



Pam Bewak

January 2009

# REAL ESTATE Update

Note: Simply click on the title of a story below to go directly to that page.

## Pages with full header

- [January Real Estate Update](#)
- [Quick! Take That Low-Interest-Rate Holiday](#)
- [Still Many Happy Returns for Home Rehabs](#)
- [What's In, What's Out with Home Buyers in 2009?](#)
- [Fix Housing First Coalition Seeks To Revive Economy](#)
- [The Open House Show](#)
- [No Place Like Home For Savings](#)
- [Don't Miss Tax Deductions On Your Real Estate Investment](#)
- [Blank Template](#)

## Pages with footer only

- [January Real Estate Update](#)
- [Quick! Take That Low-Interest-Rate Holiday](#)
- [Still Many Happy Returns for Home Rehabs](#)
- [What's In, What's Out with Home Buyers in 2009?](#)
- [Fix Housing First Coalition Seeks To Revive Economy](#)
- [The Open House Show](#)
- [No Place Like Home For Savings](#)
- [Don't Miss Tax Deductions On Your Real Estate Investment](#)
- [Blank Template](#)



Equal Housing  
Opportunity

### Pam Bewak, Broker

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

### First Choice Real Estate

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725



Pam Bewak

# January 2009

# REAL ESTATE Update

## Rates Hit New Low

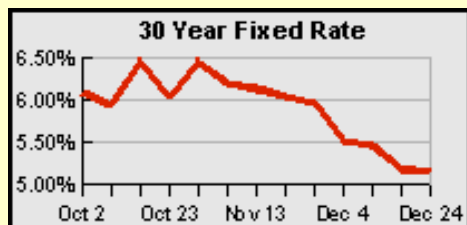
In Freddie Mac's results of its Primary Mortgage Market Survey the 30-year fixed-rate mortgage (FRM) averaged 5.14% for the week ending December 24, 2008, down from the previous week when it averaged 5.19 percent.

Last year at this time, the 30-year FRM averaged 6.17 percent.

"Interest rates on 30-year fixed-rate mortgages eased for the eighth straight week and set another record low since Freddie Mac's survey began in 1971," said Frank Nothaft, Freddie Mac

## Mortgage Rates

Source: Realty Times



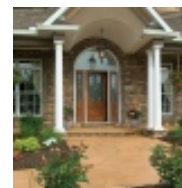
U.S. averages as of December 24, 2008:

**30 yr. fixed: 5.14%**  
**15 yr. fixed: 4.91%**  
**1 yr. adj: 4.95%**

vice president and chief economist. The average rates are so low, refinancing can benefit even those who purchased a home a year or two ago.

## Curb Appeal Matters Now More Than Ever

For the second



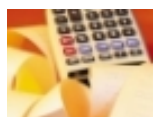
year in a row, Realtors® report that exterior remodeling projects return the most money as a percentage of cost, as detailed in the 2008 Remodeling Cost vs. Value Report.

On a national level, wood deck additions and all types of siding replacements - upscale fiber cement, midrange vinyl, and upscale foam backed vinyl - returned more than 80 percent of project costs upon resale. Of these, the most profitable project was upscale fiber cement siding, which recouped 86.7 percent of costs, followed by wood decks at 81.8 percent, midrange vinyl siding at 80.7 percent, and upscale foam-backed vinyl siding at 80.4 percent.

"Because today's buyers have much more to choose from in the way of inventory, any home for sale must make a positive first impression," said National Association of Realtors® President Charles McMillan. "As a trusted source for real estate information, Realtors understand what attracts and motivates their buyer clients, which is why the results of this year's Cost vs. Value report underscore the importance of curb appeal in the buyer's eye."

The 2008 Remodeling Cost vs. Value Report compares construction costs with resale values for 30 midrange and upscale remodeling projects comprising additions, remodels and replacements in 79 markets across the country. Data are grouped into nine U.S. regions, following the divisions established by the U.S. Census Bureau.

## Why Are Property Taxes Still Rising?



Property taxes

continue to rise across the country, despite declines in home values.

Property tax collections across the United States rose 3.1 percent this year, according to the U.S. Bureau of Economic Analysis. That means state and local governments will collect more than \$400 billion in property taxes this year - a record amount.

Most states have caps that prevent taxes from rising rapidly in boom times. The same laws keep taxes from plummeting when home values decline. "Property taxes aren't always popular, but they are a very stable tax, even in tough times," says Thomas Gentzel, executive director of the Pennsylvania School Board Association.

## Deal Sweeteners Woo Potential Buyers

What does it take to



sell a house these days? While the right price is key, attractive bonuses can get potential buyers to at least take a look.

A Porsche comes with the house in Austin, Texas, while a seller in Phoenix is offering to install a pool, a patio and a professional grill to anyone who pays full price.

Purchasers of Tim Newton's home in La Habra, Calif., get professional lawn maintenance for six months, furnishings of their choice, and a flat-screen TV.

A Real-estate development company in New York City is offering buyers 10 personal-training sessions, a \$500 American Express gift card, and a romantic getaway to a bed and breakfast.



Equal Housing  
Opportunity

**Pam Bewak, Broker**

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

**First Choice Real Estate**

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725



Pam Bewak

January 2009

# REAL ESTATE Update

## Quick! Take That Low-Interest-Rate Holiday

By Broderick Perkins



One holiday Blue Light Special appears to be working. Interest rates are as low as they been since Freddie Mac started tracking them, refinancing applications are soaring and home buys are on the move. Freddie Mac on Christmas Eve said the 30-year fixed-rate mortgage (FRM) averaged 5.14 percent for the week ending Dec. 24, 2008. That's the lowest the rate has been since Freddie Mac started the Primary Mortgage Market Survey in 1971.

The 15-year rate averaged 4.91 percent.

Five year hybrid adjustable rate mortgages (ARMs) were higher at 5.49 percent, but 1-year ARMs were below 5 percent at 4.95 percent nationwide and even lower 4.75 in the Northeast and Southwest.

With all the money you've been saving on reduced holiday spending and gasoline conservation, and all those motivated sellers out there twisting in the frigid wind, it's a good time to be thinking about refinancing or better yet, "Buy A Home -- Now!"

Forget settling down for a long winter's nap. It's obviously time to put on your refinance thinking cap or your buy-a-home lid, not that go-to-sleep winter topper. Either way, you won't be alone. Jack Frost can't hold a candle to housing consumers who feel the heat.

On Dec. 24, the Mortgage Bankers Association's composite index of mortgage applications to buy a home or refinance a mortgage rose to 1,245.4, the highest since 2003, from 841.4 a week earlier. The group's refinancing gauge rose 63 percent and purchases gained 11 percent.

Low rates have you looking to refinance?

The average rates are so low, refinancing can benefit even those who purchased a home a year or two ago, even if they had a small equity stake in their home and used an ARM to buy. The key, say the experts, is to examine your options.

- Visit your existing lender first, especially if your lender doesn't sell loans and has a vested financial interest in keeping its portfolio intact. It will prefer to refinance you at the going rate rather than cut a loan modification and lose money. Also shop around at other banks, credit unions and other lenders that also retain loans.

