

# Tim's Neighborhood News 2008

Serving North Raleigh Neighborhoods 10/08 Issue



## Our Economy Will Improve with the Help of Pending Legislation

The Federal Government seems to be serious about getting our free market economic system back on solid footing—even if it does create a lot of additional Federal debt. Almost everyone agrees that these strong steps are necessary to build confidence in our financial institutions & thereby improve our chances of seeing a financial and housing rebound sooner rather than later. Hopefully the administration and Congress can work together to pass legisla-

tion that will be fair to both the business community and consumers. Regardless of the final decisions one thing remains true: the Triangle market is one of the strongest real estate markets in the U.S. and there are great opportunities for both buyers and sellers, especially with interest rates still around 6% for a 30yr fixed mortgage. We will probably rebound quicker than most of the country so we have positive things to look forward to in the weeks and months ahead.

## How The \$7,500 Tax Credit Works

If you are thinking about buying a home, the U.S. government is ready to stuff your piggy bank with \$7,500, but don't delay. The program ends next summer.

The federal housing bill signed in July by President Bush gives first-time home buyers a \$7,500 tax credit as a head start to home ownership.

According to the terms of the Housing and Economic Recovery Act, first-time home buyers will get a tax credit of 10 percent of the purchase price of a home up to \$7,500. That means if you buy a new home any time from April 9, 2008 to June 30, 2009, you get up to \$7,500 off your taxes.

That can mean a lot to the average wage earner. A couple earning a total of about \$90,000 a year, typically pay about \$10,000 in taxes if they do not itemize. Under the provisions of the current bill, the wage earner couple who buys a home during this period, would get to subtract \$7,500 from their tax bill.

However, the credit is not a pure gift and it is really more like a zero-interest government loan. Homeowners will be asked

to pay back the credit during a 15-year period. Each year, they will be required to repay a small percentage. For example, if a homeowner qualifies for a \$7,500 tax credit, he would repay the credit at \$500 a year beginning with their 2010 tax return.

But even considering that homeowners will repay the \$7,500, this adds up to big savings over the life of the mortgage. After all, if they had to finance \$7,500 over 30 years at 7 percent interest, a homeowner would pay more than \$8,000 in interest.

It's easy to qualify for this unique credit. To be classified as a first-time homeowner, you must not have owned a home in three years. You must take the standard deduction on your income taxes (meaning you must not itemize). In addition, you must buy a home between April 9, 2008 and June 30, 2009.

(Notice that some who bought homes in 2008 are eligible for this tax credit.)

According to the National Association of Home Builders, first-time home owners make up about 40 percent of the entire market.

Existing homeowners also get something in the housing bill. Homeowners can expect to get a \$500 to \$1,000 tax deduction if they don't itemize their taxes.



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## How many subprime loans?

According to the NY Federal Reserve, there were 116 million total housing units in June 2008. About 50 million were prime mortgages, 37 million were rental units, 26 million had no mortgage, leaving a total of 3 million subprime mortgages. Subprimes represent only 2.6 percent of the total housing units. About 17 percent of subprimes were in foreclosure. Subprime mortgages in trouble represent less than 1/2 of 1 percent of all housing (**0.44%**).

### Ask the Expert



Tim McBrayer

### Ask the Expert

**Q** What does it mean that the new tax credit is refundable?

**A** It means good news for many home buyers! A 'refundable credit' means that even if you pay little or no income tax, you can claim the credit and get a check from the IRS.

Let's suppose you qualify for the tax credit. To qualify, you have to buy a home before June 2009. You have to be a 'first time' buyer, which means you haven't owned a home in three years. You have to meet the income requirements and limits. For example, couples filing jointly must have incomes that total no more than \$150,000 to qualify for the full credit. Single taxpayers must have incomes no more than \$75,000 to qualify.

