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Catherine & Dylan Rogers

Owned and operated by NRT, LLC

Catherine (970) 988-1030
drogers@frii.com

Dylan (970) 214-6968
dylanrogers@frii.com



Alice P's

Market Update

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Homebuyer Tax Credit Extended

Making the decision to purchase a home can be one of the most important decisions of your life. Purchasing a home is a long-term commitment and there are many incentives to being a homeowner. In addition to very low interest rates, another excellent benefit to buying a property now is the extended and expanded tax credit program.

On Nov. 6, President Obama signed into law the [Worker, Homeownership and Business Act of 2009](#), which will allow the homebuyer current tax credit to be extended for another six months. The act also now includes existing homeowners as qualified for a tax credit.

The first important deadline in the new legislation that qualifies for a tax credit is a purchaser must have a signed purchase agreement in place by April 30th, 2010. The purchaser then has until July 1, 2010 to close on the home.

First-time homebuyers are still given the \$8,000 tax credit, as was offered with the previous provisions. However, existing homeowners will be given a \$6,500 tax credit, in addition.

According to the [National Association of Realtors](#), the law stipulates that to qualify as a first-time homebuyer, a person must not have owned an interest in their principal residence anytime in the three years prior to purchasing a home. For married couples, neither spouse can have owned a home in the last three years.

An existing homeowner qualifying for the tax credit is defined as a person seeking to purchase a home who has used a home being sold as their principal residence consecutively for five of the last eight years.

Income constraints are also an important factor that qualifies homebuyers for the tax credit. A person filing as a single taxpayer may qualify as long as their income is less than \$125,000. For people filing jointly, the income cap is \$225,000.

There are also partial credits available for singles with incomes up to \$145,000 and joint filers up

to \$245,000. The amount of a partial credit would need to be determined by a tax or accounting professional.

The new extension of the credit also further defined which homes would qualify for the tax credit. With the new legislation, any home purchased for less than \$800,000 would qualify. The home must be used as a primary residence, and can not be purchased from a close relative. However, parents may co-sign a loan agreement for a child, so long as the child meets all other qualifications of the tax credit—and the child must not be claimed as a dependent by his or her parents to qualify for the credit.

The new legislation also provided for a new Anti-Fraud Rule, which will require homebuyers to provide documentation of the purchase of the home as an attachment to their tax return.

The tax credit incentive to homebuyers was first introduced in 2008, as a part of the [Housing and Economic Recovery Act of 2008](#), then was extended into 2009 by means of the [American Recovery and Reinvestment Act of 2009](#). The current provisions from the ARRA still apply to home purchases closing by Nov. 30 and the new stipulations will be effective Dec. 1. Lawmakers have indicated that the April 30th extension will likely be the last extension made of the tax credit.

Other key points addressed in the recently passed Workers, Homeownership and Business Act extended the amount of months displaced workers may claim unemployment benefits and provides an additional tax cut to struggling businesses.

Other important homeowner tax benefits

Another facet of the American Recovery and Reinvestment Act allows for another tax credit for homeowners who optimize their home's energy-efficiency potential. There are two different types of credit offered for homes going green: [the nonbusiness energy property credit and the residential](#)

Extended tax credit highlights

Who:

- First-time homebuyers; defined as a person not owning an interest in a principal residence in the last three years
- Existing homeowners; defined as a person using a home being sold as their principal residence and purchasing a new one, having lived in the principal residence consecutively for five of the last eight years
- Qualified persons must claim less than \$125,000 annual income if filing as a single; \$225,000 if filing jointly

What:

- \$8,000 tax credit for first-time homebuyers
- \$6,500 tax credit for existing homeowners
- Qualified primary residences purchased under \$800,000

When:

- Must have a signed purchase agreement by April 30, 2010
- Must close on home by June 30, 2010
- New provisions effective Dec. 1, 2009
- Old provisions still in place for transactions closing prior to Nov. 30, 2009

Why:

- According to the National Association of Realtors, recent stats have shown as much as 45 percent of home sales in the last year are attributed to first-time homebuyers

How:

- The Worker, Homeownership and Business Act of 2009
- American Recover & Reinvestment Act of 2009

Continued on next page

Continued from previous page

energy efficient property credit.

