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THE BUZZ Today's Real Estate News

Tax-Saving Steps You Can Take In December

During the holiday season, the last thing you want to think about is taxes. But by acting before the end of the year, you or your business could get some significant tax relief.

*** Income and expense.** The most fundamental steps include deferring income and accelerating deductible expenses. If you can delay taxable income until January 1 and pay for invoices and expenses not usually handled until the following month or two, you will save on your income tax.

*** Contributions.** Year-end planning also involves maximizing contributions to qualified retirement plans such as a 401(k). They must be made before the end of each year. (IRAs have a later date.)

*** Portfolio.** If you have planned to sell your losers, do it before January 1. Losses in excess of gains can be used to offset up to \$3,000 in ordinary income, or \$1,500 for a married couple filing separately.

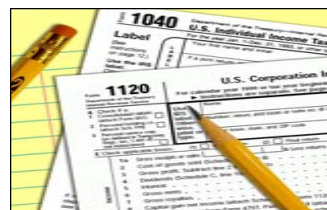
One tax break available in 2008 through 2010: Couples with incomes of \$65,000 or less (\$32,000 for singles) are exempt from capital gains tax. Example: If you are single and after deductions

and exemptions have \$22,000 in income from wages and interest, you would pay no tax on up to \$10,550 in capital gains, which would bring your income to the \$32,550 limit.

This break is very helpful for investments that have been held for some years while their value has risen.

*** Gifts.** You can transfer \$12,000 per person as gifts and reduce your income by that amount. A couple can reduce their income by \$24,000 per person. (The person who receives it doesn't have to pay income tax on the money.)

*** Learning credits.** People with adjusted gross incomes between \$7,000 and \$57,000 may be able to claim a lifetime learning credit of up to \$2,000 for qualified education expenses paid for all of their students who are enrolled in eligible educational institutions.



Welcome To Santa's Castle!



Christmas as holy day and a fulfilled holiday touches the hearts of people everywhere. Children especially are drawn to the festivities as they write letters to Santa Claus, decorate trees, and leave cookies and milk under the tree for the jolly fellow.

Many sleighs full of children's letters to Santa are addressed to him at the North Pole. Others are sent to such places as Santa Claus, Indiana, and Santa Claus, Georgia. Santa Claus, Georgia has streets with names such as Candy Cane Road, Rudolph Way, Dancer Street, and Sleigh Street.

This year in Santa Claus, Indiana, a

unique landmark has reopened. The Candy Castle, originally sponsored by the Curtiss Candy Company, creators of Baby Ruth and Butterfinger candy bars, was known as Santa's home. It housed a wood shop where Santa could be watched making toys.

Today the new castle, which is free to the public, has found new life. The Candy Castle includes a Gallery of Santa Claus History and a large selection of gourmet candy canes. Kids have the opportunity to sign Santa's Good Book (but only if they've been good!) or drop a letter to Santa in "Santa's Post Office."

Postal officials caution that candy canes and cookies for Santa as well as hay for his reindeer should not be mailed as they may be crushed. Such treats should be left under the tree on Christmas Eve.

In 1912, Postmaster General Frank Hitchcock authorized postmasters to allow individuals or institutions to use Santa Claus' letters for philanthropic purposes. Interested parties should contact their Post Offices to respond to the letters.



What's New In Northern Colorado Real Estate...

December 2008

THE BUZZ

The National Association Of Realtors® has stepped up its challenge to lawmakers encouraging them to take new, decisive actions to address the continuing problems in the housing industry. NAR provided an economic analysis demonstrating that a reduction, or a buy down, of interest rates by just 1 percentage point could result in up to 840,000 additional home sales and reduce the inventory of homes by as much as 20 percent. Inventories currently at 9.9 months' supply would decrease to approximately a 7.5 month supply.

"These changes would help stabilize home values and the housing industry, says Richard F. Gaylord, NAR President. "The Treasury Department has gotten off track by focusing too much attention and stimulus money for mergers and acquisitions. The administration needs to get back to the original intent of the plan—stabilizing the mortgage and housing markets—to help families avoid foreclosure.

