



Jim & Marcus Theis

Experience – Enthusiasm

COLDWELL
BANKER

ENDSLEY
& ASSOCIATES

2565 Geer Rd.
Turlock, CA 95380



Office: 209-669-8000
Fax: 209-668-5001

JIM THEIS

Cell: 209-988-2240
Email: jimtheis@aol.com

MARCUS THEIS

Cell: 209-499-8359
Email: marcusbtheis@aol.com

www.cbEndsley.com

Central Valley Real Estate Trends



June 2009

First-Time Home Buyer Tax Credit...

The Congress modified the First-Time Homebuyer Tax Credit in the American Recovery and Reinvestment Act passed in February 2009. The key points of this tax credit are:

- Effective for homes purchases January 1, 2009 through December 1, 2009.
- Amount of credit is the lesser of 10% of the cost of the home or a maximum of \$8,000.
- Reduces or can eliminate income tax liability for the year of the purchase. Any unused amount of tax credit will be refunded to the purchaser.
- Limited to first-time buyers - purchaser and purchaser's spouse may not have owned a principal residence in the three (3) previous years.
- There is an income limit - full amount of credit available for individuals with adjusted gross income of no more than \$75,000 (\$150,000 on joint return). Phases out above caps of \$95,000 & \$170,000.
- Purchasers who utilize revenue bond financing (first-time buyer programs) are still eligible.
- There is a recapture provision. If home is sold within three (3) years of purchase the entire amount of credit is recaptured on the sale.

More information on this subject can be found at www.irs.gov. or see your tax advisor.

"News That You Can Use" Email Alert...

As an added service to our clients, we have initiated a weekly email update that provides economic news, interest rate trends, and real estate facts and figures. This one-page update is emailed every Monday and summarizes economic events that impact our real estate market. If you are interested in receiving this weekly email update, please contact us and we will add your name to the list.

jimtheis@aol.com or marcusbtheis@aol.com

Foreclosures versus Short Sales...

Much has been written the past several months about foreclosures and short sales and the negative impact each has on real estate market values. A **short sale** results when a property is listed for sale at a price that is less than the amount owed. In such cases a potential buyer writes an offer and the legal owner of the property can accept the offer. However, in order for the new buyer to get "clear title", the bank/mortgage holder will have to approve the sale and the write-off of the deficiency amount. In many cases we are seeing below market listing prices that are attracting multiple offers only to have the lender stop the transaction. In most cases a lender will not consider a short sale until the property owner is in default on mortgage payments. A short sale is not a quick sale - a buyer needs to be willing to play the waiting game as lenders are being overwhelmed with increasing numbers of distressed properties.

The **foreclosure process** begins with the recording of the Notice of Default by the lender. During the first 30 days, copies of the Notice of Default are mailed to trustors and other parties of interest. After the third month, a sale date can be set and approximately 3 weeks prior to the sale date, the Notice of Sale is mailed, published, and posted at the property. Two weeks before the sale date, the Notice of Sale is recorded. At the end of the 120 days, the Auctioneer conducts the Trustee Sale on the county courthouse steps - only 2% of the properties are sold to third parties on the courthouse steps. In most instances, the property is taken over by the lender/bank and will eventually be listed as a "REO". Purchases of bank-owned properties tend to move at a more normal pace, however properties are generally sold in "as is" condition which puts the burden of discovery on the Buyer.

Call or stop by if you would like more information.