- Trading an ARM for a fixed rate that's slightly higher also isn't a bad deal if that ARM rate will eventually explode with an upward adjustment.

- If you have both equity in your home and pristine credit, bargain hard. You have the most options.

Low rates making you think about buying?

- Budget. Know all sources of every penny and where every penny goes. You can't know where you can cut costs until you know in detail what those costs are.

- Save. Pinch Pennies. Save More. Being miserly isn't lame. It's a prerequisite to homeownership. If you don't have a savings account worth three to six months of your net income, you are already behind should there be an emergency. In addition to money for the down payment, lenders today will expect you to have some cash left over for insurance, taxes, maintenance and other costs that come with homeownership.

- Don't just get your credit report, read it. Your credit report is a report card on your credit use -- the good, the bad, the ugly -- and, too often, the incorrect. Which is why you want to see it. If there are errors, follow the instructions to correct them.

- Get professional help. Can't determine what your credit report is trying to tell you? Not sure how to calculate what you'll need to save for a down payment? Don't know how to set up a budget? Most consumers don't. It's okay to ask for help. It's smart to ask for help. You don't know everything about buying a home, even if you are moving up, but especially if you are a first-timer. Save the pride for after the purchase.

- Whether it's a financial planner, financial counselor, real estate agent, mortgage broker, loan officer, or family friends, ask who you trust for references to find those who can help you. Get help in setting goals, sifting through mortgage programs, understanding the title and escrow process, finding a home and keeping a home -- all well before you are actually in the market for a home.

- Learn about market and economic conditions that could impact your decision. Learn about home prices, mortgage rates, home buying costs and other issues surrounding what's likely to be your most complicated purchase ever. Attend workshops, seminars and classes.

- Above all -- refinancing or buying -- move fast. The mortgage market is as volatile as it's ever been. Rates could quickly reverse course and head back into Scrooge territory.



**Pam Bewak, Broker**

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

**First Choice Real Estate**

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725



Pam Bewak

January 2009

# REAL ESTATE Update

## Still Many Happy Returns For Home Rehabs

By Realty Times Staff



Despite home price drops in many cities, remodeling projects are holding their own as a way for owners to add value. Many people are wondering where their money will be safest during these uncertain economic times. Experts still advise investing in your home still pays off.

National Association of Realtors® (NAR) statistics show that home prices have fallen by an average of 7 percent nationally in the past year. But the value of home owners' investment in remodeling projects has declined only 3.86 percent on average between 2007 and 2008, according to *Remodeling's* 2008 Cost vs. Value Report.

*Remodeling* produces the Cost vs. Value Report each year in cooperation with Realtor® magazine. Realtors responding to a survey in midsummer said home owners could expect to recoup a national average of 67.3 percent of their investment in 30 different home improvement projects. At the height of the housing boom in 2005, home owners could expect to recoup a national average of 86.7 percent on projects.

Remodeling remains hot in 10 cities, where, on at least some projects, home owners can recover 100 percent of their costs. In Charlotte, N.C., for example, decks, midrange kitchen remodels, vinyl siding, and window-replacement projects all would net more than they cost, in respondents' estimation. High rates of recovery were seen in both strong real estate markets and weak ones.

Many cities with the highest rates of recovery were smaller Jackson, Miss., and Billings, Mont., for example which may point to lower labor and materials costs that are easier to recoup.

Seattle also made the list of cities with a cost recovery of

more than 100 percent on decks and minor kitchen remodels. In fact, Pacific Coast cities recorded the best payback on remodeling by a wide margin, as they did in 2007. Although construction costs on the Pacific Coast are nearly 17 percent higher than national averages, the value of renovations at resale more than makes up for those higher prices.

The result is an average cost-recouped percentage that is 14.8 percent higher than in the rest of the country. The toughest place to get your money back: Midwestern cities such as Chicago, Cleveland, Indianapolis, and Milwaukee.

### Top 10 Project Paybacks

Once again, exterior remodeling projects lead the way for recovery on dollars spent in this year's Cost vs. Value survey. When you compare the national averages, replacement projects that boost curb appeal siding, windows, and decks give you the greatest chance of recouping your money. Inside, only kitchen remodels can compare, at least on a national level.

- Upscale fiber cement siding (86.7%)
- Midrange wood deck (81.8%)
- Midrange vinyl siding (80.7%)
- Upscale foam-backed vinyl (80.4%)
- Midrange minor kitchen remodel (79.5%)
- Upscale vinyl window replacement (79.2%)
- Midrange wood window replacement (77.7%)
- Midrange vinyl window replacement (77.2%)
- Upscale wood window replacement (76.5%)
- Midrange major kitchen remodel (76.0%)



Equal Housing  
Opportunity

### Pam Bewak, Broker

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

### First Choice Real Estate

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725



Pam Bewak

January 2009

# REAL ESTATE Update

## What's In, What's Out With Home Buyers in 2009?

By Mark Nash



Mark Nash, author of four real estate books, has completed his annual survey of 839 real estate agents in all fifty states in the US and the eight provinces of Canada. What's in, what's out with Homebuyers illuminates what's popular or what sours homebuyers in both the home purchase or sale transaction and home decor. Compiled annually from-the-trenches, it offers a spectrum of tips that cover reality of buying a home and design no-no's for home sellers and buyer must-haves.

### What's IN

- Sidelined home buyers. Family or lifestyle additions or changes made in buyers households in the last three years are forcing those waiting out the market transition to finally get off the fence and say, it's time for our family to buy the new home that suits our new needs.
- Home uplifts. Not a big renovation, but some new finishes that can visually holdover stay-put home sellers. Not a gut rehab to the studs new kitchen, but new flooring, countertops and appliances.
- Collaborative home pricing. The old days of home sellers configuring a homes price are out. What's new is that the seller with their agent look at closed comparables, set a price, then the buyer and their agent agree or disagree, but in the end, a mortgage lender and their appraiser will set the price, as they are assuming the most risk in the transaction.
- Balanced reporting by real estate and personal finance journalists. Consumers learned in 2008 that the 'doom and gloom' residential real estate market headlines don't apply to all markets. What's been lost in the foreclosure hype is that there are still stories of homes selling in short market times (in as little as 3 days), homes selling at full price and some selling with multiple contracts on the table. Existing home sales will be 5.02 million versus 5.652 million for 2007, a decrease of just over eleven percent, considerably less than the recent correction in the U.S. stock market, plus a realistic view that over five million people purchased a home despite the headlines in 2008.
- Creative home seller financing. Exhausted home sellers are turning to self-financing to move properties. Installment sale contracts and lease to own are the most popular and effective ways for sellers to begin to receive income from a property that has languished on the market in 2008.
- Property tax appeals. With home prices dropping, many savvy home owners are appealing their property taxes. This is especially attractive to those looking to sell their home in 2009.

With a competitive marketplace, those with the most realistic taxes are more likely to offer buyers an overall lower expense in home ownership.

- Loveseats. A pair or trio is gaining acceptance as the functional way to rearrange a living or family room. Consumers appreciate the ease at which they can rearrange them, move an extra one to another room, or provide long-term furniture flexibility in future homes. Plus, they're tired of sitting miles away from others on over-sized sectional sofas.