The nonbusiness energy credit allows homeowners to earn a 30 percent credit on what they spend on energy-saving improvements with a maximum of a \$1,500 credit. Types of expenses that qualify for this credit would be installing high-efficiency heating or cooling systems, [biomass-burning stoves](#) or hot water heaters, energy-efficient windows, skylights and doors, and certain insulation and roofs are included in the credit.

The residential energy efficient credit allows homeowners to earn a credit of 30 percent of costs spent on expenses on alternative energy improvements, with no maximum cost limit. Types of improvements that would be included to receive this credit include solar hot water heaters and electric systems, geothermal heat pumps, or wind turbines. For most improvements, the cost of labor can be included when calculating the cost.

To qualify, the improvements must be placed in service by the end of 2010. To claim this tax credit, homeowners need to fill out the Residential Energy Credits form, [Form 5695](#) as an attachment to their tax return.

In addition to the new tax credits of recent years, homeowners are also allowed to deduct certain provisions from their yearly income. Such deductions

include real property taxes (not including special assessments), discount points paid at closing, and certain moving expenses.

It is important to know the distinction between a [tax deduction and a tax credit](#). A deduction lowers a person's income as a percentage, either before or after determining their adjusted gross income. The actual amount of the deduction is determined by the tax bracket a person is a part of.

Tax credits, on the other hand, are a dollar-for-dollar reduction in the amount of taxes owed by an individual; or in the case where a person does not owe anything in taxes, is money given back directly to that individual.

Local, state and federal property taxes can all be deducted from a person's taxable income. If discount points are paid at closing, a seller or buyer would be able to deduct the cost. Moving expenses may also qualify if they are unreimbursed expenses as a result of moving for a new job. The "new job" terminology is also applicable to self-employed persons.

In certain circumstances, mortgage interest may also be deductible for qualified homes. A tax expert should be able to determine all of the specifics regarding tax deductions for mortgage interest.

With all of the many tax credits and deductions available to homebuyers, there has never been a time better than now to start the search for a new home.

Hot Listings

Canyon Creek, Erie



Click Image for video

1596 Daily Drive
\$303,900 | MLS 610118

Beautiful, spacious 4 BR/ 4 BA home in Canyon Creek features an open floor plan and finished basement. The luxurious master suite includes 5-piece bath, fireplace, large walk-in closet and private deck!

Healthy Home tips

Paint smart to preserve indoor air quality

Painting is a popular and easy way to spruce up your home. However, many people are not aware of the effect that this can have on indoor air quality. Indoor air can be three times more polluted than outdoor air, and according to the [EPA](#), is considered one of the top five hazards to human health, of which paints and finishes are among the leading causes.

Paints and finishes release low-level toxic emissions into the air for years after application. The source of these toxins is a variety of [volatile organic compounds](#) (VOCs) which, until recently,

were needed to enhance the performance of the paint. New environmental regulations, and consumer demand, have led to the development of low-VOC and [zero-VOC paints](#) and finishes. Most paint manufacturers now produce one or more non-VOC variety of paint. These new paints are durable, cost-effective and less harmful to human and environmental health.

If you have enclosed spaces in your home which you suspect may contain high-VOC paints and finishes, try to ventilate the room as best as possible. Also never leave any open, unused paints sitting around the house—always dispose of paint you don't plan to use in the near future to reduce VOC emissions.

According to the EPA, heightened exposure to VOCs can cause eye, throat or nose irritation, nausea, headaches, and damage to the liver, kidneys or central nervous system. In addition, certain organic compounds found in VOCs have been suspected to be linked to various forms of cancer. Due to the variability of the make-up of the VOCs used in different paints and finishes, there can be a wide array of detrimental health effects from these chemicals.

So do yourself, your family, and future occupants a favor by using low or zero-VOC paints—and breathe easy.

what's new at Harmony Ridge

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- ☞ 19 bungalow lots available

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Hot Listings

Allendale, Loveland



Click Image for video

2349 Hampstead Drive
\$245,000 | MLS 610640

This peaceful and private 4 BR/4BA home has the ideal location. Overlooking Boyd Lake, the large deck and finished walk-out basement boasts spectacular views!

Stone Canyon, Lyons



Click Image for more info.

137 Stone Canyon Drive
\$475,000 | MLS 613580

This gorgeous 4 BR/4 BA home borders open space, features hickory floors, gourmet kitchen and luxury master suite.