Now, if you do qualify, the tax credit will pay your taxes for you or you will get a check from the IRS of up to \$7,500 in tax

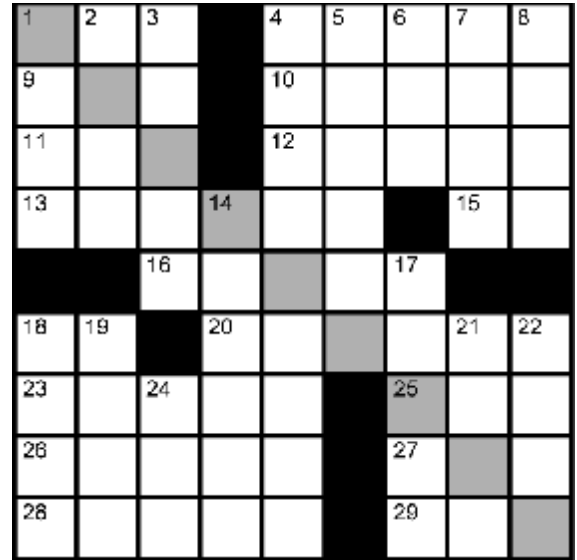
#### Across

1. "Monty Python" ainer
4. Pincer
9. 100%
10. Biblical king
11. Former Portuguese colony in India
12. About to explode
13. Building material
15. Currently fashionable
16. Japanese drinks
18. Running
20. Russian Country houses
23. Oohed and \_\_\_
25. "\_\_\_ we having fun yet?"
26. Backbone
27. "Harper Valley \_\_\_"
28. Small sample

#### Down

1. Captures
2. Smudge
3. Santa \_\_\_
4. "My Little \_\_\_", film
5. Brave
6. Victorian, for one
7. French novelist Pierre
8. Gulf of \_\_\_, off the coast of Yemen
14. Rhythmical
17. Oval or square
18. Brewer's equipment
19. California wine valley
21. \_\_\_ and sciences
22. Caribbean and others

## Superstitious feline?



The headline is a clue to the answer in the diagonal.

### Do you believe in ghosts? Many do!

According to a poll by the Associated Press and Ipsos, 34 percent of people interviewed believe in ghosts.

That's the same percentage of people who believe in UFOs (unidentified flying objects), and 14 percent say they have actually seen one.

About 19 percent of those interviewed believe in witches and spells. And 48 percent believe in extrasensory perception (ESP).

Twenty-six percent of city dwellers say they are a little superstitious, but only 13 percent of rural people say they are.

## TRIVIA CONTEST

### Ghostly trivia



Who played the ghost of ship captain Daniel Gregg on the TV series "The Ghost and Mrs. Muir?"

a-Edward Mulhare, b-Patrick McGoo-han, c-Gavin MacLeod, d-Tim Conway.

The first one to email me the right answer at [tim@TheTrianglesBroker.com](mailto:tim@TheTrianglesBroker.com) will receive a \$25 gas card.

payments you have already made

If the credit is more than the taxes you owe, you will also get a check.

Here is an example. Suppose you had \$4,000 withheld from your check during the year and your final tax bill at the end of the year was \$5,000. You owe the IRS \$1,000. But this year, you qualify for the \$7,500 tax credit. The IRS sends you a check for \$6,500 (the \$7,500 credit minus the \$1,000 you owe.)

Another example: If, at the end of the year, the taxpayer owes an extra \$5,000 in taxes and qualifies for the \$7,500 tax credit, the taxpayer pays nothing and receives a \$2,500 check from the IRS.

A final example: You do your taxes and find you have overpaid taxes and you are due a \$1,000 refund. If you qualify for the \$7,500 tax credit, you receive a check for \$8,500 (your \$1,000 refund plus \$7,500).

But remember, this tax credit is not free. You have to pay it back, but at very good terms. You will be getting an interest-free loan that you pay back at 6.5 percent a year for 15 years. So if you take the full \$7,500 tax credit, you will have about \$500 of extra tax liability every year for 15 years beginning in 2010.



## Engineered products look like the real thing ... but are often better

You can't fault Mother Nature. Her natural products, like wood, are beautiful. But human beings have ingenious ways of improving on her creations.