### What's OUT

- Fixer-upper homes. With larger down payments required by mortgage lenders and consumer credit cards mixed out, home buyers want a home in move-in condition. The DIY days are on the wane as buyers want to inherit new kitchens and bathrooms.
- Foreclosure fluff. The foreclosure rate nationally in 2008 was just under 3 percent. In the Great Depression it was just over forty-percent.
- Home buyers endless "circling" prospective short-list properties. Overly optimistic thinking by buyers to circle a preferred property indefinitely, often for months, waiting for further price reductions or to wear out long weary sellers. This practice has backfired for buyers who practice this style of pre-negotiating. They often lose their short-list dream home and frustrate savvy price-right sellers.
- Home staging. A recently over-used low cost marketing band-aid for vacant or occupied homes with longer than normal market times. Buyers have said enough of the non-professional usage of assorted leftover props placed around a for-sale home to make it supposedly homey. Buyers say, market it as it is and clear out the tired silk flowers and stale potpourri.
- Indoor-outdoor carpet. The staples of quick-fix home sellers for basements, balconies, screened porches and lanai's, buyers have said enough. Many have told agents that inexpensive indoor-outdoor carpet is visual pollution and often masks flaws in a home.
- Track lighting. Thought of by homeowners to be a quick way to get an art gallery look, many prospective buyers usually take them out and discount their appeal. As one Gen-X home buyer said to me "Why do sellers install them up when they don't really have any interesting artwork or architectural features to spotlight? They bring undue attention to nothing."



**Pam Bewak, Broker**  
828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

**First Choice Real Estate**  
800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725



Pam Bewak

January 2009

# REAL ESTATE Update

## Fix Housing First Coalition Seeks To Revive Economy

By Realty Times Staff



The National Association of Home Builders (NAHB) is spearheading Fix Housing First, one of the largest coalitions of housing advocates ever assembled in the United States, to push for a housing recovery plan that will revive the economy.

"If we are going to successfully pull our nation out of recession, we must address housing first," said NAHB President and CEO Jerry Howard.

Fix Housing First, which consists of more than 600 organizations, home building companies and manufacturers continues to add new members on a daily basis, is pressing for a major stimulus package to stem the decline in home values, stabilize financial markets and reignite consumer demand. To get the economy moving again, the coalition is urging Congress to support enhancements to the home buyer tax credit and provide below-market 30-year fixed-rate mortgages for home purchases.

"If Congress enacts a meaningful tax credit, coupled with an aggressive interest rate buy-down program, we are confident that these measures will help to stabilize home prices, prevent future foreclosures, restore consumer confidence and start creating jobs," said Howard.

The coalition cites a similar plan that worked in 1975, when the nation was also in the midst of a recession. Congress then passed a short-term \$2,000 tax credit for all new homes (\$12,000 adjusted for today's median home prices) along with subsidized mortgage rates. The stimulus jump started the depressed economy and the effects continued long after the measure expired.

"Entering this holiday season, we saw a sobering loss of more than half a million jobs in November, and major job cutbacks among the nation's top employers are being announced daily," said Howard. "We need to put a stop to this dangerous erosion on Main Street before it grows out of control."

Enzo Perfetto, a third-generation home builder from Cleveland, has gone from constructing 20-to-30 homes annually to just one this year as a result of the economic downturn. The situation is critical and getting worse, he said. "Home building generates American jobs. You can't outsource the construction

of a home. But these jobs won't return until the credit freeze ends and our government addresses the housing crisis."

"We are leaving no stone unturned in conveying to our government and the public the message that a housing stimulus is urgently needed, and that restoring demand for housing is the fastest and most effective way of reviving the economy," Howard said.

The housing stimulus proponents are calling for significant enhancements to the current \$7,500 tax credit for first-time home buyers. Among the improvements:

- All primary home purchases between April 9, 2008 and Dec. 31, 2009 would be eligible.
- The credit amount would be increased to 10 percent of the price of the home, capped at 3.5 percent of FHA loan limits, bringing the credit to a range of roughly between \$10,000 and \$22,000.
- The current recapture provision would be eliminated. Repayment would only be required if the home were sold within three years.
- The credit would be available at the time of closing, making it easier to be used as a downpayment.

The second component of the stimulus plan would provide qualified home buyers with 30-year fixed-rate mortgages at 2.99 percent on contracts closed until June 30, 2009 and 3.99 percent on closings between June 30 and Dec. 31, 2009.

The coalition has also announced its support for continuing foreclosure prevention measures to keep people in their homes.

To help buyers in California and other high-cost markets, NAHB is also calling on Congress to permanently keep the FHA/Fannie Mae and Freddie Mac conforming loan limits at \$729,750. Under current law, the loan limits for high-cost areas will be reduced to \$625,500 on Jan. 1, 2009.

Fix Housing First points out that 3 million home building-related jobs have been lost as a result of the slowdown in housing production, which represents \$145 billion in lost wages and \$4.9 billion in lost purchases. Deterioration in these jobs has now spilled over into virtually all sectors of the U.S. job market.



Equal Housing  
Opportunity

### Pam Bewak, Broker

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

### First Choice Real Estate

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725



Pam Bewak

January 2009

# REAL ESTATE Update

## The Open House Show

By Broderick Perkins



The open house is the original reality show. It invites potential buyers to dream big-time, in real time, in the very same space they may one day call home. That's some grand prize.

But that's not all.

- An open house gets buyers into the neighborhood to check out amenities and proximity to schools, jobs, shopping and other attractions. A home, after all, isn't an island.
- An open house generates in-person feedback on the home's condition and its price.
- An open house exposes the home to buyers who may not currently be working with an agent and, as such, are not aware of the home's availability.
- An open house can flip hesitant buyers already interested in the home when, during the tour, they learn they've got some competition.
- An open house can snare impulse buyers, who see the house for sale and, with just one look, fall in love.

However, botch the open house production and your show will immediately go into reruns -- or worse, cancellation.

Successful open house production.

Here's what the experts say you need to know to get buyers to tune in to your open house and make an offer you can't refuse.

- Clean house. Be sure the home for sale is Spic and Span -- as clean and as neat as possible. Think model home with a neutral, depersonalized setting. No political posters, no personal photos. Also, remove the clutter. Empty the garbage cans, clean out the closets and polish the fixtures.
- Find good help. Consider hiring someone to clean house, someone to manicure the landscaping or, perhaps, painters to put on a fresh coat inside and out. Do a walk through with your agent before the open home and ask your agent about staging.
- Spruce things up. A home inspection can point you to features that need work. Add a new shower curtain, fresh towels, and new guest soaps to every bath. Set the dining

table with pretty dishes and candles.

