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THE HOME GUIDE

A personal Real Estate Newsletter published bi-annually for our friends & clients.

1st Qtr 2010

Trying to sell in a declining market

An overwhelming number of people are down on the housing market (feel their net worth has dropped, or that the economic recovery isn't going to happen in the immediate future, and consumer confidence is down), it doesn't mean that you can't sell your home.

The truth of the matter is many people will sell their homes between now and the end of 2010. While many sellers take a reactive approach to market conditions, those sellers who take a more proactive and realistic approach to the market will be the ones who sell their homes. These are the sellers who take advantage of this market. First, be honest about appraising the condition of your home.

The key to successful selling in a 'declining market' is pricing your home at today's market value, having your home in tip-top condition and being able to work with a prospective buyer. Don't let your ego or pride get in the way when determining a price for your home. Put yourself in the buyer's shoes and walk across the street. Curb appeal to a new buyer is very important and is many-times overlooked. Secondly, take a leisurely walk through your home jotting down the little things you might do to spruce it up. New carpeting, a fresh coat of paint, new light fixtures, counter tops, bathroom upgrade, etc., are items that could give your home more appeal and a bigger return in the end.

Put away the clutter throughout the home. Rooms free of clutter will appear bigger and the new buyer can visually 'move into' your home much easier. Remember, new buyers are not buying your furniture.

Finally, be patient. The real estate market has changed considerably since the last run-up where homes sold in several weeks or months. With bank foreclosures continuing to flood the market with regularity and more buyers having difficulty qualifying for a loan, we are now experiencing a "more extended market time" where some homes take 120-160 days to sell.

However, these tax credits that are being offered to buyers and record low rates the market is starting to heat up again.

Yet sellers are having to allow for an extended time on market with fewer showings of your home and a lack of offers if it isn't competitively priced. Unfortunately, this is merely a sign of the times...

Homeowners keep asking me, "Why would anybody want to sell in this market?" Admittedly in some cases it isn't a good time to consider a move. If you are comfortable where you live and don't have a legitimate need to move, stay put! In some cases homeowners who aren't in need of bigger, or a more energy-efficient home in a majority of cases they'd be better staying where they are. Yet, there's just as many who have either outgrown their home, or their present house isn't energy-efficient, or coming up on major maintenance cycle and is costing more to maintain than a newer more efficient replacement home. Many homeowners can actually make or save money by making a move if these kind of circumstances favor their situation.

With interest rates hovering around 5% on a FIXED rate, anyone that is contemplating a move in the near future should now give it serious consideration. Neither these low rates or declining home prices are going to hang around much longer, IF in fact they last that long. There's some really great deals out there for anyone that is seriously looking and can get loan approval. (Continued on Page 2, column 1)➔

Why SELL Now? Why not?

Inside This Issue

Telling it the way it is,..

Will YOU be priced out of buying a home in the foreseeable future?

I think ***homebuyers*** will soon see their chances of buying a home or even a move up home, diminish within next 3–6 months. What I see unfolding in the not-too-distant, future will impact on all of us, yet there is a window of opportunity if you can act before certain events start to unfold or happen. ***The 1st event is interest rates.***

I've been telling just about anybody who'd listen, that they shouldn't make the mistake of thinking **interest rates are going to stay this low, much longer**. (Presently, if you have a credit score over 700 you can lock in a rate as low as 4.75% for 30 years.) Admittedly that rate may not impress anyone in the younger generation, because they only have known single digit interest rates, but those of you over 40 have seen rates as high as 22% in your life time. As a matter of fact, back in the late 70's it was very similar to the way it is right now. The **federal deficit** had gotten so far out of hand, ***(reached a trillion dollars)*** that President Jimmy Carter brought Paul Volker in to head the Federal Reserve. He jacked the rates up from **11% to 22% overnight**. Yes, you read that right,.. **doubled OVERNIGHT**!

In 1979 interest rates doubled, overnight going from 11% to 22

Needless to say the average Joe on the street was dazed, shocked beyond belief. No one expected such a strong jolt or rise in interest rates, the reaction was immediate and very sobering**.** Like most Americans today, we were totally unprepared for the consequences of such a drastic action, let alone the impact it was going to have on our lives.

Today, just like back in the 70's most of us are ***so consumed*** in our day to day lives, we don't always have the luxury of being plugged into the bigger picture. *(Not that we're getting it in the mainstream media,..)* So it's not unusual that **most Americans are** (continued page 4, column 1)

Trying to sell in declining market

(Continued from Page 1) is seriously looking and can get loan approval.

I look for rates to be back in the double digits by years end, mainly because of the growing concern over the ever-increasing federal deficit. Now that foreigners aren't investing in US bonds like they were, the Fed's will have to rely on consumer savings to service our national debt. I realize the media and government have been preaching rates won't go up until 2011, yet there are too many economic currents running in the other direction for rates to stay low much longer than what they have.