**Siding:** Fiber cement siding, the latest improvement on wood, is a big step forward. The siding itself is almost impervious to cracking, rotting, hail damage and termites.

It's made from recycled wood fibers mixed with cement. Unlike vinyl siding, which comes in sheets, it comes in individual shingles or clapboards nailed in place one at a time to look like wood. The baked-on finish won't have to be painted for many years.

**Stone walls:** Wouldn't it be nice to have a stone chimney gracing the side of your home? But you would have to install costly concrete footings first.

With manufactured stone, you can have it on the chimney, on a wall outside or inside of your home, or on a stone wall surrounding your home. No concrete footings are required.

The individual pieces are lightweight and one to three inches thick. They are applied wherever you want them like tiles. Manufactured, or cultured, stones are made of light-weight concrete and individually tinted to mimic the appearance of real stone.



**Countertops:** Engineered stone countertops combine the functionality and durability of solid stone and the flexibility and practicality of manmade materials. Made of chips of quartz pressed together with resins, it costs almost as much as granite but doesn't have to be sealed annually. It is heat- scratch- and stain-resistant.

Check with your nearby home improvement store or search the Internet for these products and you'll find many suppliers. Always hire an experienced contractor to install them.

## Adjust head restraints so they protect your neck

Properly adjusting the head restraints in your vehicle will help to protect you from whiplash injury during a rear collision. The Insurance Institute for Highway Safety recommends:

- \* The head restraint should be even with the top of your head or at least level with your ears.
- \* Even as manufacturers improved head restraints in recent years, many drivers don't reap the benefits. In one study, only one-third of restraints were in the proper position, which may give only 48 percent of the designed protection.
- \* There should be just a little space between your head and the head restraint, preferably less than four inches.

*The price of excellence is discipline.*

William Arthur Ward

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## For Sale on the 4th Fairway at Olde Liberty Golf & Country Club



**4 Bedrooms 3.5 Baths  
Screened Back Porch  
w/FP Gourmet Kitchen,  
Keeping Room w/FP  
Finished Bonus, .29 Acres  
1st Floor MBR Hrdwoods**



**Lots For Sale**  
2 Lots On 4th Fairway of  
Olde Liberty Golf & Country  
Club + 2 across from Fairway  
**\$81,500 to \$101,500**

**Lot For Sale**  
1.02 Acre Wooded Lot  
13257 Melvin Arnold Rd.  
Just off Shooting Club Dr.

## Buyer questions: What is a GFE?

A GFE is Good Faith Estimate and a lender is required by law to provide the estimate to a customer within three days of a loan application.

First, a GFE is exactly what the name states: It is an estimate. The standard GFE form lists all the many items related to buying a house that can cost money. These can include title insurance, taxes inspections, charges specific to the state or region you are in, and more. All of these costs go into what are called closing costs and the GFE gives you an idea of what it will cost to close on a house. But these costs are always estimated. The costs can change and probably will.

Second, a GFE is -- or it should be -- as the name implies, an estimate made in good faith. A reputable lender should give you the best possible idea of what the closing costs will be with his loan package. However, remember that a lender who gives you a GFE that is radically lower than your other estimates, is not necessarily proposing to do you a favor. The fact is that the lender is required to offer you a GFE; he is not required to make it accurate.

Some items on the GFE are unknown at the time you make an application. For example, the day of the month you close on will affect how many days of prepaid interest you have to pay. A lender can estimate this number high or low, but either way, it will change.

Treat the GFE that the loan officer offers you as a list of possible costs associated with your purchase.

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# October 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
Adopt a Shelter Dog Month 			1	2	3	4
5 Fire Prevention Week	6 Child Health Day	7	8 Yom Kippur	9	10	11
12	13 Columbus Day	14	15	16 National Boss Day	17	18 Sweetest Day
19	20	21	22	23	24	25
26 Mother-in-law Day	27	28	29	30	31 	

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