A recent consumer survey conducted by NAR® member Realty Corporation reinforces the importance of housing in a broader economic turnaround. The survey found that nine out of ten home owners believe that owning a home is still the best long term investment they can make, but nearly one-third of those surveyed said they were putting plans to buy a new or existing

home on hold because of the current economic environment.

Towards this end, NAR® submitted a stimulus plan to Congress and the administration earlier this month, calling on Congress to enact a new housing stimulus package that would help boost the economy. The plan includes consumer-driven provisions that would eliminate repayment of the first-time home buyer tax credit and expand the credit to all home buyers, make the increased mortgage loan limits permanent, and focus the economic stabilization efforts on supporting the housing and mortgage markets instead of providing capital to banks with no strings attached.

Reducing the interest rate, combined with removing the buyer tax credit repayment, could result in an additional 10 percent reduction in inventory, down to a 6.5-month supply, and would produce modest home price gains of 2 to 4 percent. Such price gains would provide up to \$760 billion in housing equity recovery for the nation's 75 million homeowners.

"There is no question—there cannot be an economic recovery without a stabilized housing market. Congress and the new administration need to act immediately to help America's families protect their homes, saving and futures," Gaylord says.



I am happy to announce my new association with Realty Executives, LLC, in Old Town, Fort Collins. This is an exciting opportunity and a natural fit for me. I thrive in a small office environment and look forward to working with this dynamic group of knowledgeable and experienced Brokers who believe, like I do, in great customer service during and after the sale. Our office has specialty divisions for REO/Foreclosure, Residential, Commercial, Land, Mountain and Resort properties and services Larimer, Weld and Grand County communities. Please stop in and say hello when visiting the downtown area. We're located on the east side of South College Avenue, across the street from Ace Hardware, between Olive and Oak Streets.



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What The Bailout Plan Means From A Real Estate Point Of View

The subprime mortgage mess has caused the demise or takeover of investment companies and banks. Now, the government has stepped in with a plan that could save other companies and banks as well as individuals who are in danger of losing their homes.

Though many details of the plan won't be worked out for some time, here is a simplified example of one way the bailout will work, according to realtytimes.com.

Say an investor bought a bond fund containing a pool of 100 mortgages. Now, 24 of them are delinquent, but 76 are still being paid on time. (The Mortgage Bankers Association says those delinquency numbers are close to the reality in mortgages today.)

Because of the delinquencies, the fund gets a bad reputation. The best offer to buy it is for about 20 cents on the dollar, in spite of the fact that 76 mortgages are still good.

At that point, the government could step in and buy the pool of mortgages for a more realistic price. Once it has done so, it can work with lenders and individuals to

create new mortgages that would be more affordable. Over a couple of years, the plan might help 15 of the troubled mortgage holders save their homes and pay on time.

The bond fund would then be worth more money. The government could resell it, possibly at a profit. Financial guru Warren Buffet says that if this part of the program is done wisely, the government could make money on it.

Financial experts say it's too early to know how successful the programs in the bailout will be. But by buying up incorrectly valued mortgages at a fair price, the government will pump new money into the market, money that can be used for new home mortgages that could be obtained at lower interest rates. The Fed's recent half-point interest rate cut should help with that.

From a real estate standpoint, the plan could take a while to work. Over time, however, the results should be favorable both for distressed mortgage holders and for home buyers just coming into the market.

Rescoring- The Little Known Credit Score Maneuver

If you have paid your bills on time but your credit report says you haven't, your mortgage lender might have a trick up his sleeve to fix your report fast.

Typically, the three credit bureaus each require at least 30 days to investigate and make changes to your credit report. But if you are in the process of applying for a mortgage, your lender might be able to get the changes made in just a few days.

This 'trick' is called rescoring, according to Evan Hendricks, author of Credit Scores and Credit Reports: How the System Really Works.

Rescoring is a service offered only to mortgage lenders by independent credit reporting agencies, which compile information from the three credit bureaus (Equifax, Experian, and TransUnion). The independents can work with the Big Three, fix errors, and then recalculate your credit score. If your score can go up, even a little, after the errors are fixed, you could save thousands of dollars on your mortgage interest.