No one wanted to believe my predictions back in our December, 2007 Newsletter "**Now Is A Time For Caution**" when we spelled out what it could look like "when these big companies, banks and Freddie & Fannie fail." [You can still read these older newsletters on our web site.] So we'll wait and see if this prediction has any validity. Interest rates will be in the double digits by the end of this year, if not sooner. That's mainly why I keep harping that for ANYONE who has even remotely thought about making a move, now is the time to step up and act on it. *Most of us will never see these rates & prices again in our lives.* **The End**

What BUYERS AGENT does,..

1. Locates suitable properties.
2. Previews properties.
3. Verifies the properties' condition.
4. Suggest necessary inspections.
5. Helps buyer determine what they can afford & tries to keep within their budget.
6. Verifies property taxes and utilities.
7. Verifies the value of the property.
8. Advises clients on structuring an offer.
9. Presents the offer to the seller and tries to negotiate best terms for buyer.
10. Negotiates favorable contract terms for his/her client ~the buyer.
11. Explains legal documents needed for closing and helps secure them.
12. Assists in securing financing.
13. Assists buyers in clarifying zoning, codes, assessments & easements.
14. Refers them to qualified professionals.
15. Analyzes the future salability .
16. Keeps all aspects of the transaction confidential with client.
17. What does this cost—nothing! But, if you don't have a buyers agent, it could cost you more than you think! **The seller will have the upper hand– not YOU**!

WHAT DOES THIS BUYERS AGENT SERVICES COST? **NOTHING** ~ the seller pays it as part of their selling fee. So why would anyone buy a house without an agent representing them? **Good question, but there isn't any good answer.**

HANDY TIPS

Heat up leftover pizza in a non-stick skillet on top of the stove, set heat to med-low and heat till warm. This keeps the crust crispy. No soggy micro pizza.

Easy Deviled Eggs -Put cooked egg yolks in a zip lock bag. Seal, mash till they are all broken up. Add remainder of ingredients, reseal, keep mashing it up mixing thoroughly, cut the tip of the baggy, squeeze mixture into egg. Just throw bag away when done easy clean up.

Expanding Frosting- When you buy a container of cake frosting from the store, whip it with your mixer for a few minutes. You can double it in size. You get to frost more cake/cupcakes with the same amount. You also eat less sugar/calories per serving.

Reheating refrigerated bread- To warm biscuits, pancakes, or muffins that were refrigerated, place them in a microwave with a cup of water. The increased moisture will keep the food moist and help it reheat faster.

Newspaper weeds away- Start putting in your plants,work the nutrients in your soil. Wet newspapers put layers around the plants overlapping as you go cover with mulch and forget about weeds. Weeds will get through some gardening plastic they will not get through wet newspapers.

Broken Glass- Use a dry cotton ball to pick up little broken glass pieces of glass- the fibers catch ones you can't see!

No More Mosquitoes- Place a dryer sheet in your pocket. It will keep the mosquitoes away.

Squirrel Away!- To keep squirrels from eating your plants sprinkle your plants with cayenne pepper. The cayenne pepper doesn't hurt the plant and the squirrels won't come near it.

MINE!!!!!- If you purchase a new bike for your child, place their picture inside the handle bar before placing the grips on. if the bike is stolen and later recovered, remove the grip and there is your proof who owns the bike.

Flexible vacuum-To get something out of a heat register or under the fridge add an empty paper towel roll or empty gift wrap roll to your vacuum. It can be bent or flattened to get in narrow openings.

Reducing Static Cling- Pin a small safety pin to the seam of your slip and you will not have a clingy skirt or ➔ dress. Same thing works with slacks that cling when wearing panty hose. Place pin in seam of slacks - static is gone.

Measuring Cups- Before you pour sticky substances into a measuring cup, fill it with hot water. Dump out the hot water, but don't dry the cup. Next, add your ingredient, such as peanut butter, and watch how easily it comes right out.

Foggy Windshield?- Hate foggy windshields? Buy a chalkboard eraser and keep it in the glove box of your car. When the windows fog, rub with the eraser! Works better than a cloth!

Reopening envelope- If you seal an envelope and then realize you forgot to include something inside, just place your sealed envelope in freezer for an hour.

Conditioner- Use your hair conditioner to shave your legs. It's a lot cheaper than shaving cream and leaves your legs really smooth. It's also a great way to use up the conditioner you bought but didn't like when you tried it in your hair...

Goodbye Fruit Flies- To get rid of pesky fruit flies, take a small glass fill it 1/2" with Apple Cider Vinegar and 2 drops of dishwashing liquid, mix well. You will find those flies drawn to the cup and gone forever!

Get Rid of Ants-- Put small piles of cornmeal where you see ants. They eat it, take it "home," & can't digest it so it kills them. It may take a week or so, esp. if it rains, but it works & you don't have the worry about pets or small children being harmed!

Take baby powder to the beach- Keep a small bottle of baby powder in your beach bag. When your ready to leave the beach sprinkle yourself and kids with the powder and the sand will slide right off your skin.

Peroxide- Take one capful (the little white cap that comes with the bottle) and hold in your mouth for 10 minutes daily, then spit it out. No more canker sores and your teeth will be whiter without expensive pastes. Use it instead of mouthwash. (Small print says mouth wash and gargle right on the bottle).

