

Troublesome Headlines vs. The Real Story

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The Atlantic Coast Connection: Long & Foster Real Estate

April 2010



JUST SOLD

6542 River Tweed,
Alexandria, VA
1316 9th St NW #1, DC
909 F St NE, DC
401 13th St NE #310, DC
2231 McNamara Rd.,
Poolesville, MD
1705 Lanier Pl NW #205
644 Orleans Place NE, DC
4473 B St SE #202, DC
4085 Championship Court,
Annandale, VA
311 Aspen St NW, DC
4607 Latrobe Pl,
Alexandria, VA
4428 Yuma St NW, DC

UNDER CONTRACT

1133 14th ST NW #209, DC
1165 6th St NE, DC
1220 Blair Mill Rd #1209,
Silver Spring, MD
324 14th St SE, DC
5714 3rd Pl NW, DC
4410 Ridgecrest Dr,
Suitland, MD
3510 16th St. NW, DC
1439 Whittier Place NW, DC
5611 5th St. NW, DC

**Sign your contract by
APRIL 30
Close your deal by
JUNE 30**

WILL YOU BEAT THE CLOCK FOR THE HOME BUYER'S TAX CREDIT?

“Tick Tock!” There are only a couple of days until the Home Buyer's Tax Credit is set to expire. This time, the chances it will be extended are slim, so consider April 30th as the drop dead date to sign a contract for a new home if you want to get \$8,000 (or if you are repeat buyer, \$6,500) back from the government. Let's be honest — \$6,500 or \$8,000 is quite a drop in the bucket when speaking about a \$300,000 home but if the money is available, why not cash in?

If you have been wanting to move up to a bigger home, downsize to a smaller home, or turn your present home into rental property and buy a new residence, this is your time! If the residence you are in now was a starter property, you could utilize the program & upgrade to your dream home, while also offering the same opportunity to another purchaser! Work with a REALTOR to sign a contract for your new home by April 30th and assist with your current home sale too. As long as you have been in your current home for 5 of the last 8 years, you qualify for a \$6,500 incentive to make your move now. ***Editor's Note: If you are buying in DC & miss the deadline, there is still a \$5K tax credit for 1st time buyers. Ask Rachel for details!***



Helping 'Junior' Buy that First Home

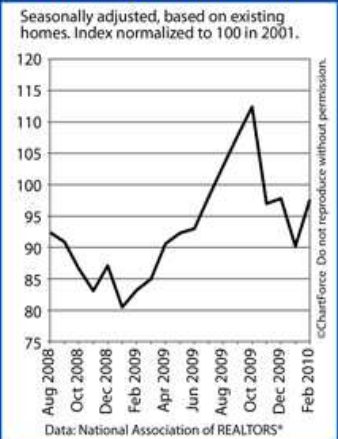
It is a known fact that many people purchase their first home with some financial help from the “Mom & Dad” piggy bank. Like prudent loan officers everywhere, parents may also need some convincing that Junior is ready to buy and won't require monthly help to make the payments. If parents are homeowners themselves, most need little convincing that home ownership is good deal, especially when the numbers show that in the DC Metropolitan Area the rent vs. buy expenses are not all that far apart.

With the tax credits in play, there are several exciting ways for parents to help their children buy. While you can't sell your kids the “family home” and get the credit, you can help them buy another condo, coop or single-family home.

If the kids are already credit worthy, parents can assist them with the down payment, especially if they

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Pending Home Sales



THE TAX CREDIT IMPACTS HOME SALES

Note: on this graph, sales were plummeting before the credit was in place. When it ended, sales fell. A brief recovery in November when the credit was renewed was disrupted by the holidays and snow, but from mid-February on, sales have been on the rise! Now, the rush to gain the credit is on, and April is busy again.



Hope. Desire. Expect. Accomplish. — Rachel

INCREASE YOUR ODDS OF FIRST TIME OWNERSHIP



A famous philosopher (aka: a great Realtor in North Carolina) said, the media has made it sound as if in the current market, homes are almost free. While it is true that home values have stabilized & many buyers are now able to get “more home for their money”, this does not mean sellers are willing (or able) to give a home away. The media hype has made first time buyers unrealistic and unprepared to make a successful bid on a home.

It is also true that prices are down from a year ago, that homes are plentiful, that interest rates (though rising a bit) are still historically low, and government incentives are enticing buyers on the fence to make that leap. However, in some markets (such as our market inside the beltway) homes under the \$450K price point have been snapped up by investors. It is not unusual right now to have a bidding war going on for lower priced homes. Often times, the best deals are on homes that are owned by banks, which have intentionally been put on market at prices so low that they invite competitive bidding. This results in a final sales price that is much higher than the original list price.

If you are a first time buyer who hopes to walk away with one of these homes, you need to be realistic and prepared. Engaging the services of a competent Realtor with insight into the local market is essential. Being flexible about the house is also crucial. It is unrealistic that you are buying your dream home right now, so be willing to bid on an acceptable, affordable home. This increases the likelihood that your bid will be accepted. Once you have your first home, you are building up your financial future....and that big picture mentality should always be at the forefront of decision-making.

