

# HOUSECALLS



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## 401(k)s LOOKING BETTER

Check your investments and you'll find a surprise. When the stock market average went over 10,000, your 401(k) could be worth more than it was two years ago when the market was at an all-time high.

At Vanguard Center for Retirement Research, a late 2009 look at Vanguard's 3.5 million 401(k) and other retirement savings accounts found that 60 percent of balances

were either about the same as in 2007 or they were higher than they were two years ago.

How much your account has grown depends on whether you continued to invest and how diversified your portfolio is. The study showed that some accounts were still down by 10 percent, but that was still an improvement over what the value was in previous months.

## Still time to get an FHA loan.... *before new rules go into effect !*

Time to buy! Researcher Agrees page 3

If you are on the fence about buying a home and financing it through the FHA, it would be a good idea to go forward with the plan right now. The curtain is closing on easy qualifying and low down payments.

Changes are in the works at the Federal Housing Administration. They have to make plans to reduce their present number of loan defaults and fraud. An estimated 116,000 FHA loans will lead to foreclosure in 2010 and another 108,000 are in foreclosure right now.

The new rules won't be finalized until FHA determines how to make them in a way that weeds out the most problematic borrowers, while ensuring that qualified people will not be inadvertently shut out.

On December 2, Housing and Urban Development (HUD) Secretary Shaun Donovan testified



before the House Financial Services Committee. HUD insures the FHA loans. He outlined the tougher rules they want to impose on borrowers.

- \* Down payments will rise to 5 percent from the present 3.5 percent minimum.
- \* Qualifying credit scores will rise from the present

minimum of 500, but how high the minimum score will be has not been determined. Those making a minimum down payment will need a higher score.

- \* Sellers will be able to provide only 3 percent of the home's cost as a contribution to closing costs, as opposed to the 6 percent contribution they could now make.
- \* There will probably be higher prices for mortgage insurance.

Some members of the committee wanted FHA to institute risk-based pricing, which would allow them to charge more for high risk borrowers.

That's the story right now. In the future, when the rules are sorted out, qualified buyers will still be able to get an FHA loan. It will just cost them more.

FHA says that if buyers put up more up-front cash, they will be less likely to walk away from their mortgages.



## ASK THE EXPERT



### Q & A on \$8,000 or \$6,500 Home Buyer Tax Credits

We've had many questions about the legislation signed on November 6. It provides a \$6,500 tax credit for some homeowners who buy another home. The law also extends the \$8,000 tax credit for first-time home buyers.

#### Some of the Things Prospective Buyers Are Asking

**Q:** How do I qualify for the home buyer's \$6,500 credit?

**A:** It's available for home buyers who sign a binding contract on a new or existing home by April 30, 2010 and settle by July 1. The deadline also applies to the first-time home buyer credit.

You must have lived in your present home for five consecutive years out of the last eight, and the new home has to be your primary residence.

## Boys Club Crossword

### Across

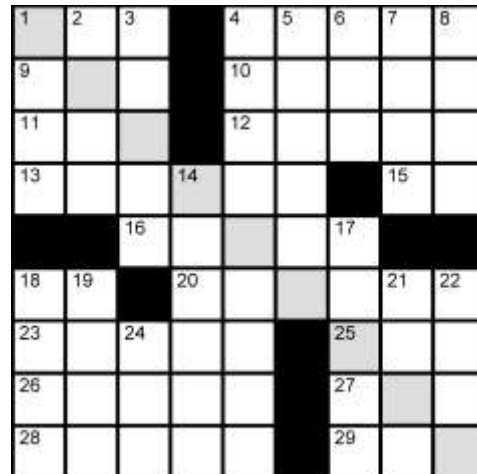
1. Sports \_\_\_\_
4. Old enough
9. Hold up
10. Golfer's accessory
11. Wrigley Field flora
12. Bridge positions
13. Gentlemen: Abbr.
15. Objective male pronoun
16. Pilgrim's destination
18. "\_\_\_ the People..."
20. Cardinal number
23. Poppy product
25. Beehive State native



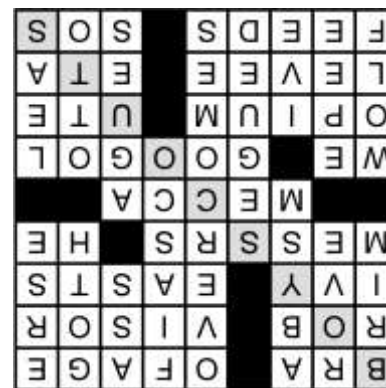
26. Flood embankment
27. Pilot's announcement, for short
28. Provides food
29. "Help!"

### Down

1. Fedora feature
2. Amble
3. Deep cavity
4. Defeats
5. Debacle
6. Beast of burden
7. Invader of the Roman Empire
8. Gaelic
14. Went on
17. Chills and fever
18. Lobo
19. Fencing sword
21. "Beetle Bailey" dog
22. Grasslands
24. "\_\_\_ got it!"



