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YOUR ORLANDO REALTOR®
&
FRIEND IN THE BUSINESS!



For First Time Homebuyers

What is the REAL story on the \$8K Income Tax Credit in terms I can understand?

The Federal Government has implemented an \$8,000 income tax credit for this tax year, to be sent to 1st-time homebuyers with their refunds next spring. To qualify for this income tax credit, the 1st-time homebuyer must complete the purchase to closing by November 30, 2009. They may not have owned a home within the last 3 years, and cannot earn over \$75,000 per year as a single person, or \$150,000 per year as a married couple. The \$8,000 is the maximum amount. The actual amount of the credit is 10% of the purchase price or \$8,000, whichever is less.

This program gets a lot of young people excited about owning their own home. Here are some things you need to know:

1. You will need to be able to qualify for a loan for the mortgage. That means that you must have good credit, a stable job, and other requirements set forth by the lenders.
2. The income tax credit is not a down payment assistance program. The income tax credit can be used toward closing costs, paying down interest rate points (to give you a lower payment and loan amount) and can be used to increase your down payment, after you have paid the 3.5% down required by FHA lenders. Many first time homebuyers do not have that sum of money saved, and are getting loans from their parents or other family members for the down and closing costs up front, then will be paying back those loans when they receive their tax return. If your family can't help you, don't despair! Keep reading.
3. Now, for some good news! The State of Florida is implementing a program to give "bridge" loans to 1st-time homebuyers for that \$8K which can be used toward the down payment, closing costs and points, however \$1,000 of the down payment must come from the buyer (no loan or family gift.) The maximum sale price of any home is \$262,317. Florida is administering these programs through local government offices, in our case, the City of Orlando, through a program called Florida Homebuyer Opportunity Program (FL HOP.) According to the City of Orlando funds should be available for this program at the end of August 2009. To apply, you must get pre-qualified for

program at the end of August 2009. To apply, you must get pre-qualified for your mortgage by a city certified lender, and attend at least one counseling session and a pre-purchase homebuyer education seminar held by a city-approved contractor. They will begin taking applications in mid-August. There are other considerations, as well. This program is a little more work, but if you don't have the family's monetary help, it may just work for you! If you would like a copy of the program's information or a recommendation on approved lenders, email me and I'll be happy to help by sending them to you.

4. **One more thing bears mentioning.** Investors are still competing for and buying up the least expensive properties, causing bidding wars. I did a study of bank-owned properties (these are foreclosed properties and are the least expensive properties available) sold in the last 3 months. The final accepted offers on the sold units were \$50 to \$21,100 over the list price of the units in half of the transactions. It is especially important to make sure you are working with a realtor who is paying attention to these statistics in the neighborhoods you are shopping in. The realtor needs this information in order to consult you on what a realistic offer is for your desired property. Remember that the banks already have the list price at their bottom dollar, so you won't get a decent property for less, and you are competing with others. Do this and you will most likely be making an offer that will be accepted, and not waste your time or emotional energy on a deal destined to fall through if you don't.

The bottom line: 1st time homebuyers have a great opportunity right now. The maximum \$8,000 income tax credit, lower interest rates and home listing prices create the perfect path to that all important step in everyone's life, home ownership. Understanding the ins and outs of the process can be complicated, and that's where your professional REALTOR® and mortgage broker step in. With a little help from them, your family and/or government, it is possible to own your own home. Call me to find out more! ~Dianna~

Thank you for putting your trust in me!

The best compliment I can receive is when you tell others how I have helped you!



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