- Let your toothbrushes soak in a cup of "Peroxide" to keep them free of germs.
- Clean your counters, table tops with peroxide to kill germs and leave a fresh smell. Simply put a little on your dishrag when you wipe, or spray it on the counters and KILL THE GERMS!
- **Spray into nostrils with 50/50 mixture whenever you have a cold, or plugged sinuses. It will kill the bacteria.**

The End

Buying Foreclosures

[1st in a Series]

With foreclosures on the rise, particularly in economically distressed areas, real estate investors can scoop up properties at a bargain. If you don't know what you're doing in the foreclosure arena, don't step into the ring. Losing money in foreclosures is a lot easier than making money. Do your homework before you lay down your cash.

FAQs About Buying HUD Homes

Question: What is a "HUD Home"?
Answer: When someone with an FHA or HUD insured mortgage defaults on the payments, the lender forecloses on the home; HUD pays the lender what is owed; and HUD takes ownership of the home. Then they try to sell it at market value as quickly as possible.

Question: Who can buy a HUD home?
Answer: Almost anyone! If you have the cash or can qualify for a mortgage, subject to certain restrictions, you may buy a HUD home.

Question: Are HUD Homes meant for people with low incomes?
Answer: HUD homes range in price, but most are affordable for low- and moderate-income purchasers.

Question: If the HUD Home needs repairs, will HUD make them?
Answer: HUD Homes are sold "as-is," without warranty. That means that HUD will not pay to correct any problems. But even if a HUD Home needs fixing up - and not all of them do - it can be a real bargain! For example, HUD's asking price on the home will reflect the fact that the buyer will have to invest money to make improvements. HUD might offer special incentives such as an allowance to upgrade the property, a moving expense allowance, or a bonus for closing the sale early. And keep in mind that on most sales, the buyer can request HUD to pay all or a portion of the financing and closing costs. Your real estate agent should have details.

Question: How do I buy a HUD home?
Answer: Start by finding a participating real estate agent. [Au Glaize Real Estate Co. is]. Your agent must submit your bid for you. Normally, HUD Homes are sold in an "Offer Period." At the end of the Offer Period, all offers are opened and, basically, the highest reasonable bid is accepted. If the home isn't sold in the initial Offer Period, you can submit a bid daily until the home is sold. Bids can be submitted any day of the week, including weekends and holidays. They will be opened the next business day. If your bid is acceptable to HUD, your agent will be notified, usually within 48 hours.

Question: Can I buy a HUD Home as an investment? (continued in column 3) ➔

SELLING-RELATED TAX BENIES

As the time nears to pay your dues in Club America, your home offers financial shelter from what otherwise could be a taxing expense -- especially if you've sold your home when your tax returns are due.

The Taxpayer Relief Act of 1997, credited with having a significant role in keeping the real estate sector ahead of the rest of the economy, is perhaps the best tax shelter your home provides.

Generally, the federal tax law says when you sell your home, if you qualify, you can keep, tax free, capital gains of up to $500,000 if you are married filing jointly or $250,000 for single taxpayers, or married taxpayers who file separately.

Under the law, to qualify for the $500,000/$250,000 exclusion, the home must have been your primary residence for at least two of the prior five years.

The exclusion is not a one-time deal, but a benefit you can use again and again, theoretically every two years -- provided you qualify each time by meeting the owner-occupied-two-out-of-five-years requirement.

If, for example, you have two homes and live in one for two years, sell it and then live in the other for the next two years and sell it, both sales qualify for the exclusion.

Special provisions are available if, through some unforeseen event such as a job change, illness, death of a spouse, divorce, disaster, war or some other hardship, you are forced to sell before you meet the two-year residency requirement.

For qualifying unforeseen circumstances, you can prorate the $500,000/ $250,000 exclusion (not your specific gain) if you are forced to sell early. That means if you only live in your home a year (half the two-year requirement) before you are forced to sell because of some qualifying unforeseen event, you can exclude from taxes up to $250,000 (half the exclusion) in capital gains if you are married and file jointly or $125,000 for separate and single filers.

Selling Costs

If, when you sell your home, you realize a taxable gain even after the exclusion, you can reduce your gain with selling costs.

Your gain is your home's selling price, minus deductible closing costs, ➔ minus your basis. Your basis is the original purchase price, plus capital improvements, minus any depreciation.

Real estate broker's commissions, title insurance, legal fees, administrative costs and inspection fees are all considered selling costs. Selling costs can also include items otherwise considered repairs -- painting, wallpapering, planting flowers, maintenance and the like -- provided you complete them within 90 days of your sale and provided they were completed to make the home more saleable.

Moving Costs

If a new job forces you to sell your home and move, you can deduct some job-related moving costs. Your new job must be at least 50 miles from the old and you must work full

There's lucrative Tax Benefits to be had

time at the new work place for 39 of the 52 weeks following the move. Deductions include travel or transportation costs and expenses for lodging and storing your household goods.

To be eligible for moving costs deductions if you are self-employed, you must work full-time for at least 39 weeks during the first 12 months and a total of 78 weeks during the first 24 months after arriving at the new job location.

Check with your tax professional about home selling-related tax benefits. **The End**

Buying Foreclosures (continued)

Answer: Most HUD Homes are initially offered on a priority basis to owner occupant purchasers (people who are buying the home as their primary residence). Following the priority period, unsold properties are then available to all buyers, including investors.