- Appeal to the senses. Served baked goods, coffee, tea and soft drinks to create a homey feel. Use disposables to keep the kitchen tidy. Otherwise, pipe in some soft music and add flowers in main rooms for a touch of principal rooms for a touch of color. Remove a major piece of furniture or two from each room to give it a sense of spaciousness. Light a fire in the hearth. Likewise, closet those kitchen appliances and bathroom items to give the illusion of more counter space.
- Lighten up. Open the window covers. Turn on all the lights. Even during the day, lighting adds sparkle.
- Lose the pets. It's best to temporarily board Fido and Fluffy elsewhere. If that's not possible, confine them to a cage or room, basement or bath and let the listing agent know where they are.
- Protect stuff. Lock up your family jewels, electronic gadgets, cash and other valuables. Even with a real estate salesperson on site, it's impossible to watch everyone all the time.
- Twice is nice. Sunday afternoon is a good time to attract visitors, but don't forget Saturday. The extra weekend day open house avoids alienating those who worship at a house of faith on one day or the other. Plan to start early and stay late, say, after weekend sporting events.
- Spread the news. Mail post cards to invite neighbors and prospects. Also list the event in the local newspaper and on Web sites and other publications.
- Avoid hosting. Your agent should attend open houses to be available for questions, to provide property and neighborhood information and to get valuable feedback by watching and listening to potential buyers. Most advice suggests you stay at someone else's home during your open house. It's awkward for prospective buyers to look in your closets and express their opinions of your home with you hanging around. On the other hand, some advice suggests sellers put in a brief appearance, but only after you are well coached by your listing agent. In any event, let the agent make the decision.



**Pam Bewak, Broker**  
828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

**First Choice Real Estate**  
800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725



Pam Bewak

January 2009

# REAL ESTATE *Update*

## No Place Like Home For Savings

By Broderick Perkins



There's no place like home to save on the cost of living. Home is, after all, also where many cost of living expenses have risen, according to the Center for Housing Policy, the research affiliate of the National Housing Conference (NHC).

While incomes have risen only 30 to 35 percent in the ten years ending in 2006, some home-related costs are up by more than 80 percent, according to the Center's *Stretched Thin: The Impact of Rising Housing Expenses on America's Owners and Renters*. Here's how not to be stretched so thin while preparing yourself for your next home purchase.

Create or update your household budget and balance it. Account for every penny you earn, every penny you save and every penny you spend to reveal your spending habits. Your spending habits will show you where you can cut back. Get an online assist from Consumer Reports' recommendations: [Buxfer.com](http://Buxfer.com), [Geezeo.com](http://Geezeo.com) and [Yodlee.com](http://Yodlee.com).

Move down. The average monthly mortgage payment rose 46 percent during the ten years ending in 2006. Don't wait to be an empty-nester or to fund your retirement. Cash in on a smaller home now. Factor in selling costs, the potential for a capital gains tax hit and higher property taxes, but with enough long time equity, a smaller home could come mortgage free.

Sell out, simplify and organize. Sell all that stuff that won't fit into a smaller home. Sell all that stuff you'll never use. An organized home is a time-saving home. A time-saving home is a money-saving home, says the National Association of Professional Organizers.

Craigslist.com and Ebay.com (Ebay trading assistants will do the work for you) are the usual suspects, but you can open your own cool store on Amazon.com and sell newer, less obscure items for much more than you'd get at a garage sale. Also, give stuff away to charity for a small tax deduction.

Shop around for homeowners insurance. Insurance premiums rose 83 percent in ten years ending in 2006, but

rates still vary. Comparison shop direct among various companies. Use an Independent Insurance Agent to shop around. Comparison shop online with [Insure.com](http://Insure.com), [Geico.com](http://Geico.com), [Progressive.com](http://Progressive.com), [Esurance.com](http://Esurance.com) and others.

Raise deductibles to cut costs more. Save with discounts for home fire safety and security systems, for buying multiple policies (auto, life, health, etc.) from one company, and for avoiding unnecessary claims.

Appeal your property tax assessment. In most jurisdictions property taxes are assessed based on a home's price. But in areas where home prices have tanked -- especially if you purchased your home in a bidding war, during the peak of the market -- you could get a tax break. See your assessor or other tax collector for the appeal process for your jurisdiction. Be prepared to prove the value of your home with an appraisal or comparative market analysis of recently sold properties that are as identical as possible to your home.

Green up. The cost of energy rose 43 percent from 1996 to 2006, and even more since then, according to the Center. Your home abounds with energy saving possibilities. Check with your local utility and state energy agency.

The Residential Energy Services Network offers referrals to energy auditors who can help you uncover energy leaks. Also the U.S. Department of Energy's (DOE) Energy Savings page offers a host of additional tips.

Get help. Don't hesitate to reach out for financial help. Always contact creditors at the first sign of trouble. That's when more opportunities for relief are available. You may be eligible for mortgage modification, special refinance loans or other assistance that can reduce your monthly mortgage.

Don't squander your savings. Bank some money saved to save for a downpayment and pad or start an emergency slush fund. Also use saved money to pay down debt and slay the revolving credit interest rate monster.



Equal Housing  
Opportunity

**Pam Bewak, Broker**

828-226-7425  
[pamela179@juno.com](mailto:pamela179@juno.com)  
<http://www.pambewak.com/>

**First Choice Real Estate**

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725



Pam Bewak

January 2009

# REAL ESTATE Update

## Don't Miss Tax Deductions On Your Real Estate Investment

By Phoebe Chongchua



There are an estimated 11 million real estate investors in the U.S., according to IRS data. However, not all of them chose to be a real estate investor. Some accidentally became investors due to market conditions.

"There are people who have bought property for flipping and now they're kind of stuck with them and in some markets they can rent them," says Narinder Sandhu, founder of T-ReX Global.

It's this group of people that could be losing money, especially if they aren't aware of how best to manage their real estate investment.

"One of the most important things in real estate investment is taking advantage of all of the tax benefits that are available to investors and the write-offs," says Sandhu.

Sandhu says that real estate has numerous tax benefits, but many investors miss out on the tax-saving advantages because they are not prepared to properly track their investment.

"In order to take advantage of all those benefits you really have to track your income and expenses," says Sandhu. His company T-ReX Global was started to help real estate investors not lose out on money. The former VP of the Small Business Division at Intuit (The makers of Quicken, QuickBooks and TurboTax) says he saw a niche market that needed help.

"It's a very simple application. It's like Quicken but is designed specifically for real estate investors and it's an online application whereas Quicken has been a desktop application," says Sandhu.

The program helps investors make sure they don't miss out on money-saving opportunities. "It allows you to track your income. It also gives you a lot of write-offs that most people miss," says Sandhu. Sandhu says the program takes very little time to get started and only minutes each month to track your

property's income and expenses. Another added benefit is that the program produces a rental property Schedule E form. For more details visit, <http://trexglobal.com>.

Sandhu says no matter which program you use to manage your real estate investment you should look at these five areas to make sure that you're not losing money on your real estate investment.