The key is that rescoring works only on real errors. If you have a low score because you don't pay your bills on time, then you can't rescore. You must demonstrate to your lender that you have a legitimate error on your report and provide proof, such as payment records. If your lender does decide you have a legitimate case, you will have to pay up to \$150 to have the rescoring done.

Rescoring is really an emergency maneuver. If you are planning to apply for a mortgage, you should get a copy of your credit report first. Go to annualcreditreport.com. You can get one free report each year from each of the credit bureaus. You will have to pay to get your score.



THE BUZZ Goes Online Beginning In Early 2009. Announcing My New Website: FortCollinsCo.Us

It seems everyone these days is going green in an effort to conserve natural resources and reduce their carbon footprints. I felt it was time to do my part and in the process save hundreds of trees by making it easier for you and I to communicate with each other. You will be able to receive your monthly issue of THE BUZZ online to read and enjoy at your convenience. I will be including local information, upcoming events and internet links to keep you connected to our community. Please feel free to share this website with your family and friends who may also enjoy reading the newsletters.

If you do not have computer access at home or work, then feel free to call me directly at (970)472-8888 or email me at maryrhoades@realtyexecutives.com, and I would be happy to send you a print copy of the newsletter. I really enjoy hearing from you with your comments on current articles and topics of interest and questions for future newsletter articles. Be looking for the launch announcement in the coming month.

Ask An Expert

By Mary M. Rhoades, CRS, GRI



Question:

We're buying a house and the lender wants us to put money into an escrow account. What is it, and what is it for?

Answer:

There are two purposes for escrow. The main goal is to assure the lender that you will have enough money to pay property taxes and insurance costs. The money or other pledged assets are held by a third party, an escrow agent, until the mortgage is closed.

The second duty of the escrow holder protects both the buyer and the seller of a property. The holder has the obligation to safeguard the funds. They are disbursed and title to a property conveyed only when all of the provisions of the escrow agreement are met by the buyer, seller, and lender. The disbursement amounts are shown on the closing statement of the mortgage.

If you have made a down payment of less than 20 percent, the mortgage holder will be your new escrow agent. Instead of paying property taxes and insurance all at once when they come due, the mortgage holder will calculate the total cost and add 1/12 to each of your monthly payments. When taxes and insurance are due, the lender makes the payments. You will never have to worry about making the lump-sum payments.

Tankless Water Heaters Can Be A Good Choice For Some Homes

If you want unlimited, instant hot water at half the cost of a conventional system, a tankless water heater could be right for you.

Tankless heaters are powered by natural gas or propane. Each one is 2 feet by 3 feet by 1 foot, so they save space and can be mounted on a wall.

Because they don't use a storage tank, they save energy. It's one reason why such systems are becoming more popular, especially in new homes. The cost of a system, not including installation, could be recovered in four years of typical usage.

A system from Rinnai or Noritz costs about \$1,000, while a traditional 40-gallon gas water heater has a price tag of about \$400. Though its cost of operation is less than that of a conventional gas water heater, the system will not be practical in some homes because of installation requirements.

According to Crane Builders, a gas-powered tankless system has very specific exhaust and intake needs.

Electric models are available but may require modification to electrical systems and they are more expensive to operate than gas-fired systems.

How To Get An Offer On Your Home

- Price it right.** Set a price at the lower end of your property's realistic price range.
- Prepare for visitors.** Get the home market ready at least 2 weeks before you being showing it.
- Be flexible about showings.** It's often disruptive, but the more amenable you can be about letting people see your home, the sooner you'll find a buyer.
- Anticipate the offers.** Decide in advance what price and terms you'll find acceptable.
- Don't refuse to drop the price.** If your home has been on the market for more than 30 days without an offer, you should be prepared to at least consider lowering your asking price.

Digital Christmas Ornament Makes Your Tree A Slide Show



This digital photo Christmas ornament stores over 50 pictures and plays them as a slide show (or optional static picture). The ornament has a 1.5 inch, bright, color LCD screen. Download photos from your PC to the ornament. Features include photo rotate and crop and auto power off.

Here's an idea: Load the ornament up with pictures of Christmas past. From \$20 to \$50 at brookstone.com and qvc.com. Requires 2 AAA batteries