The title is a clue to the word in the shaded diagonal.



**Q:** You don't have to sell your present home. You can use it as a second home or a rental and still claim the credit.

**Q:** Does the home I buy have to be more expensive than the one I own?

**A:** No. You can use it to downsize, which makes it attractive to seniors who want to sell their family homes.

**Q:** I'm a homeowner and would like to build a new house. Can I get the home buyer credit?

**A:** Yes, but your builder will have to move pretty fast. You can claim the credit as long as you have a binding contract in place by April 30 and close by July 1. But for a new home, the closing date is the day you move in.

**Q:** We have a rental home we would like to sell to our son, who never owned a home. Can he

get the \$8,000 first-time buyers credit?

**A:** No. The purchase can't be from a related party such as a parent, grandparent, child or grandchild.

**Q:** I bought a home on April 10, 2008 and claimed the \$7,500 buyer's credit, which must be repaid over 15 years. Did the new law change that rule?

**A:** No: The \$7,500 credit still has to be repaid. The \$8,000 credit only applies to homes bought after December 31, 2008.

**Q:** I sold my home this year and have been renting. Do I qualify for the \$6,500 expanded credit if I now buy a home?

**A:** Yes, as long as you meet all of the other requirements.



## TIME TO BUY!

### Researcher Studies Numbers and Agrees

Home prices have hit bottom in more than half of the country, but experts are looking for a modest recovery, not a dramatic bounce.

At the Center for Economic Policy Research, in Washington D.C., analysts are predicting that the pricing arrow is pointing up, but not very far. There are still too many foreclosed homes on the market.

But the Center also reported that selection coupled with interest rates make this a great time to buy.

So, what did the center's co-director do? He bought a house. He doesn't expect its value to rise much in the



foreseeable future. But the home had features he loved. The price was affordable, and the loan's interest rate was below 5 percent.

This set of circumstances encouraged him to take

the plunge and acquire a place his family could call home for many years to come.

Today's reasonable prices can make a good case for buying rather than renting, say advisors quoted in USA Today. While many first-timers are leery of making a long-term contract, here is a way you could determine if the move is a wise one.

Divide the price of a home you are considering by the annual rent for a comparable place. If the number falls below 15, buying starts to look like a good idea.

Consider whether you will stay in the home long enough to make the purchase worthwhile. Closing costs are high. If you intend to sell the house and buy another in two or three years, you could take a loss.

Analysts say it's reasonable to buy a home only if you plan to stay in it for five to seven years.

Note that prices for second homes are very attractive right now. Many are selling considerably below their actual value.



## WHAT ARE YOU SPENDING ON YOUR SWEETIE ?



Some of you will spend less on your sweetie pie this Valentine's Day, but for many the day of love still gets the financial gravy.

Though the economy is looking

better, spouses and significant others could be getting fewer flowers and smaller boxes of candy. It's a trend as more people try to spend less and save more for a possible rainy day.

Nonetheless, the National Retail Federation predicts that lovers will still spend close to \$100 to make their sweethearts smile.

Some financial analysts suggest that people often use the romantic day as an excuse to ignore their credit card bill and indulge.

But spending notwithstanding, lovers interviewed by Consumer Reports say their personal financial situation has no impact on the amount of loving they get. Some say they get even more if they decide to stay home and cuddle instead of going out.

**"Expect to have hope rekindled.  
Expect your prayers to be answered  
in wondrous ways.  
The dry seasons of life do not last.  
The spring rains will come again."**

*Sarah Ann Brentnorch*





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Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2 Groundhog Day 	3	4	5	6
7	8	9	10	11	12	13 New Moon ●
14 Valentine's Day 	15 President's Day 	16	17 Ash Wednesday	18	19	20
21	22	23	24	25	26	27
28 Full Moon ○	 HOWARD PERRY AND WALSTON					 Heart Month

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## My Current Listings



**\$264,900 In Harrington Pointe**  
 3 Bedrooms 2.5 Baths  
 1st Floor Master  
 Great Room w/FP 1,848 SF



**\$700,000 In Historic Oakwood**  
 Downtown Raleigh 3 BRs 2.5 Baths  
 Gourmet Kitchen, Back Yard, 2  
 Car Garage Finished Bonus Rm.



**\$1,785,000 In Devon Off Durant**  
 6,530 SF 1,000+ UF SF. 4 BRs  
 4.5 Baths Huge Bonus w/Bar  
 3 FP, KpngRm, Library, 1.16 Acres



Great For 1st Time Home Buyer  
 1,290 SF, FP, New Deck & Roof  
 3BRs, 2BAs, Large Kitchen w/Bar  
 Refinished Cabinets, Like New  
 Appls. Freshly Painted Ext.



**For All Your Mortgage Needs I Recommend**

**Kelly Fox**  
 Lending Manager  
 Towne Bank of the Carolinas

**919-749-6090 (m)**