- Take advantage of depreciation deductions. "You can set up depreciation expense in such a way that you can either write-off all the value over 27.5 years or you can go in and look at the assets within the property that are short-life (depreciation expenses)," says Sandhu. Basically, the IRS allows real estate investors to choose to use an accelerated depreciation method which can result in costs being recovered at twice the rate applicable to the real estate property if the 27.5-plus-year deduction were used. "IRS statistics show that only 13 percent of investors take advantage of the short-life (depreciation expenses)," says Sandhu.
- Keep track of travel to property. "Make sure you have all the accounting for that so that your travel to and from your property can be a written-off," says Sandhu.
- Tax preparation. "Most people don't realize that the cost for the preparation for the Schedule E, which is the rental property form that you have to fill out, can be written off.
- Document repairs versus improvements. "Repairs are something that if you go in to your rental property and fix it, it can then be expensed in the same year," says Sandhu.
- Casualty or damage to property. Sandhu says, "If there has been rain and a storm came in and blew your fence away, there's a casualty expense that you can write-off that year.



Equal Housing  
Opportunity

### Pam Bewak, Broker

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

### First Choice Real Estate

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725

Hello! From your  
REALTOR

Copyright 2009 Realty Times  
All Rights Reserved.



**Pam Bewak**

**January 2009**

**REAL ESTATE**  
*Update*



**Pam Bewak, Broker**  
828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

**First Choice Real Estate**  
800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725

# January Real Estate Update

## Rates Hit New Low

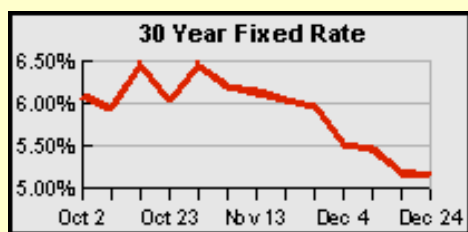
In Freddie Mac's results of its Primary Mortgage Market Survey the 30-year fixed-rate mortgage (FRM) averaged 5.14% for the week ending December 24, 2008, down from the previous week when it averaged 5.19 percent.

Last year at this time, the 30-year FRM averaged 6.17 percent.

"Interest rates on 30-year fixed-rate mortgages eased for the eighth straight week and set another record low since Freddie Mac's survey began in 1971," said Frank Nothaft, Freddie Mac

## Mortgage Rates

Source: Realty Times



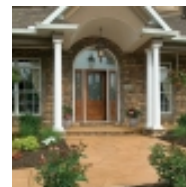
U.S. averages as of December 24, 2008:

**30 yr. fixed: 5.14%**  
**15 yr. fixed: 4.91%**  
**1 yr. adj: 4.95%**

vice president and chief economist. The average rates are so low, refinancing can benefit even those who purchased a home a year or two ago.

## Curb Appeal Matters Now More Than Ever

For the second



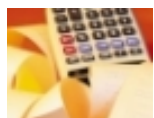
year in a row, Realtors® report that exterior remodeling projects return the most money as a percentage of cost, as detailed in the 2008 Remodeling Cost vs. Value Report.

On a national level, wood deck additions and all types of siding replacements - upscale fiber cement, midrange vinyl, and upscale foam backed vinyl - returned more than 80 percent of project costs upon resale. Of these, the most profitable project was upscale fiber cement siding, which recouped 86.7 percent of costs, followed by wood decks at 81.8 percent, midrange vinyl siding at 80.7 percent, and upscale foam-backed vinyl siding at 80.4 percent.

"Because today's buyers have much more to choose from in the way of inventory, any home for sale must make a positive first impression," said National Association of Realtors® President Charles McMillan. "As a trusted source for real estate information, Realtors understand what attracts and motivates their buyer clients, which is why the results of this year's Cost vs. Value report underscore the importance of curb appeal in the buyer's eye."

The 2008 Remodeling Cost vs. Value Report compares construction costs with resale values for 30 midrange and upscale remodeling projects comprising additions, remodels and replacements in 79 markets across the country. Data are grouped into nine U.S. regions, following the divisions established by the U.S. Census Bureau.

## Why Are Property Taxes Still Rising?



Property taxes

continue to rise across the country, despite declines in home values.

Property tax collections across the United States rose 3.1 percent this year, according to the U.S. Bureau of Economic Analysis. That means state and local governments will collect more than \$400 billion in property taxes this year - a record amount.

Most states have caps that prevent taxes from rising rapidly in boom times. The same laws keep taxes from plummeting when home values decline. "Property taxes aren't always popular, but they are a very stable tax, even in tough times," says Thomas Gentzel, executive director of the Pennsylvania School Board Association.

## Deal Sweeteners Woo Potential Buyers

What does it take to



sell a house these days? While the right price is key, attractive bonuses can get potential buyers to at least take a look.

A Porsche comes with the house in Austin, Texas, while a seller in Phoenix is offering to install a pool, a patio and a professional grill to anyone who pays full price.

Purchasers of Tim Newton's home in La Habra, Calif., get professional lawn maintenance for six months, furnishings of their choice, and a flat-screen TV.

A Real-estate development company in New York City is offering buyers 10 personal-training sessions, a \$500 American Express gift card, and a romantic getaway to a bed and breakfast.



**Pam Bewak, Broker**

828-226-7425  
 pamela179@juno.com  
<http://www.pambewak.com/>

**First Choice Real Estate**

800-826-7361  
 441 Haywood Road  
 Dillsboro, NC 28725

# Quick! Take That Low-Interest-Rate Holiday

By Broderick Perkins



One holiday Blue Light Special appears to be working. Interest rates are as low as they been since Freddie Mac started tracking them, refinancing applications are soaring and home buys are on the move. Freddie Mac on Christmas Eve said the 30-year fixed-rate mortgage (FRM) averaged 5.14 percent for the week ending Dec. 24, 2008. That's the lowest the rate has been since Freddie Mac started the Primary Mortgage Market Survey in 1971.

The 15-year rate averaged 4.91 percent.

Five year hybrid adjustable rate mortgages (ARMs) were higher at 5.49 percent, but 1-year ARMs were below 5 percent at 4.95 percent nationwide and even lower 4.75 in the Northeast and Southwest.

With all the money you've been saving on reduced holiday spending and gasoline conservation, and all those motivated sellers out there twisting in the frigid wind, it's a good time to be thinking about refinancing or better yet, "Buy A Home -- Now!"

Forget settling down for a long winter's nap. It's obviously time to put on your refinance thinking cap or your buy-a-home lid, not that go-to-sleep winter topper. Either way, you won't be alone. Jack Frost can't hold a candle to housing consumers who feel the heat.

On Dec. 24, the Mortgage Bankers Association's composite index of mortgage applications to buy a home or refinance a mortgage rose to 1,245.4, the highest since 2003, from 841.4 a week earlier. The group's refinancing gauge rose 63 percent and purchases gained 11 percent.

Low rates have you looking to refinance?

The average rates are so low, refinancing can benefit even those who purchased a home a year or two ago, even if they had a small equity stake in their home and used an ARM to buy. The key, say the experts, is to examine your options.

- Visit your existing lender first, especially if your lender doesn't sell loans and has a vested financial interest in keeping its portfolio intact. It will prefer to refinance you at the going rate rather than cut a loan modification and lose money. Also shop around at other banks, credit unions and other lenders that also retain loans.
- Trading an ARM for a fixed rate that's slightly higher also isn't a bad deal if that ARM rate will eventually explode with an upward adjustment.
- If you have both equity in your home and pristine credit,

bargain hard. You have the most options.

