

Extended & Expanded

by Susan Thomas Springer,
for The Bulletin Advertising Department

**There's good news for people
planning to buy homes during
the first months of 2010.
The newest federal act will
benefit more home buyers.**

Interest rates are low, home prices are low, and now there's another incentive to buy a home. This month, the government extended the first-time home buyer tax credit and expanded the stimulus program to include some existing homeowners.

Local experts in the real estate industry say this move by the government should spur activity in the Central Oregon housing market.

"It's a great tool for first-time home buyers," said Sheree MacRitchie with Steve Scott Realtors and 2010 president of Central Oregon Association of Realtors. "And, it's a great incentive for people who are moving up."

MacRitchie said there is a pool of potential purchasers who are thinking of stepping into the real estate market, and this incentive could be what it takes to move them forward.

Already this year, many first-time home buyers have purchased homes knowing that a tax credit of up to \$8,000 is waiting for them through the Worker, Home Ownership and Business Assistance Act of 2009. That credit, which was scheduled to expire at the end of November, will now continue.

In addition, the government has extended the home buying program to include a smaller credit of up to \$6,500 for people who have lived in their homes for at least five years and wish to upgrade to a new home.

If you're an existing homeowner, you qualify for the new tax credit if you have lived in your current residence for five years or more out of the previous eight years, and purchase or have a purchase contract signed between now and April 30 of next year. The purchased home must be your principal residence.

Also, the income levels have been raised in this new legislation. Individuals with incomes less than \$125,000 and joint filers who earn less than \$225,000 are eligible for the credits.

The new law extends a similar credit until May 2011 for members of the uniformed services who are serving overseas.

Dave Woodland, mortgage advisor with Signet Mortgage in Bend, agrees the

legislation will encourage people who have been sitting on the sidelines.

"The hope is that it will get the market moving at higher entry points," said Woodland.

MacRitchie points out the legislation won't only benefit buyers. Sellers can find good news in it also.

"There's a whole pool of purchasers who might come in, so this is really the time to sell," said MacRitchie.

An increased number of real estate transactions helps infuse cash into the local economy, which helps a broad array of businesses from mortgage and escrow offices to builders and retail businesses. Woodland and MacRitchie say this past year, homeowners have earmarked the tax credit for use at retail stores to buy window blinds and furnishings and for local builders to make home improvements such as new decks.

Woodland said that downturns in the real estate industry in past decades have been helped by government incentives.

"They prime the pump," Woodland said. "It really was a benefit to the greater economy to get cash flowing in the retail area."

The existing legislation had some critics concerned about fraud. The new law contains important measures to combat tax fraud and protect responsible home buyers including setting a minimum age for home purchase and requiring documentary proof of the purchase in order to receive the credit.

Woodland and MacRitchie encourage potential home buyers to consult with their Realtors, their mortgage professionals and their tax advisors to understand how the new tax credits can apply to their situation.

In a statement released by the White House Office of the Press Secretary on Nov. 6, it was stated that "The Homebuyers Tax Credit is a temporary but important measure to continue economic recovery."

MacRitchie and Woodland agree with that optimism. MacRitchie said the new legislation will help people "get off the fence," and Woodland said he's very hopeful about 2010.

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Photo illustration by Nicole Werner