

FOR IMMEDIATE RELEASE

Date: October 13, 2008

Contact: Carl Spiteri, 619.544.6444

Re: **GREAT NEWS IN THE HOUSING MARKET...**
Housing & Economic Recovery Act to help First Time Home Buyers

San Diego, CA – The Bush Administration passed the Housing and Economic Recovery Act of 2008 only months ago and yet few people know of the fantastic opportunity for First Time Home Buyers in this new legislation. While there is so much emphasis in what's wrong with our current market, there are great opportunities for First Time Home Buyers. This Recovery Act allows the First Time Home Buyer a credit of up to 10% of the price of the home, not to exceed \$7500, on their tax return. A First Time Home Buyer is one who hasn't owned a home in the last 3 years (as reflected on their last 3 tax returns.) This tax credit applies to those who have purchased a home after April 8, 2008 and before July 2, 2009. This credit is phased out for individual taxpayers with adjusted gross incomes ranging from \$75k to \$95k and for couples earning \$150k and \$170k if filing jointly. In essence, the government is allowing this buyer to borrow up to \$7500, interest free and payable over 15 years. The tax credit must be paid back in equal payments as a surcharge on the homeowner's annual income tax return for the following 15 years or at the time that the home is sold if it hasn't been paid back in full at the time of the sale.

Ultimately, this is a free loan from the government to help with the purchase of a home. When considered with the tax savings that will be realized from the home's interest payments, this makes purchasing a home very compelling. Additionally, the cost of housing in San Diego County is down 20-45% in many neighborhoods (2007 vs. 2008) which makes it difficult to argue that this is a poor time to buy. Interest rates are still at historic lows and considering that the First Time Home Buyer will most likely be getting into a home with a fixed rate loan, amortized over 30 years, the factors that put homebuyers at risk over the last 2-4 years have virtually been eliminated by the more strict lending guidelines which help protect both the homeowner and the lender alike. While it is possible that the home may continue to depreciate in the next year if the market continues to adjust, the benefits seem to outweigh the risks. If you compare the benefits of finding a home at a low price, with immense tax savings, it's difficult to argue that a First Time Home Buyer would better advised to wait, unless of course they foresee a job loss or layoff. For those First Time Home Buyers who intend on staying in this first home for 5-7 years, it makes financial sense to take advantage of these low home and interest rate prices while the government is giving away an interest free loan to assist in the endeavor. Why wait and lose the opportunity to take advantage of these beneficial market conditions?

This article written by Carl Spiteri, a Mortgage Consultant and Liability Advisor serving San Diego for over 17 years. Carl is co-author of *Borrow Smart, Retire Rich* and an advocate of financial literacy to

promote consumer protection through education. He should be considered a potential local resource to address issues impacting the housing and mortgage markets. He teaches courses on debt management, home ownership, mortgage

management, credit scoring, etc. He belongs to the *Lenders Who Care* program, subscribing to honesty, fairness and integrity in all business transactions.

Spiteri can be reached at 619.544.6444 or by email at Carl@LoanStarFinancial.com.

###