Low rates making you think about buying?

- Budget. Know all sources of every penny and where every penny goes. You can't know where you can cut costs until you know in detail what those costs are.
- Save. Pinch Pennies. Save More. Being miserly isn't lame. It's a prerequisite to homeownership. If you don't have a savings account worth three to six months of your net income, you are already behind should there be an emergency. In addition to money for the down payment, lenders today will expect you to have some cash left over for insurance, taxes, maintenance and other costs that come with homeownership.
- Don't just get your credit report, read it. Your credit report is a report card on your credit use -- the good, the bad, the ugly -- and, too often, the incorrect. Which is why you want to see it. If there are errors, follow the instructions to correct them.
- Get professional help. Can't determine what your credit report is trying to tell you? Not sure how to calculate what you'll need to save for a down payment? Don't know how to set up a budget? Most consumers don't. It's okay to ask for help. It's smart to ask for help. You don't know everything about buying a home, even if you are moving up, but especially if you are a first-timer. Save the pride for after the purchase.
- Whether it's a financial planner, financial counselor, real estate agent, mortgage broker, loan officer, or family friends, ask who you trust for references to find those who can help you. Get help in setting goals, sifting through mortgage programs, understanding the title and escrow process, finding a home and keeping a home -- all well before you are actually in the market for a home.
- Learn about market and economic conditions that could impact your decision. Learn about home prices, mortgage rates, home buying costs and other issues surrounding what's likely to be your most complicated purchase ever. Attend workshops, seminars and classes.
- Above all -- refinancing or buying -- move fast. The mortgage market is as volatile as it's ever been. Rates could quickly reverse course and head back into Scrooge territory.



**Pam Bewak, Broker**

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

**First Choice Real Estate**

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725

# Still Many Happy Returns For Home Rehabs

By Realty Times Staff



Despite home price drops in many cities, remodeling projects are holding their own as a way for owners to add value. Many people are wondering where their money will be safest during these uncertain economic times. Experts still advise investing in your home still pays off.

National Association of Realtors® (NAR) statistics show that home prices have fallen by an average of 7 percent nationally in the past year. But the value of home owners' investment in remodeling projects has declined only 3.86 percent on average between 2007 and 2008, according to *Remodeling's* 2008 Cost vs. Value Report.

*Remodeling* produces the Cost vs. Value Report each year in cooperation with Realtor® magazine. Realtors responding to a survey in midsummer said home owners could expect to recoup a national average of 67.3 percent of their investment in 30 different home improvement projects. At the height of the housing boom in 2005, home owners could expect to recoup a national average of 86.7 percent on projects.

Remodeling remains hot in 10 cities, where, on at least some projects, home owners can recover 100 percent of their costs. In Charlotte, N.C., for example, decks, midrange kitchen remodels, vinyl siding, and window-replacement projects all would net more than they cost, in respondents' estimation. High rates of recovery were seen in both strong real estate markets and weak ones.

Many cities with the highest rates of recovery were smaller Jackson, Miss., and Billings, Mont., for example, which may point to lower labor and materials costs that are easier to recoup.

Seattle also made the list of cities with a cost recovery of

more than 100 percent on decks and minor kitchen remodels. In fact, Pacific Coast cities recorded the best payback on remodeling by a wide margin, as they did in 2007. Although construction costs on the Pacific Coast are nearly 17 percent higher than national averages, the value of renovations at resale more than makes up for those higher prices.

The result is an average cost-recouped percentage that is 14.8 percent higher than in the rest of the country. The toughest place to get your money back: Midwestern cities such as Chicago, Cleveland, Indianapolis, and Milwaukee.

## Top 10 Project Paybacks

Once again, exterior remodeling projects lead the way for recovery on dollars spent in this year's Cost vs. Value survey. When you compare the national averages, replacement projects that boost curb appeal—siding, windows, and decks—give you the greatest chance of recouping your money. Inside, only kitchen remodels can compare, at least on a national level.

- Upscale fiber cement siding (86.7%)
- Midrange wood deck (81.8%)
- Midrange vinyl siding (80.7%)
- Upscale foam-backed vinyl (80.4%)
- Midrange minor kitchen remodel (79.5%)
- Upscale vinyl window replacement (79.2%)
- Midrange wood window replacement (77.7%)
- Midrange vinyl window replacement (77.2%)
- Upscale wood window replacement (76.5%)
- Midrange major kitchen remodel (76.0%)



Equal Housing  
Opportunity

### Pam Bewak, Broker

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

### First Choice Real Estate

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725

# What's In, What's Out With Home Buyers in 2009?

By Mark Nash



Mark Nash, author of four real estate books, has completed his annual survey of 839 real estate agents in all fifty states in the US and the eight provinces of Canada. What's in, what's out with Homebuyers illuminates what's popular or what sours homebuyers in both the home purchase or sale transaction and home decor. Compiled annually from-the-trenches, it offers a spectrum of tips that cover reality of buying a home and design no-no's for home sellers and buyer must-haves.

## What's IN

- Sidelined home buyers. Family or lifestyle additions or changes made in buyers households in the last three years are forcing those waiting out the market transition to finally get off the fence and say, it's time for our family to buy the new home that suits our new needs.
- Home uplifts. Not a big renovation, but some new finishes that can visually holdover stay-put home sellers. Not a gut rehab to the studs new kitchen, but new flooring, countertops and appliances.
- Collaborative home pricing. The old days of home sellers configuring a homes price are out. What's new is that the seller with their agent look at closed comparables, set a price, then the buyer and their agent agree or disagree, but in the end, a mortgage lender and their appraiser will set the price, as they are assuming the most risk in the transaction.
- Balanced reporting by real estate and personal finance journalists. Consumers learned in 2008 that the 'doom and gloom' residential real estate market headlines don't apply to all markets. What's been lost in the foreclosure hype is that there are still stories of homes selling in short market times (in as little as 3 days), homes selling at full price and some selling with multiple contracts on the table. Existing home sales will be 5.02 million versus 5.652 million for 2007, a decrease of just over eleven percent, considerably less than the recent correction in the U.S. stock market, plus a realistic view that over five million people purchased a home despite the headlines in 2008.
- Creative home seller financing. Exhausted home sellers are turning to self-financing to move properties. Installment sale contracts and lease to own are the most popular and effective ways for sellers to begin to receive income from a property that has languished on the market in 2008.
- Property tax appeals. With home prices dropping, many savvy home owners are appealing their property taxes. This is especially attractive to those looking to sell their home in 2009.

With a competitive marketplace, those with the most realistic taxes are more likely to offer buyers an overall lower expense in home ownership.

- Loveseats. A pair or trio is gaining acceptance as the functional way to rearrange a living or family room. Consumers appreciate the ease at which they can rearrange them, move an extra one to another room, or provide long-term furniture flexibility in future homes. Plus, they're tired of sitting miles away from others on over-sized sectional sofas.