Attention: Nonprofits

HUD has a special sales program under which approved nonprofit organizations and government agencies may purchase properties at discounted prices for use in local housing or homeless programs. For more information on HUD foreclosures go to; hud.gov For a list of HUD Homes go to; http://hud1.towerauction.net/OH.htm

Buy It, Fix It, Sell It

To ensure a profit, you have to buy a property for the right price and terms, renovate it fast and within budget, and then sell it for a profit. This real estate investment strategy, commonly referred to as flipping houses, requires substantial know-how and labor. If you're ready to make a rewarding commitment, however, flipping houses is a great way to begin building your future fortune in real estate.

NEXT NEWSLETTER ~ **Local investors talk.** Sign up for our newsletter by email.

Telling it the way it is,..

(continued from 1, column 3) **totally unfamiliar** with major events in motion that and are going to dramatically impact our daily lives.

Society is in the midst of adjusting to a 'new' sense of 'normal. It's almost like we're moving through a major transformation right now. Comparable to the turn of the century when America began to tool up and transform from an agricultural to an industrial society, yet this transformation seems likely to change our life styles. Too many Americans have grown accustom to having more and more, we may soon be forced to live with less and less.

I'll get more into that in a moment but before I lose any of you readers who were caught by the headline that you may be priced out of buying a home, READ THIS over again,.. ***R-A-T-E-S W-I-L-L B-E H-E-A-D-I-N-G U-P !!!!*** It's just a question of how high?

Naturally when interest rates go up, your buying power goes down. Today that $100,000 mortgage would cost you $535 a month (principal & interest) at 5% interest (fixed for 30 years.) Tomorrow at 7.5% that

Rates go UP ⬆ YOUR buying power goes DOWN ⬇

same $100,000 mortgage will cost you $695. At 9% it'd be $800! And on and on,..

Sellers on the other hand that have been sitting on the fence, so to speak, will be anxious to tap the $6,500 tax credit/rebate that the Fed's are offering to homeowners, as long as they have a written binding contract to purchase a home by April 30th, 2010 and they close by July1st, 2010.

Add into this mix the 1st time homebuyer $8,000 tax credit/rebate ***targeted to anyone who hasn't owned a home in past 3 years***, and you begin to realize how rare an opportunity that exists but will soon pass.

So for most of the 1st time homebuyers, this **could be one of the last chances** you'll have to actually own a decent house. The historically low interest rates of today are hovering around 5%, but in a matter of months I predict they'll rise so high that most 1st timers will have to settle for a lot less house, because higher rates will create higher payments. Throw into that picture the expiration of the $8,000 tax credit/rebate **by April 30th**, should tell 1st timers that time is a wasting. When you factor in the 30-45 days it takes to get a house financed with a no or low downpayment loan, you begin to see that the clock is fast running out and it's doubtful these incentives or interest rates will be back around for a long, long time… With the extension of this 1st time homebuyer tax credit, Congress also added in an additional incentive for any homeowner who have lived in the same residence for 5 years or more, by giving them a **$6,500 tax credit/rebate when they purchase another house** as long as they do it before April 30th! That incentive should increase the number of new listings coming on the market. Yet, again there isn't much time left to act. You almost have to jump into action immediately to benefit from these market conditions. I can't reiterate enough, but ***it's my belief*** it's going to be an awfully long time before we see these historically low rates, let alone tax incentives again...

Now back to where I was before, about living in this *new normal* and transformation in our contemporary culture.

Our national debt (now is over $12.4 trillion and that's just the tip of this iceberg). This debt is another event that has expanded to such a dramatic, almost unimaginable level that most of us can't get our minds around these figures. Suffice it to say that it will result in higher taxes, along with higher interest rates, and predictably higher levels of inflation, which is all ready rearing it's ugly head. Anyone who has to buy groceries, or put gas in their vehicles can see inflation is taking prices back up. Basic staples (like corn & beans and their by-products) will continue to rise. Crop failure, disease and droughts will dramatically compound these prices.

So what kind of a transformation is this creating on our culture? There's a noticeable swing to being more frugal, money-conscious and conservative. Instead of seeing credit cards flashed at Wal-Mart for a $3 purchase, people turning in coupons they've clipped. People buying generic brands, shopping at Aldi's and choosing off the value menu at McDonalds. Even more startling to me, after watching buyers push themselves to their outer limits and beyond when purchasing a home in recent years, now we see a turning back to smaller, more-efficient and practical houses.

Conspicuous consumption soon could be a thing of the pass, as people are starting to realize they don't have to live on the outer edge of their incomes., drive a big flashy SUV, or try to keep up with the Jones. In this sobering recession and it's long-lasting recovery, we may get back to realizing that there are more important things in life than flash and debt. With wages & income shrinking, we might all surprise ourselves on how little we can get by on if we put some real effort into it. Don't get me wrong, I'm not preaching or advocating completely getting off the grid and living off the land. I'm just stating that I think Americans are at their best when we are challenged. Other countries could live off our waste stream and some do, we need to learn how to get by on less. If nothing else future shortages in our grocery stores, at our gas stations and continuing cut-backs will demand we learn to live on less.