Sellers in the current market may have to accept far less than they hoped, so a buyer is likely to win out over other bidders (if it comes to that) if their offer is trouble free. Here are few things you can do if you are ready to buy & want your offer to win out:

- Complete a loan application so your financing is ready to go.
- Have a complete pre-approval letter signed by a specific lender
- Be willing to pay more than the asking price (if circumstances require this)
- Offer a large down payment and/or earnest check deposit
- Be willing to buy the home As-Is to avoid haggling over small repair issues with the seller.
- Still insist on a home inspection but within 5-7 days
- Aim for a quick closing.

You don't want to make an impulse decision when buying a home, but time is of the essence these days. Coming to property showings ready to buy (having already done your homework) will serve you well!

Helping Junior Buy That First Home

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decide on an FHA loan.

IRS rules allow gifts of up

to \$13,000 per person per year. When the children get the \$8,000 refund, parents may elect to get paid back too or consider that an additional \$8,000 gift to apply toward their payments or to furnish the new place.

If Junior isn't ready to get a loan on his/her own, parents may also co-sign an FHA loan with them, or maybe even help them with the 3.5% down payment. The previous year's taxes can then be amended to get the credit immediately. This approach could help them buy the new housewarming items they need and prevent future withdrawals from “Mom and Dad” to buy new carpeting or



fix the garage.

This approach can also work if your child is still in school. With the high cost of college room and

board, you might come out ahead if you bought a \$100,000 condo for 3.5% (\$3,599) down. Your child could claim the credit to offset the cost of other school expenses. As long as they lived in the place for three years, they would not have to pay anything back. Example: College grad sells the place when he graduated, and uses the proceeds to finance his new home or other life adventure. Or you or your child becomes the landlord and rents out the place to future students.

Call Rachel

202.270.6972



You have options!

Talk to a Housing Counselor:

<http://tiny.cc/mqjvv>

What's up in the District?



This year, April 24th will mark the 40th anniversary of the grassroots environmental movement that we all now know as **Earth Day**.

In 1970 20 million Americans stepped out into the Spring Sunshine to take part in one of the most successful organized peaceful demonstrations of all times to promote the environment.

DC is still the place to be on Earth Day 2010. Our city is a forerunner in green cities striving to leave behind a better and healthier city and planet for future generations.

We are known for our innovative year-round programs and educational resources dedicated to a greener future. It is a city where promoting the environment and a sustainable planet has become second nature to us.

LIVE GREEN—Volunteer for Earth Day activities in DC, MD, and VA

BUY GREEN—Rachel Valentino is an **Energy Smart Real Estate Specialist!**

NEGOTIATING A MORTGAGE MODIFICATION

These days, while some people are trying hard to buy their first home, others are trying to hang on to the one they have. Because of unemployment, loss of income, adjustable mortgage resets, and falling home values, many find themselves in need of a mortgage modification to keep up with the payments.

Banks may not want to modify loan terms, but often, doing so is more profitable for them than the opposite. President Obama's Homeowner Affordability and Stability Plan set up the Making Home Affordable Program to facilitate refinancing and modifying loans, and banks have been encouraged to get on the bandwagon and help homeowners. The program (first conceived a year ago) has changed quite a bit. At first, banks were encouraged to lower interest and lengthen loan terms but now they have started offering incentives to reduce principle.

If your finances are shaky and you hope to have your mortgage modified, it's important to do some soul searching and then take definite steps to make it happen. Do you really want to stay in the house? A home should give you comfort, not stress you out because it is too costly to maintain. Here are the steps to take:

- Avoid scams that promise to help but want money up front. Programs that you hear of on late night TV, on telephone poles, or from unsolicited calls or emails likely do not have your best interests at heart.
- Contact a HUD approved housing counselor to discuss various options. Even if you need to consider an option such as short sale to avoid foreclosure, a counselor can help prepare you.
- Prepare an accurate picture of your finances. Your loan modification usually can get your payment to be 31% of your income or less. Will you be able to stick to that with your current income?
- If you have lost your job or face an unavoidable short-term impediment to making payments, work with your counselor to seek forbearance from your lender. Sometimes they will agree to postpone payments.
- If you need a long term reduction, see if your lender will accept what you can pay. You will need to make a case for why you can't pay the current amount but could pay the reduced payment. Keep in mind that 31% is the figure your lender probably has in mind.
- Make sure to ask if fees and penalties will be removed or figured in the revised loan. Damage to your credit score is likely if you either fall delinquent on your payments or have the loan terms changed, but you should ask how the lender will report the change in your payment.
- Be prepared to submit any documentation the lender requests.

Currently, modifying your loan is not a quick process, though there is pressure on the largest financial institutions to speed it up. In the right circumstances, loan modification can make the difference between keeping your home and losing it, so the process is worth the effort.

**Coming up this Summer —
Ben plans ACC "Client Happy Hour"!**