## What's OUT

- Fixer-upper homes. With larger down payments required by mortgage lenders and consumer credit cards mixed out, home buyers want a home in move-in condition. The DIY days are on the wane as buyers want to inherit new kitchens and bathrooms.
- Foreclosure fluff. The foreclosure rate nationally in 2008 was just under 3 percent. In the Great Depression it was just over forty-percent.
- Home buyers endless "circling" prospective short-list properties. Overly optimistic thinking by buyers to circle a preferred property indefinitely, often for months, waiting for further price reductions or to wear out long weary sellers. This practice has backfired for buyers who practice this style of pre-negotiating. They often lose their short-list dream home and frustrate savvy price-right sellers.
- Home staging. A recently over-used low cost marketing band-aid for vacant or occupied homes with longer than normal market times. Buyers have said enough of the non-professional usage of assorted leftover props placed around a for-sale home to make it supposedly homey. Buyers say, market it as it is and clear out the tired silk flowers and stale potpourri.
- Indoor-outdoor carpet. The staples of quick-fix home sellers for basements, balconies, screened porches and lanai's, buyers have said enough. Many have told agents that inexpensive indoor-outdoor carpet is visual pollution and often masks flaws in a home.
- Track lighting. Thought of by homeowners to be a quick way to get an art gallery look, many prospective buyers usually take them out and discount their appeal. As one Gen-X home buyer said to me "Why do sellers install them up when they don't really have any interesting artwork or architectural features to spotlight? They bring undue attention to nothing."



### Pam Bewak, Broker

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

### First Choice Real Estate

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725

# Fix Housing First Coalition Seeks To Revive Economy

By Realty Times Staff



The National Association of Home Builders (NAHB) is spearheading Fix Housing First, one of the largest coalitions of housing advocates ever assembled in the United States, to push for a housing recovery plan that will revive the economy.

"If we are going to successfully pull our nation out of recession, we must address housing first," said NAHB President and CEO Jerry Howard.

Fix Housing First, which consists of more than 600 organizations, home building companies and manufacturers continues to add new members on a daily basis, is pressing for a major stimulus package to stem the decline in home values, stabilize financial markets and reignite consumer demand. To get the economy moving again, the coalition is urging Congress to support enhancements to the home buyer tax credit and provide below-market 30-year fixed-rate mortgages for home purchases.

"If Congress enacts a meaningful tax credit, coupled with an aggressive interest rate buy-down program, we are confident that these measures will help to stabilize home prices, prevent future foreclosures, restore consumer confidence and start creating jobs," said Howard.

The coalition cites a similar plan that worked in 1975, when the nation was also in the midst of a recession. Congress then passed a short-term \$2,000 tax credit for all new homes (\$12,000 adjusted for today's median home prices) along with subsidized mortgage rates. The stimulus jump started the depressed economy and the effects continued long after the measure expired.

"Entering this holiday season, we saw a sobering loss of more than half a million jobs in November, and major job cutbacks among the nation's top employers are being announced daily," said Howard. "We need to put a stop to this dangerous erosion on Main Street before it grows out of control."

Enzo Peretto, a third-generation home builder from Cleveland, has gone from constructing 20-to-30 homes annually to just one this year as a result of the economic downturn. The situation is critical and getting worse, he said. "Home building generates American jobs. You can't outsource the construction

of a home. But these jobs won't return until the credit freeze ends and our government addresses the housing crisis."

"We are leaving no stone unturned in conveying to our government and the public the message that a housing stimulus is urgently needed, and that restoring demand for housing is the fastest and most effective way of reviving the economy," Howard said.

The housing stimulus proponents are calling for significant enhancements to the current \$7,500 tax credit for first-time home buyers. Among the improvements:

- All primary home purchases between April 9, 2008 and Dec. 31, 2009 would be eligible.
- The credit amount would be increased to 10 percent of the price of the home, capped at 3.5 percent of FHA loan limits, bringing the credit to a range of roughly between \$10,000 and \$22,000.
- The current recapture provision would be eliminated. Repayment would only be required if the home were sold within three years.
- The credit would be available at the time of closing, making it easier to be used as a downpayment.

The second component of the stimulus plan would provide qualified home buyers with 30-year fixed-rate mortgages at 2.99 percent on contracts closed until June 30, 2009 and 3.99 percent on closings between June 30 and Dec. 31, 2009.

The coalition has also announced its support for continuing foreclosure prevention measures to keep people in their homes.

To help buyers in California and other high-cost markets, NAHB is also calling on Congress to permanently keep the FHA/Fannie Mae and Freddie Mac conforming loan limits at \$729,750. Under current law, the loan limits for high-cost areas will be reduced to \$625,500 on Jan. 1, 2009.

Fix Housing First points out that 3 million home building-related jobs have been lost as a result of the slowdown in housing production, which represents \$145 billion in lost wages and \$4.9 billion in lost purchases. Deterioration in these jobs has now spilled over into virtually all sectors of the U.S. job market.



## Pam Bewak, Broker

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

## First Choice Real Estate

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725

# The Open House Show

By Broderick Perkins



The open house is the original reality show.

It invites potential buyers to dream big-time, in real time, in the very same space they may one day call home. That's some grand prize.

But that's not all.

- An open house gets buyers into the neighborhood to check out amenities and proximity to schools, jobs, shopping and other attractions. A home, after all, isn't an island.
- An open house generates in-person feedback on the home's condition and its price.
- An open house exposes the home to buyers who may not currently be working with an agent and, as such, are not aware of the home's availability.
- An open house can flip hesitant buyers already interested in the home when, during the tour, they learn they've got some competition.
- An open house can snare impulse buyers, who see the house for sale and, with just one look, fall in love.

However, botch the open house production and your show will immediately go into reruns -- or worse, cancellation.

Successful open house production.

Here's what the experts say you need to know to get buyers to tune in to your open house and make an offer you can't refuse.

- Clean house. Be sure the home for sale is Spic and Span -- as clean and as neat as possible. Think model home with a neutral, depersonalized setting. No political posters, no personal photos. Also, remove the clutter. Empty the garbage cans, clean out the closets and polish the fixtures.
- Find good help. Consider hiring someone to clean house, someone to manicure the landscaping or, perhaps, painters to put on a fresh coat inside and out. Do a walk through with your agent before the open home and ask your agent about staging.
- Spruce things up. A home inspection can point you to features that need work. Add a new shower curtain, fresh towels, and new guest soaps to every bath. Set the dining

table with pretty dishes and candles.

- Appeal to the senses. Served baked goods, coffee, tea and soft drinks to create a homey feel. Use disposables to keep the kitchen tidy. Otherwise, pipe in some soft music and add flowers in main rooms for a touch of principal rooms for a touch of color. Remove a major piece of furniture or two from each room to give it a sense of spaciousness. Light a fire in the hearth. Likewise, closet those kitchen appliances and bathroom items to give the illusion of more counter space.
- Lighten up. Open the window covers. Turn on all the lights. Even during the day, lighting adds sparkle.
- Lose the pets. It's best to temporarily board Fido and Fluffy elsewhere. If that's not possible, confine them to a cage or room, basement or bath and let the listing agent know where they are.
- Protect stuff. Lock up your family jewels, electronic gadgets, cash and other valuables. Even with a real estate salesperson on site, it's impossible to watch everyone all the time.
- Twice is nice. Sunday afternoon is a good time to attract visitors, but don't forget Saturday. The extra weekend day open house avoids alienating those who worship at a house of faith on one day or the other. Plan to start early and stay late, say, after weekend sporting events.
- Spread the news. Mail post cards to invite neighbors and prospects. Also list the event in the local newspaper and on Web sites and other publications.
- Avoid hosting. Your agent should attend open houses to be available for questions, to provide property and neighborhood information and to get valuable feedback by watching and listening to potential buyers. Most advice suggests you stay at someone else's home during your open house. It's awkward for prospective buyers to look in your closets and express their opinions of your home with you hanging around. On the other hand, some advice suggests sellers put in a brief appearance, but only after you are well coached by your listing agent. In any event, let the agent make the decision.