A growing number of intelligent people recognize there's a massive shift in wealth going from the west to the east. If we want to stop this transfer of wealth we need to reduce their imports, start producing more & export our goods. We may need to return to former traditions and values that made us who ***we were*** and proud again to stamp "**Made in the USA**," on anything we produce. *Just my 3 cents worth.*

Google GOOG-411

Here's a number worth putting in your cell phone, or your home phone speed dial: 1-800-goog411. This is an awesome service from Google, and it's free -- great when you are on the road. IT'S TOTALLY F-R-E-E! *It's also text message compatible. And if you have internet access on your cell you can "Map It."*

Don't waste your money on information calls and don't waste your time manually dialing the number.

I am driving along in my car and I need to call my favorite handyman service and I don't know the number. I hit the speed dial for Information - that I have programmed. The voice at the other end says, ***'City & State.'*** *I say, '****Lima, Ohio*** *.' It replies,* ***'Business, Name or Type of Service.'*** *I say,* ***Go-2-Guy****.' He says,* ***'Connecting'*** *and Firewheel answers the phone.*

How great is that? This is nationwide and it is absolutely free. Watch a short clip for a quick demonstration.

http://www.Google.com/goog411/

1-800-goog411 *or* (1-800-466-4411)

In what ways does inflation affect home prices?

Answer: Inflation means that the value of cash is being reduced over time, thus it takes more dollars to buy a loaf of bread -- or a house.

In practical terms, homeowners can beat inflation with a fixed-rate mortgage. While the interest rate is set, inflation over time means that each month you're paying with less-valuable dollars while the cash value of your home rises. If the cash value of your home rises faster than the rate of inflation, then you're gaining additional spending power and that's both one measure of real wealth and often a very good reason to be a long-term owner of real estate.

Credit Scores ~ Consumers don't get it

Too many consumers still don't get it when it comes to credit scores. And what you don't know about credit scores can hurt you when it's time to buy a home -- especially in a tight credit market.

Only 28% of consumers are aware they need at least a 680 credit score to qualify for a low-rate mortgage. 3 of every 4 consumers incorrectly believe that credit scores are influenced by income.

And even more, 79% erroneously believe that credit scores can be obtained for free once a year. (They're probably thinking about their credit report, instead.)

First, your credit score is a number assigned to your creditworthiness. Your credit score indicates how well or how poorly you'll repay a debt. The higher the number, the more likely you'll repay on time.

Your bill paying information on credit reports provides the basis for your credit score. Consumers who take the time to obtain their credit score, for only about $15 under most circumstances, are more likely to have a better understanding of the scores.

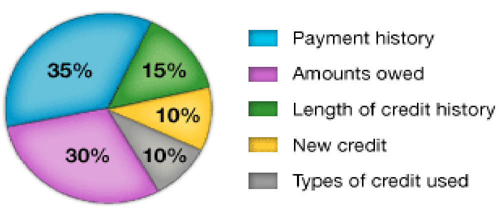
That includes knowledge that mortgage lenders rely heavily upon credit scores to approve or reject home loan applications. Informed consumers also know they can generally raise their credit score by consistently paying bills on time every time; by paying off debt and closing those paid off accounts; by not coming close to maxing out credit cards and by regularly checking their credit reports to make sure they are accurate.

Your credit report is free from AnnualCreditReport.Com. For more information about your credit score go to MyFICO.com.

A recent study found that consumers could save $28 billion a year in lower finance charges if they improved their credit scores by 30 points. Lack of consumer knowledge about credit scores not only increases the costs of their credit and insurance, but also reduces the availability of these and other services. **The End**

What's in your FICO® score

FICO Scores are calculated from a lot of different credit data in your credit report. This data can be grouped into five categories as outlined below. The percentages in the chart reflect how important each of the categories is in determining your FICO score.



These percentages are based on the importance of the five categories for the general population. For particular groups - for example, people who have not been using credit long - the importance of these categories may be somewhat different.

Payment History

- Account payment information on specific types of accounts (credit cards, retail accounts, installment loans, finance company accounts, mortgage, etc.)
- Presence of adverse public records (bankruptcy, judgements, suits, liens, wage attachments, etc.), collection items, and/or delinquency (past due items)
- Severity of delinquency (how long past due)
- Amount past due on delinquent accounts or collection items
- Time since (recency of) past due items (delinquency), adverse public records (if any), or collection items (if any)
- Number of past due items on file
- Number of accounts paid as agreed

Amounts Owed

- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Number of accounts with balances
- Proportion of credit lines used (proportion of balances to total credit limits on certain types of revolving accounts)
- Proportion of installment loan amounts still owing (proportion of balance to original loan amount on certain types of installment loans)

Length of Credit History

- Time since accounts opened by specific type of account

What's in your FICO score– continued

- Time since account activity

New Credit

- Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account
- Number of recent credit inquiries
- Time since recent account opening(s), by type of account
- Time since credit inquiry(s)
- Re-establishment of positive credit history following past payment problems

Types of Credit Used

- Number of (presence, prevalence, and recent information on) various types of accounts (credit cards, retail accounts, installment loans, mortgage, consumer finance accounts, etc.)

