



major and positive impact upon the real estate market ... one that could benefit you,

tax credit

income below \$75,000 (\$150,000 for joint filers) who buys a home for personal use and has not previously purchased another primary residence within the last three years.

Under the old law, people who bought homes were given a \$7,500 loan that had to be paid back over 15 years. The new law began in 2009.

This is a major piece of legislation. Yes, it's true, Uncle Sam wants you to buy a home! And the new law would provide not just \$8,000, but a **\$15,000 tax credit** to any person who buys

your first home, or perhaps that second home in the mountains you've been dreaming about for

years. The new law would extend the tax credit for one year from the date of enactment, and would still allow homebuyers to claim the credit on their 2009 tax return for purchases made in 2010.

On Senator Isakson's Web site, he makes the following statement:

"I believe our economic problems start with the housing market and that we must restore the housing market if we are going to restore our economy. To draw buyers back to the market, I have introduced legislation to integrate housing demand and to boost the economy by expanding the first-time homebuyer tax credit passed by Congress earlier this year."

Isakson goes on to say that an illiquid housing market, decline in equity, and decline in net worth must be reversed, and that the recent high percentage of foreclosure and short sales is only contributing to the downward spiral of prices.

I want you ... to buy a home!

He had brought a similar bill to the Senate floor in February 2009, but the \$15,000 amount and terms of the bill were reduced by a Congress under political pressure to cap their stimulus spending.

This is a very striking piece of legislation, and one that could have a major positive impact upon the housing market. But could there be some disadvantages as well? Let's take a look, and start with the pros. The new legislation could:

- 1) Entice more first-time homebuyers to finally enter the market.
- 2) Stimulate current sellers (who have enough equity) to reduce their price, get it sold, and buy another home for the tax credit.
- 3) Motivate investors to add to their portfolios.
- 4) Appeal to those who have been waiting to buy second homes and vacation properties.
- 5) Help buyers recoup money spent on the larger downpayments that are now required.

In addition, any legislation that boosts the real estate market will simultaneously help the nation reduce its unemployment level. Each time just one home sells, it provides work to dozens of people who become involved in that transaction. This includes home inspectors, appraisers, mortgage loan officers and their staff, handymen, closing attorneys and title company personnel, surveyors, home-improvement stores (and the hundreds who work in each store) and, yes, even realtors, such as myself.

Do I have a personal axe to grind? Absolutely! I admit it. In fact, it's one of the few times that I even agree with my own National Association of Realtors, which is also supporting the bill. But I am merely one of hundreds of thousands of people who will benefit from such legislation.

