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## Home Buyer Credit Expanded New Program Expires 4/30/10

The Feds have reloaded the popular home buyer credit for 2010. This new program features an expansion beyond the "first time" home buyer. A first time home buyer may still qualify for an \$8,000 direct tax credit if they have not owned a home in the last 5 years. The expansion comes as the IRS will now provide up to \$6,500 for existing homeowners that have not purchased a home in the last five years.

This new expanded program is set to expire on April 30th of this year. That means you must be in contract on a home by that date. The Feds will allow you until June to actually close the deal.

A direct tax credit is not a deduction. It is much better. The direct credit is CASH applied directly to your return. If you owe the IRS the credit is deducted from what you owe. If they owe you, the credit is added to your refund. *(Check with a qualified tax consultant for details and restrictions).*

With interest rates as low as they will likely go, and the market at or near the bottom, now is the golden opportunity to get into the house of your dreams. Even if the market continues to soften, the low rates and the tax credit are likely to be more than enough to offset a slight value drop.

As we move into the spring buying season we may see a surge in buyer activity which in turn could allow prices to creep up a bit. Don't take chances, the time to buy is now.

## Fed Backing on Fannie and Freddie may dry up Sooner, rather than Later

Many people have asked me, "Why are these interest rates staying so low?" There are a variety of variables involved but there is also one overwhelming factor keeping rates suppressed. The federal government continues to offer treasury backing on Fannie Mae and Freddie Mac loan securities. So long as this treasury cash is backing the notes, investors will buy Fannie / Freddie mortgage backed securities with below market rates like we have now.

Many analysts are suggesting that the federal backing will end soon. The feds are under tremendous pressure to deal with the largest deficits in the history of the USA. Even when compared to WWII and corrected for inflation the current administration seems committed to outspending FDR.

It has been suggested that the government backing has suppressed 30 year fixed mortgage rates by as much as 2%. Even if the more conservative estimates at 1%-1.5% are used that would push rates to the mid sixes. Although any rate under 7% is historically a "good" rate, the higher rate would disqualify many homebuyers who are now able to qualify for a mortgage in the low fives.

Many people are still sitting on the fence wondering what prices will do and few realized that a \$10,000 reduction in price will not be enough to overcome a 1% increase in mortgage rate. Over the life of the loan you will pay an extra \$23,600 for the \$10,000 you saved on price if the rate is 1% higher.

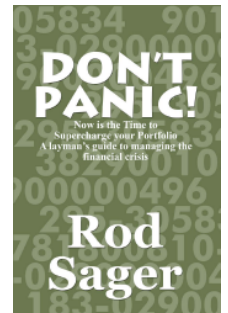
I have been paying close attention to economists and many feel that we will see a bad stretch of inflation within the next few years. Inflation can help homeowners but it is disastrous for renters. The time to buy, is now.

## Vancouver Realtor, Rod Sager is author of new book.

In a press release last month, Publish America announced a new title, "Don't Panic". This new work was written by Realtor, Rod Sager who happens to be the author and editor of this publication. The new book is available immediately on the publisher's website and will be available on Amazon shortly.

The book covers real estate and securities investments in this troubled and turbulent economy. The book is targeted at middle America.

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