Please note that:

- **A FICO score takes into consideration all these categories of information, not just one or two.** No one piece of information or factor alone will determine your score.
- **The importance of any factor depends on the overall information in your credit report.**

For some people, a given factor may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance of any factor in determining your FICO score. Thus, it's impossible to say exactly how important any single factor is in determining your score - even the levels of importance shown here are for the general population, and will be different for different credit profiles. What's important is the mix of information, which varies from person to person, and for any one person over time.

Your FICO score only looks at information in your credit report. However, lenders look at many things when making a credit decision including your income, how long you have worked at your present job and the kind of credit you are requesting.

Your score considers both positive and negative information in your credit report.

Late payments will *always* lower your score, but establishing or re-establishing a good track record of making payments on time will raise your FICO credit score. **The End**

✯ Home Buyer Tax Credit ✯

Originally created in 2008, the home-buyer tax credit has evolved from a $7,500 credit, which had to be repaid by the home buyer over the course of 15 years, **to an $8,000 tax credit with no repayment** required in 2009. Now, for a limited time in 2010, the $8,000 home buyer tax credit will still be available to first-time home buyers and certain current homeowners will also be eligible for a $6,500 credit.

To help everyone better understand the extended and expanded home buyer tax credit, here are some highlights of the changes.

Who can claim the credit?

“First-time home buyers” who purchase homes between November 7, 2009 and **April 30, 2010 are eligible for the credit**. To qualify as a “first-time home buyer” the purchaser or his/her spouse may not have owned a residence **during the three years prior to the purchase.**

For current homeowners purchasing a home during the same time frame, **they are also eligible for a tax credit, so long as the home being sold or vacated was their principal residence for five consecutive years** within the last eight. To elaborate, it must be the same home; it is not enough that they have been homeowners for five consecutive years, they must have been in the same home for five consecutive years.

Another key point is that the existing home does not need to be sold. One must, however, occupy the new home as a principal residence and do so for three years or risk recapture of the credit. Also, the new home does not need to cost more than the old home despite the concept that it is directed at “move up” buyers.

How much is the credit and what are the income limits?

The maximum allowable credit for first-time home buyers **is $8,000 or 10% of the sales price**, whichever is less. For current homeowners, **it is $6,500 or 10% of the sale price, whichever is less**. Under the extended home buyer tax credit, single buyers with incomes up to $125,000 and married couples with incomes up to $225,000 may receive the maximum credit. The credit decreases for single buyers who earn between $125,000 and $145,000 and between $225,000 and $245,000 for home buyers filing jointly. The amount of the tax credit deceases as his/her income approaches the maximum limit. Home buyers earning more than the maximum qualifying income – over $145,000 for singles and over $245,000 for couples – are not eligible for the credit.

What are the deadlines for qualifying for the credit?

Under the extended home buyer tax credit, as long as a written binding contract to purchase a home is in effect on April 30, 2010, and the deal is closed by July 1, 2010, one can claim the credit.

Will the tax credit need to be repaid?

No, the buyer does not need to repay the tax credit if he/she occupies the home for three years or more. However, **if the property is sold during this three-year period,** the full amount of the credit will be recouped on the sale. Another provision of the law waives the recapture provisions for service members who receive orders that require them to move.

April 30th, 2010 is the DEADLINE

Are there any other critical provisions?

-There are other provisions people should be aware of:

-The purchaser must be at least 18 years old on the date of purchase

-For a married couple, only one spouse must meet this age requirement and dependents are not eligible to claim the credit.

Finally, as an anti-fraud measure, purchasers must attach documentation of purchase to his/her tax return claiming the credit. Normally this would be a copy of the HUD-1, but could include other documents memorializing the settlement.

As with all tax matters, responsibility for complying with the tax code belongs to the taxpayer. Real estate professionals recommend that their buyers consult their tax professionals to ensure eligibility for the credit and the proper way to claim the credit. For more information including the required IRS forms contact the Internal Revenue Service at 800-829-1040.

How Many Credit Cards Are Too Many?

While 1 in 7 Americans has at least 10 credit cards, the average is 4, according to a report from Experian. Usage on credit cards has dropped dramatically in the last two years as financially constrained consumers have reduced spending and began paying off debt. The national average interest rate on credit cards as of November 2009 is 12.64%, which has declined 0.45% from six months earlier.

So what is the correct number of credit cards a consumer should have to most effectively manage and optimize their overall credit profile? The answer is not simple; **it’s not the number of cards you have, but how you utilize and manage them.**

As an example, two different consumers—Mike and Mary—have an identical credit card. Both cards have been open for two years with an interest rate of 14.25% and a credit card limit of $4,000. Mary utilizes her credit card each month and does not allow her balance to exceed more than about 30% of her credit line. She always pays at least the minimum payment and pays extra, as necessary, to keep her balance below a self-imposed $1,200 limit.

Mike, on the other hand, often maintains a credit card balance around $3,900, which is about 98% of his credit card limit. Both consumers pay their respective bill on time each month. However, because of the differences in how each consumer utilizes their credit card, the corresponding impact on their credit is significantly different.

