

**“Low interest rates and home prices, along with incentives for first time buyers are driving sales!”**

## HUD:

### Tax Credit Can Be Used on Closing Costs

FHA-approved lenders received the go-ahead to develop bridge-loan products that enable first-time buyers to use the benefits of the federal tax credit upfront.

Under the guidance, FHA-approved lenders can develop bridge loans that home buyers can use to help cover their closing costs, buy down their interest rate, or put down more than the minimum 3.5 percent.

The loans can't be used to cover the minimum 3.5 percent, senior HUD officials told reporters on a conference call Friday morning.

Source: Robert Freedman, REALTOR® Magazine Online

### Forecasters Say Recession Nearing End

More than 90 percent of economists think the recession is nearing its end, but they don't expect the economy to soar anytime soon.

Nearly 75 percent of economists, surveyed by the National Association for Business Economics, say that the recession will end in the third quarter. Another 19 percent think the turnaround will come in the fourth quarter. The rest are betting on the first quarter of 2010.

Americans seem to believe that things are getting better too. The Conference Board's Consumer Confidence Index rose 14.1 points in May to 54.9, the second month in a row in which there have been an increase.

Forecasters say that home sales will bottom out in the second quarter, an important stabilizing factor.

Source: The Associated Press, Jeannine Aversa (05/27/2009)

## Where are the rates?

Jumbo – Non Conforming Conventional 30 Year Fixed  
Loans over \$417,000 6.25% / 6.3608% APR / 75% LTV

Conventional Conforming, 30 Year Fixed Rate  
Loans over 250,000 5.0% / 5.1156% APR / 80% LTV  
Loans under 250,000 5.0% / 5.1340% APR / 80% LTV

FHA 30 Year Fixed  
Loans to \$303,750 5.125% / 5.7749% APR / 96.5% LTV

\*Riverside Home Loans / Wells Fargo  
Steve Sakadales 208-941-9382  
Rates as of 5/29/09

## Sales of existing homes up in the West

Investors and first-time buyers, often bidding against each other for foreclosed properties, continue to propel home sales in the West, according to two reports released this week. In Idaho, existing home sales from March to April were up 13 percent in Ada County and 16 percent in Canyon County, according to the IMLS.

The reason sales are so strong is simple: foreclosures and distressed sales have dragged the median price down almost 22% to \$222,600 from last year. That's the biggest drop in any region and helped pull the national median down more than 15% to \$170,200.

In the Treasure Valley, median prices on homes sold this year dropped almost 16% to \$175,000 in Ada and 20.5% to \$116,000 in Canyon Counties. The number of months required to sell the Valley's present housing inventory is dropping as well. Low interest rates and home prices, along with incentives for first time buyers are driving sales! The combination has brought out buyers!

Source: Associated Press, Alex Veiga

## Q&A time?

#1: If assessed home values drop, will property taxes do the same?

#2: What is a short sale?

- A> When a property sells for less than its current market value.
- B> When a listing sells for below the amount the seller owes on the mortgage.
- C> When a listing is sold in a short amount of time

#3: Is Cancellation of Debt Income always Taxable?

#4: How much wood could a wood chuck chuck if a wood chuck could chuck wood?

**\*\*\* (e-mail me the answer to #4 to become eligible to win movie passes!)**\*\*\*

## Answers...

#1: No, Property valuation notices are in the mail to Idaho homeowners. Whether their home values go up or down, their taxes won't necessarily follow suit. Taxes are not tied directly to home values, despite what a lot of people think," said Alan Dornfest, property tax policy supervisor for the Idaho State Tax Commission. "Taxes are (unfortunately) based on the budgets of taxing districts".

#2: Short Sale is when a listing sells for below the amount the seller owes on the mortgage (thus shorting the bank).

#3: Not Always. There are some exceptions. The most common situations when Debt Income is not taxable involve: Bankruptcy – Debts discharged are not considered taxable income, and insolvency – when your total debts are more than the fair market value of your total assets. This is fairly complete... so

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### TAX CREDIT IS TAKING EFFECT

Closings in Ada County were down 14% in April from the same month last year, but pending sales were up 14%, showing signs of a more active market, particularly in the lower price ranges. 77% of the closings in the last year and 88% in the last 90 days were under \$300,000.

Closings in Canyon County were down 4% in April from the same month last year and sales were up 10%. 93% of the closings in the last year were under \$250,000, 95% in the last 90 days.

May – 2009

Life is sure staying interesting in Real Estate!

The other day I was talking to a few Real Estate Agents whom were down on the market. Not wanting to join in on the negativity I excused myself and thought too bad that some people don't have "vision" – these are half-empty glass people!



Sure the market conditions are down. And Foreclosures are up. But, let's look at the positives – Interest rates are low (so money is cheap), the government is giving away \$8,000 in tax credits (this is free money!), and with the prices on current inventory – there are fantastic homes to buy at great prices. **This is the time to buy no matter who you are!** And if you are able to – sell your home! I encourage people to take the hit if necessary (netting little to nothing on their current home) in order to get a bigger home for almost no more a month than they are currently paying. When the market turns, their new larger, better lot, more updated home will be worth more money!

Real Estate is a cycle... and like all investors those who can look past the short term challenges will prosper!

Cheers (click-click) to my half-full glass friends!!

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## 2 **HOT** BridgeTower Sub-Division Properties

### 2640 W Primeland Dr, Meridian - **\$229,995**

3 Bedroom | 2 Bathroom | 4 Car Garage | 1,885 sq ft

- All rooms on main | upstairs Bonus room
- On a cul-de-sac
- Gorgeous Kitchen w/ custom cabinets | Granite



### 2208 W Los Flores, Meridian - **\$334,900**

5 Bedroom | 3½ Bathroom | 3 Car Garage | 3,045 sq ft

- Corner Lot | Fantastic Views of Bogus Basin
- Big Kitchen with lots of workspace | Granite
- Formal Dining Room
- Upstairs Bonus Room
- Includes Washer/Dryer | Refrigerator



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at **Group One**

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