Mill Iron Estates, Milliken



Click Image for video

700 Mill Iron Road
\$465,000 | MLS 599748

Custom 2-story 4 BR/4 BA offers exquisite finishes on 2 acres of land. Oak hardwood floors, and granite composite slab counter tops in kitchen.

First-time homebuyers still drive market, slowly rebuilding

Data from the third quarter of the year was recently released by every major housing market statistics organization across the country with everyone anticipating its results. Do the stats show that the housing market is on its way to recovery?

National statistics released from the [National Association of Realtors](#) indicate that, with seasonal adjustments, existing-home sales have increased 9.4 percent from August 09 to September 09. Their results also indicate a 9.2 percent raise in September 09 from September 08.

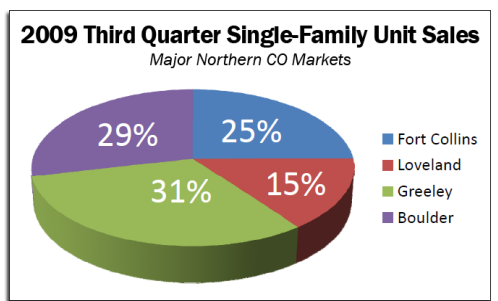
NAR's chief economist, Laurence Yun, attributes these continued increases in sales to the first-time homebuyers.

"Much of the momentum is from people responding to the first-time homebuyer tax credit, which is freeing many sellers to make a trade and buy another home," Yun said.

Preliminary data from the NAR's [Profile of Home Buyers and Sellers](#), due to be released Nov. 13th, speculated that nationally, first-time homebuyers are accounting for at least 45 percent of all existing home sales.

On a more local level, Colorado has seen many fluctuations in the progress of the rebounding market. According to the statistics from the [Colorado Association of Realtors](#), home sales across the state are still lower in the third quarter than they were a year ago. Total single-family home sales for the third quarter in 2008 were 19,527, whereas 2009's third quarter sales ended at 16,937; a 13 percent decrease. Median prices of homes sold also dropped 9 percent across the state from last year's third quarter report.

Coldwell Banker Residential Brokerage's Colo-



rado President, Chris Mygatt, believes while the market will eventually return to an acceptable state, the rebuilding process will take some time.

"I am encouraged by the progress we are making in the real estate market. We're beginning to see more days of progress than days of sliding back," Mygatt said. "My best guess for our market is that we can expect sales to moderate to a more sustainable pace and we will probably see a modest rise in prices in 2010."

One hurdle analysts are having is interpreting the vast amounts of statistics in relation to the ever-present economic fluctuations.

Mygatt said that he believes much of the housing market's success and failures are directly tied to consumer's confidence in the economy.

"One day we can have a really good, strong day and the next, we're scratching our heads and feeling challenged," he said.

Local markets have always been a more reliable method than national or state stats of determining sales volume and other statistics, as each local real estate market is unique. For detailed Northern Colorado stats, [click here](#).

New addition to the Rogers Realty Team



Catherine and Dylan are pleased to announce the newest addition to the Rogers Realty team, Laura Carper. Laura has worked in various positions for Coldwell Banker over the past three years and is currently working on obtaining her real estate license.

E-mail at: laura.carper@coloradohomes.com

She is a 2008 cum laude graduate of Colorado State University with a

bachelor's in public relations and a minor in business administration. She also previously obtained

her associate's in mass media from Laramie County Community College, in Cheyenne, Wyo.

Her areas of expertise include graphic and web design, online marketing, and campaign planning. Upon receiving her realtor's license, she plans to continue to work with Catherine & Dylan and eventually work toward other designations and credentials in residential properties.

Laura was born and raised in Haxtun, Colo., a small town in the northeastern corner of the state, before moving to Fort Collins three years ago. In her spare time, she enjoys playing volleyball, going to local concerts, visiting her family and Photo-shopping anything and everything.

Check out her profile on LinkedIn by [clicking here](#).

COLORADO TRIVIA



Last month's trivia question: *Which step on the capitol building in Denver sits exactly 1 mile above sea level?*

the 15th step

This month's trivia: *What is the oldest surviving business in Fort Collins?*

Check back next month for the answer!

Seller's Tip of the Month

To stir up a multiple offers, a seller needs to have three primary variables going for your home - price, condition and location. These three variables create a perfect storm that will allure buyers to compete for your listing!