Mary’s credit card utilization and payment history provides a strong contribution to her credit score and risk profile, which should help her obtain lower interest rates on new credit in the future. Whereas, Mike is negatively impacting his credit profile based on his card utilization. Although he makes his payment on time every month, because Mike is regularly “maxing out” his credit card limit, he is actually negatively impacting his credit score and profile. Mike ’s overall credit profile would be better served spreading the expense over two or three cards and maintaining the card limits at or below 30% like Mary.

The reality is that you can have excellent credit with one well-managed credit card with a positive established history. As was illustrated with Mary and Mike , the primary variable is how you manage your credit versus how much credit you have access to use. The general makeup of a credit score is based: 30% on payment history, 35% on the amounts you owe compared to available credit, 15% on the length of your credit history, 10% on newly established credit and, finally, 10% on the types of credit you use.

Having the right balance of credit cards and overall access to credit can be extremely helpful. Additionally, well-managed credit cards will assist you in establishing a stronger credit profile and better credit scores that can potentially lead to lower interest rates and better terms when applying for new home loans, auto loans, credit cards or even insurance.

Think carefully about adding new credit cards. Do you need the extra card to manage your credit profile better like Mike or are you exposing yourself to a greater and potentially unmanageable debt situation? Whatever the reason, it's important to know that when you add a new credit card, your credit score will likely suffer a temporary drop until you have established a payment history with that card.

Finally, don't make the mistake of canceling your older credit cards, even if they have higher interest rates than ones you may get on newer cards. Remember, 30% of your credit score is based on payment history and 15% on the length of your credit history. Keep that older, well-established card for that reason and use it once in a while on smaller purchases.

With these simple rules, you will know exactly how many credit cards work for you. ☙THE END Courtesy of Credit Issues

WHY ARE MY PROPERTY TAXE$ SO HIGH?

As a real estate broker, I must get this question every other week. A majority of time it's a simple response, I just say “quit passing all those levies!”

The lions share of this revenue goes to our schools and since a majority of tax payers have fallen for the ***“our kids will suffer if we don't build new schools, or pay our teachers a decent salary,”*** most of us pay a lot of property taxes. Now don't get me wrong, a majority of local teachers I know, earn every dollar they get, but the layers upon layers of administrators are vastly overpaid for no more than what they contribute to the system. The real indignation, however, is when they retire and their buddies hire them back on the payroll. But, let's not go there I'm trying to focus on why property taxes are high,..

Here's a basic overview of what goes on largely behind the scenes that most of you may or may not know.

I have learned from a confidential source that State officials, not the county auditor are largely to blame for rising property taxes. They are the ones driving up local property taxes (in addition to the school levies some of you people passed). Granted they work hand in hand, but our Auditor fought back this last year after the State directed all property taxes be raised 8%. She pleaded that instead of basing taxes on the last 3 year average of real estate sales like they are suppose to, which would have rendered an even higher increase (note: 2007 was the peak of the real estate market– highest prices ever paid), she asked the State to consider the declining economy and base the increase solely on sales from 2008. Considering that there never has been a year when the State hasn't mandated an increase, this was a radical departure from the past. Yes, a majority of us still had an increase in property taxes but not as much as it could have been using the State mandate.

THE STATE DICATES TAXES BE INCREASED

What most taxpayers don't quite understand is that there are still an unusual number of buyers overpaying for real estate. Hard to believe, but even in this market too many homebuyers chose not to have a real estate agent represent their interests (called Buyer Agent) or they innocently chose an incompetent agent to represent them who either didn't know the real value of the property or cashed his/her client out.

SOME HOMEBUYERS ARE STILL OVERPAYING

Interestingly enough a lot of homebuyers either pay an outrageous price for their house or think their property is worth way too much, then complain their property taxes are too high! *(“Hello, is anybody home?”)* Property taxes by state law are suppose to be based off the full value. In our county it's more like 92-93%, yet when the full value on the tax card is $89,000 and a buyer pays $174,000 (this is an actual situation that occurred in 2007 and there's many more recent examples) the Auditors office then begins to question if their values are too conservative to be accurate. So hopefully you can begin to see when someone overpays we all pay…eventually.

YOU CAN'T BUY A $150,000 HOME & EXPECT TO PAY TAXES ON ONE WORTH $95,000

2011 is a re-evaluation year for property values and many of you may have seen someone outside your home taking photos or knocking on your front door to ask you questions like,.. “Is this still a 3 bedroom home, or how many bathrooms do you have?” These people are hired by the county to reassess property values. It's worth noting that most are not actually licensed appraisers. They are more like data collectors, and they are trying to put a value on your real estate.

Now here's where I go off the deep end in a couple of area's. First, what are the qualifications of these data collectors? If they aren't licensed appraisers, who can be held liable for their opinions of value, then where do they get their expertise? Do they, (a) live in the county, or neighborhood and know every sale up and down the street that went down in the last six months to a year? (b) or are they subcontractors who live somewhere else and have little knowledge of what property has been recently selling for here in our county? I suspect you know the answer as well as I do.