Equal Housing  
Opportunity

## Pam Bewak, Broker

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

## First Choice Real Estate

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725

# No Place Like Home For Savings

By Broderick Perkins



There's no place like home to save on the cost of living.

Home is, after all, also where many cost of living expenses have risen, according to the Center for Housing Policy, the research affiliate of the National Housing Conference (NHC).

While incomes have risen only 30 to 35 percent in the ten years ending in 2006, some home-related costs are up by more than 80 percent, according to the Center's *Stretched Thin: The Impact of Rising Housing Expenses on America's Owners and Renters*. Here's how not to be stretched so thin while preparing yourself for your next home purchase.

Create or update your household budget and balance it. Account for every penny you earn, every penny you save and every penny you spend to reveal your spending habits. Your spending habits will show you where you can cut back. Get an online assist from Consumer Reports' recommendations: Buxfer.com, Geezeo.com and Yodlee.com.

Move down. The average monthly mortgage payment rose 46 percent during the ten years ending in 2006. Don't wait to be an empty-nester or to fund your retirement. Cash in on a smaller home now. Factor in selling costs, the potential for a capital gains tax hit and higher property taxes, but with enough long time equity, a smaller home could come mortgage free.

Sell out, simplify and organize. Sell all that stuff that won't fit into a smaller home. Sell all that stuff you'll never use. An organized home is a time-saving home. A time-saving home is a money-saving home, says the National Association of Professional Organizers.

Craigslist.com and Ebay.com (Ebay trading assistants will do the work for you) are the usual suspects, but you can open your own cool store on Amazon.com and sell newer, less obscure items for much more than you'd get at a garage sale. Also, give stuff away to charity for a small tax deduction.

Shop around for homeowners insurance. Insurance premiums rose 83 percent in ten years ending in 2006, but

rates still vary. Comparison shop direct among various companies. Use an Independent Insurance Agent to shop around. Comparison shop online with Insure.com, Geico.com, Progressive.com, Esurance.com and others.

Raise deductibles to cut costs more. Save with discounts for home fire safety and security systems, for buying multiple policies (auto, life, health, etc.) from one company, and for avoiding unnecessary claims.

Appeal your property tax assessment. In most jurisdictions property taxes are assessed based on a home's price. But in areas where home prices have tanked -- especially if you purchased your home in a bidding war, during the peak of the market -- you could get a tax break. See your assessor or other tax collector for the appeal process for your jurisdiction. Be prepared to prove the value of your home with an appraisal or comparative market analysis of recently sold properties that are as identical as possible to your home.

Green up. The cost of energy rose 43 percent from 1996 to 2006, and even more since then, according to the Center. Your home abounds with energy saving possibilities. Check with your local utility and state energy agency.

The Residential Energy Services Network offers referrals to energy auditors who can help you uncover energy leaks. Also the U.S. Department of Energy's (DOE) Energy Savings page offers a host of additional tips.

Get help. Don't hesitate to reach out for financial help. Always contact creditors at the first sign of trouble. That's when more opportunities for relief are available. You may be eligible for mortgage modification, special refinance loans or other assistance that can reduce your monthly mortgage.

Don't squander your savings. Bank some money saved to save for a downpayment and pad or start an emergency slush fund. Also use saved money to pay down debt and slay the revolving credit interest rate monster.



## Pam Bewak, Broker

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

## First Choice Real Estate

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725

# Don't Miss Tax Deductions On Your Real Estate Investment

By Phoebe Chongchua



There are an estimated 11 million real estate investors in the U.S., according to IRS data. However, not all of them chose to be a real estate investor. Some accidentally became investors due to market conditions.

"There are people who have bought property for flipping and now they're kind of stuck with them and in some markets they can rent them," says Narinder Sandhu, founder of T-ReX Global.

It's this group of people that could be losing money, especially if they aren't aware of how best to manage their real estate investment.

"One of the most important things in real estate investment is taking advantage of all of the tax benefits that are available to investors and the write-offs," says Sandhu.

Sandhu says that real estate has numerous tax benefits, but many investors miss out on the tax-saving advantages because they are not prepared to properly track their investment.

"In order to take advantage of all those benefits you really have to track your income and expenses," says Sandhu. His company T-ReX Global was started to help real estate investors not lose out on money. The former VP of the Small Business Division at Intuit (The makers of Quicken, QuickBooks and TurboTax) says he saw a niche market that needed help.

"It's a very simple application. It's like Quicken but is designed specifically for real estate investors and it's an online application whereas Quicken has been a desktop application," says Sandhu.

The program helps investors make sure they don't miss out on money-saving opportunities. "It allows you to track your income. It also gives you a lot of write-offs that most people miss," says Sandhu. Sandhu says the program takes very little time to get started and only minutes each month to track your

property's income and expenses. Another added benefit is that the program produces a rental property Schedule E form. For more details visit, <http://trexglobal.com>.

Sandhu says no matter which program you use to manage your real estate investment you should look at these five areas to make sure that you're not losing money on your real estate investment.

- Take advantage of depreciation deductions. "You can set up depreciation expense in such a way that you can either write-off all the value over 27.5 years or you can go in and look at the assets within the property that are short-life (depreciation expenses)," says Sandhu. Basically, the IRS allows real estate investors to choose to use an accelerated depreciation method which can result in costs being recovered at twice the rate applicable to the real estate property if the 27.5-plus-year deduction were used. "IRS statistics show that only 13 percent of investors take advantage of the short-life (depreciation expenses)," says Sandhu.
- Keep track of travel to property. "Make sure you have all the accounting for that so that your travel to and from your property can be a written-off," says Sandhu.
- Tax preparation. "Most people don't realize that the cost for the preparation for the Schedule E, which is the rental property form that you have to fill out, can be written off.
- Document repairs versus improvements. "Repairs are something that if you go in to your rental property and fix it, it can then be expensed in the same year," says Sandhu.
- Casualty or damage to property. Sandhu says, "If there has been rain and a storm came in and blew your fence away, there's a casualty expense that you can write-off that year.



Equal Housing  
Opportunity

## Pam Bewak, Broker

828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

## First Choice Real Estate

800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725



**Pam Bewak, Broker**  
828-226-7425  
pamela179@juno.com  
<http://www.pambewak.com/>

**First Choice Real Estate**  
800-826-7361  
441 Haywood Road  
Dillsboro, NC 28725