quick, flexible closing date gives you another advantage.

If you are buying, authorities recommend that you sell your current home first so you know what you can afford to spend on a new place. When you find a home you like, offer 10 percent less than the asking price, which is a realistic discount in these



New Tax Credit

Even if you own a house now!

Close on a house by July 1 and

qualify for cash back from the IRS

The first-time home buyer tax credit of up to \$8,000 is still in place. The extension of time by Congress also includes a new credit of up to \$6,500 for certain repeat home buyers.

The first-time buyer credit is essentially the same of the original credit, which expired in November. The buyer can't have owned a home for three years, and the home can't be bought from a parent, grandparent, child or grandchild.

Buyers can claim the credit on either 2008 or 2009 tax returns. If they don't owe enough tax to qualify for the \$8,000 credit, they will receive a check from Internal Revenue Service for the amount between what they owe and \$8,000 or for \$8,000 if all taxes are already paid.

New provisions

* For purchases made after November 6, 2009, no credit is available for any home costing more than \$800,000.

* Taxpayers who have lived in their homes for five consecutive years or more can qualify for a tax credit of as much as 10 percent of the purchase price, or a maximum of \$6,500. The new home doesn't have to cost more than the old one.

* Income limits for buyers are more generous. For single filers, the credit phases out between \$125,000 and \$145,000 of modified adjusted gross income. For married couples, the range is \$225,000 to \$245,000.

* Buyers must be 18 or older and can't be a dependent on someone else's tax return. And buyers must show proof of purchase to qualify for the credit.

* The credit must be for purchase of a principle residence, which can be a house, condo, semi-attached townhouse, or (if it has eating, sleeping and toilet facilities) a boat, motor home or trailer.

* Members of the military have an extra year to take advantage of these credits.

Visit federalhousingtaxcredit.com for more information.



Ask the expert

Q

We're trying to decide if we want a single-family home, or if a duplex would be a good idea. What do you think?

A

There are advantages to both.
The single-family home

With a single-family home, you don't have to deal with a renter and your home is a very private place.

You would get income tax deductions for interest on the mortgage and for property taxes you pay.

In the future, if you decide to sell the new home, or your present home, you are entitled to an exclusion of capital gains in the amount of \$500,000 for a couple or \$250,000 for an individual.

If you operate a business from home, you can deduct operating expenses for a home office, including depreciation for the portion of your home that you use for your business.

The duplex

Buying a duplex is an excellent way to build equity and reduce taxes. More importantly, the income you receive will pay all or part of your mortgage.

For example, if you buy a duplex for \$200,000 and finance 96.5 percent of it with an FHA loan at 5 percent interest, your monthly mortgage payment (without taxes and homeowner insurance) would be \$1,036.

But you could rent the half of the duplex you don't live in for \$1,000.

In the first year, you and your tenant will pay off \$2,782 of your loan.

You can deduct half of the interest you pay on the mortgage from income, and you also have a depreciation deduction. In the case of the \$200,000 duplex, if you depreciate the property (less the value of the land) over a 27.5 year period, you would have a nice deduction.

The amount depends on how the depreciation is calculated. Of course, any expense you have for maintenance or repairs of the rented half of the property is deductible. For young people who have not been homeowners, buying a duplex is a good way to get started in real estate. After owning the property for a few years, their savings could add up to the amount needed for a down payment on another home or rental property.

The original duplex would pay for itself over time, and the value of the property could rise as it appreciates.

Location, location, location:

There are many related questions

Ask anyone. Buying a home in a "good" location is what you should do. But what's good for one person may not be ideal for someone else.

One factor to consider is whether the quality of a neighborhood is going up or down. When many homes in an area are for sale because of foreclosures, that might not signal a "down" verdict. If homes are of good quality, they will be resold and the neighborhood will again be stable. Those who buy now could get more for their money than they could get somewhere else.

Some other questions you might ask yourself or your real estate agent:

Any there any kids in the neighborhood? Families with young children will find this question important. They may not want to frequently drive their kids to play dates. On the other hand, couples with no kids or grown kids might not want to be bothered.

Where's Mom? A home that's a few minutes driving time from parents, relatives or friends is a factor in some decisions.

How close are the stores? Do you want to be near a mall, supermarket, or a walking-distance grocery store?

Is public transportation available? How close is it to this home and where does it go?

Are there good roads leading to work? Distance from work and roadways to get there can make a difference.

How about parks and sports facilities? Driving time is an issue for people who go to the park often. Others don't care.

Is there a hospital, medical or urgent care center in the area? This is becoming a consideration for more people.

Would this be a home I could retire in? Maybe a one-story in a quiet area is best.

How about living in a trendy, refurbished historical area or near a college?

Do I dream of moving to another state? Maybe it's time to sell. Selling prices in many areas are stabilizing. In late October, there were just over 250,000 homes on the market, the smallest number since 1982, according to Fox Business.

There are more people living in the United States than there were in 1982, but the number of available homes is still significant and decreasing.

iPhone app unlocks car door, starts the car

A new iPhone application will enable users to lock, unlock and remotely start their cars with the phone rather than the car's key fob. The application includes a receiver that is installed in the car.

In order to use the app, the car just has to have electric windows and locks. It doesn't require previous installation of a remote start feature. One big advantage: If you lock yourself out of the car with the keys inside, or if you lose your keys, you can still get into the car and start it.

The Viper SmartStart is the latest example of automotive electronics functions migrating into Apple iPhone and other smart-phones.



More businesses advertise to Spanish speakers

General Mills has increased its advertising budget for Spanish-language ads by 300 percent. Several other large companies are making similar moves.

According to TNS Marketing, the ads are producing triple-digit sales gains.

Though Hispanics have seen higher unemployment rates in this economy, those who still have jobs are able to spend a higher proportion of their income. They are less likely to have credit-card debt or huge mortgages.

Typically, Hispanic consumers spend heavily on basic packaged goods and wireless phone services, but they spend a greater proportion of the money they have on consumer products than the rest of the population.

Much of the increased advertising spending goes into television ads on Hispanic networks. Viewership on Telemundo, Telefuture and Univision is growing. They target the 18- to 40-year-old age group.

One agent for State Farm Insurance notes that Spanish-speaking customers appreciate it when you speak to them in their own language. The company advertises on the Hispanic networks.

Home Depot, Kraft Foods and Wendy's have ads on Hispanic networks.

Some small businesses are following suit with Spanish newspaper advertising and store-front signs that tell about special



Quote of the Month!

Always forgive your enemies. Nothing annoys them so much.

Oscar Wilde



"Times are tough. The best I could do was license your image on kids' underwear."



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