The other and biggest issue I have with the present property valuation system is that Auditors across the state are basing these valuations on fraudulent values. For example; about 50-60% of local home sales for the past 5-6 years have been inflated by seller (Continued on last page)

WHY ARE MY PROPERTY TAXE$ SO HIGH?

(continued from page 7 column 3) concessions required to make the sale. In other words it isn't uncommon for a house to sell for $100,000 and the seller pays $2,500 for buyers closing costs and another $2,500 down payment assistance or for repairs. So what did it actually sell for $100,000 or $95,000? The true value should be $95,000 because the seller had to pay or deduct $5,000 worth of concessions. Yet the Auditors want to base your taxes on the full price paid without deducting these concessions. A lot of these concessions often run as high as 10% of the purchase price. So there's little question the values used to raise our property taxes are largely inflated, as a result then so our property taxes. [There use that argument when you file a complaint on your taxes being too high,..]

In closing, just a couple of lose ends here; IF you feel your property taxes are too high you can appeal them by filing a complaint between Jan 1st - March 31st

YOU CAN APPEAL YOUR PROPERTY TAXES

at the Auditors Office (new courthouse 2nd floor) . Your complaint has to take issue with the valuation of your property. You just can't go in an say my taxes are too high. I would recommend that you go in with some idea what other houses like yours sold for and what their taxes were in comparison to yours. Otherwise your appeal will fall on deaf ears.

Your complaint then goes before the Co. Board of Revisions (composed of Auditor, 1 commissioner, 1 in-house appraiser.) They have basically three options they can take: (1) send out an in-house appraiser to do a re-evaluation, (2) offer to adjust your taxes through the mail (only if you made a worthy argument), (3) meet with the Board to further plead your case. Finally if you disagree with their conclusion you have a right to appeal it to Board of Tax Appeals. ✦ THE END

WE NEED YOUR HELP

Like you - we're trying to stretch our shrinking dollars to survive. In years past we mailed out 2 sometimes 4 newsletters a year. Each run cost us $500. Postage is killing us, along with rising paper and printer costs. So, **WE NEED YOUR HELP**

The only way we can keep sending a newsletter out is to send it electronically. So if you'd like to continue to receive our newsletters we'll need you to email your address to **auglaize@bright.net.** Don't worry we will not share your email address with anybody else. **THANK YOU!**

NEXT ISSUE—plug in⬆

CORRUPT APPRAISALS—Many of you have heard me harp for the last decade (since the subprime debacle started in 1999) that the appraisal system has been corrupted by the lenders and banks that prefer to look the other way on valuing real estate. As if we all haven't paid dearly for this—it's much worse than what you can imagine, but that subject will be covered in my next newsletter. By that time we will have seen a major collapse in the commercial real estate sector and it'll be easier to convince the readership what I see as a result.)

BUYING FORECLOSURES—More and more local investors are waking up to the potential profits they can make if they can handle a lot of the upgrades themselves. But, caveat emptor there's a lot more to it than meets the eye. Tune in next issue to learn more. **In meantime make sure we get your email address so you'll continue to get this newsletter.** THE END

Housing Permits Issued in Wapak by Year

1990 – 24 Single
1991 – 12 Single, 1 Two-family
1992 – 22 Single
1993 – 26 Single
1994 – 17 Single
1995 – 9 Single, 4 Two-family
1996 – 18 Single, 1 Two-family, 1 Three-family
1997 – 20 Single, 3 Two-family, 7 Three-family
1998 – 30 Single, 2 Two-family
1999 – 30 Single, 4 Two-family
2000 – 29 Single
2001 – 23 Single, 4 Two-family
2002 – 24 Single, 6 Two-family
2003 – 41 Single, 9 Two-family
2004 – 34 Single, 7 Two-family
2005 – 27 Single, 6 Two-family, 2 Three family
2006 – 19 Single, 5 Two-family, 1 Three Family
2007 - 19 Single
2008 – 14 Single, 1 Two-family
2009 - 11 Single

Courtesy of Alicia Webb
Engineering Dept. 419-738-5596

So what's a couple TRILLION $$$?

"I've been trying ... to think of a way to better illustrate how much a trillion dollars is. The best that I could come up with is that if you had a stack of $1000 bills in your hand, only a four inch high stack would make you a millionaire. A trillion dollars would be a stack of $1000 bills 67 miles high. **Yeah, 67 miles high**."

Go ahead google "trillion dollars" and see what comes back. Go ahead I dare you. **So what's a couple TRILLION $$$,..**

These low rates ARE HEADING UP ⬆⬆⬆⬆ into the double digits & won't be back for decades,..

MORTGAGE CALCULATOR

30 Year	5%	5.5%	6%	7%	8%	9%	10%
$50,000	$240	$284	$300	$333	$367	$403	$439
$60,000	$320	$340	$360	$399	$440	$483	$527
$70,000	$374	$397	$420	$466	$513	$564	$615
$80,000	$428	$454	$480	$533	$587	$644	$703
$90,000	$509	$510	$540	$600	$660	$725	$790
$100,000	$535	$567	$600	$666	$734	$805	$878

TIME TO MAKE YOUR MOVE! HURRY INTEREST RATES ARE HEADING UP⬆ CALL US