

## Mike Dolan

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**Subject:** News from Realty Executives Integrity



# Lake Country Advocate

*News and Information for Homeowners, Sellers and Buyers*

December 2009

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**WELCOME!**

*This month we are pleased to announce that The Mike Dolan Team has been selected by the Autism Society of South Eastern Wisconsin as an ambassador.*

*For buyers or seller who wish to support the Society and who sign a*

Dear Mike,

*Gloria and I would like to wish you and your family a Happy Holiday and Joyous New Year!*



The Mike Dolan Team

**Home Buyer Tax Credit  
Extended and Expanded!**

*Buyers Agent or Listing Contract with us, we will donate 5% of our commissions on that specific sale to the Autism Society in their name.*

*We also are an ambassador with the Very Special Arts program. We offer the same charitable contribution program with them.*

*for more information  
or to make a donation*

Autism Society of South Eastern

WI  
414-427-9345  
or

Very Special Arts of WI  
414-427-9345



Mike Dolan

## Need Help?

If you know some who needs help or is just seeking information on the

[Home Owner Affordability and Stability Plan](#)

Have them visit our web site for up to date information and a list of resources!

## President Obama Signs New Tax Credit Into Law

The extension and expansion of the homebuyers tax credit that passed Congress November 5 allows more first-time buyers to qualify and creates an entirely new credit for existing homeowners who buy a new home.

The effective date is Tuesday, December 1 for the enhanced first-time buyer credit and for the new credit. It is not retroactive.

However, first-time buyers who have been rushing the meet the November 30 deadline for the existing program need not worry.

They can qualify under the new one.

Existing homeowners who are also in the process of buying a home should consider delaying closing until December 1 or later to qualify for the credit.

Both credits expire next spring. Buyers must have a contract on a home before May 1, 2010 and they have until June 30, 2010 to close in order to qualify.

### Key Provisions

#### Amounts:

- The first-buyer credit remains 10 percent of the cost of the home or \$8000, whichever is less.
- The credit for existing homeowners is 10 percent of the value of the new home or \$6500, whichever is less.

#### Definitions:

- A first-time homebuyer cannot have owned a home during the past three years.
- Existing homeowners must have owned and lived in their current home five out of the preceding eight years.
- Only principal residences qualify. No second homes or investment properties.

#### Income limits:

- The measure raises the income limits for

## Something to Think About

It is not what I know...

It is not what I think...

It is not what I say...

It is what I do

[Quick Links](#)  
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[First Time Home Buyers](#)

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### Realtor Association Reports Strong 3rd Quarter Sales

November 11, 2009 - Sales in the 4-county metropolitan Milwaukee saw a significant boost in October as expiration of the First-Time Homebuyer Tax Credit was on the horizon, according to housing statistics released by Metro MLS, Inc. today. Milwaukee County led the region with a 7th straight month of positive sales.

those claiming the credit to \$125,000 a year for individuals and \$225,000 for couples, up from \$75,000 and \$150,000 in the previous first-time buyer credit. After that, the value of the credit phases out.

- The cost of the new home cannot exceed \$800,000.

Cost:

- Expanding the home buyers' credit will cost about \$11 billion. The total cost of extending the first-time buyer credit and adding the existing owners' credit is \$16.7 billion.

How to Apply: :

- Use IRS form 5405, which you file with an amended tax return. For more information on applying, speak to your tax council

go to to our [web site](#).

## Deal or No Deal Buying Foreclosures

Buyers and would-be investors often look to foreclosure sales to find real estate bargains. But newcomers to this market could find some unpleasant surprises if they go in blind. All homes should be thoroughly inspected by a professional home inspector before sealing the deal.

Why inspect if you can't negotiate? Foreclosure homes are usually "as-is" sales. This means that buyers cannot negotiate for the cost of needed repairs, as they may do in a traditional home purchase. Buyers must absorb repair costs themselves and consider this in their purchase offer at auction. So why get a professional inspection on a foreclosure property? Too many foreclosure buyers think they're getting a deal when, in fact, they might be

up 42.7% over 2008.

Waukesha and Washington Counties were way up as well. Waukesha saw its first double-digit increase in a long time with a 22.3% jump from the year earlier. Washington also jumped 37.9% over 2008, its second double-digit increase in a row.

Recent buyers were motivated to act as the federal First-Time Homebuyer Tax Credit was set to end on November 30, 2009. At that time, buyers didn't know if Congress would extend the credit, so they acted to get their offers in and deals closed before the deadline.

On the listing side, new homes put up for sale are down in the 4-county area by 3.6%.

In October it was clear that the price decreases of the last year combined with low interest rates, abundant choices, and the tax credit, motivated buyers to take advantage of the market.

In recent weeks, since the extension of the tax credit and expansion of it via a \$6,500 tax credit for existing buyers, the

purchasing a property with substantial and costly defects. The repair of these major issues could exceed the savings gained in buying a foreclosed property.

Sellers at foreclosure auctions are not usually obligated to disclose defects. But buyers can empower themselves by getting a professional property inspection before the auction that will provide valuable insights about the condition of the home. If pre-auction property inspections are not permitted at the foreclosure sale, buyers will need to weigh that risk carefully.

Knowledge is Power. Even with a significant influx of newly foreclosed properties due to the sub prime mortgage mess, the foreclosure market can be competitive, and it is often dominated by experienced real estate investors. Armed with the right information you can make informed bids and find the best home at the best deal. After all, a bargain isn't a bargain if it costs more than expected down the line.

Remember, buying foreclosed properties can be a risky business, so be certain to consult with needed professionals, including a reputable, certified home inspector, to address questions about specific issues.

## Short Sales--What Are They?

Across the country, most real estate markets are feeling the pinch. Some sellers are finding themselves wondering whether their only option is giving the property back to the bank and going into foreclosure. There may be a better option, a "short sale".

A short sale is when the lender is willing to accept less for a home than what is currently owed by the homeowner. A short sale is a far better option for the majority of sellers. It's important to understand that banks do not want to do foreclosures. It is extremely expensive for a lender to actually carry out a foreclosure.

market has seen much more activity above the \$300,000 threshold - which was stagnant prior to the new credit passing.

The Greater Milwaukee Association of REALTORS® is a 4,000-member strong professional organization dedicated to providing information, services and products to its members to 'help them help their clients' in buying and selling real estate.

**262-443-8000**

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The short sale process is different from normal transactions and it helps to learn and understand the key points to understanding the process.

1) Short sales do take time. While it is certainly possible to close a short sale in 30 to 60 days, it's not unusual for a short sale to take up to 90 days to close. Most lenders do not staff for a large volume of short sales.

2) Are there other loans on the property? Have the real estate taxes have been paid? The second mortgage holder will have to agree to take the loss. When that happens the seller could have other legal and credit issues.

3) The seller must sign an authorization form to identify all parties that can share information regarding the possible short sale, including the agent.

4) Each lender has a slightly different way of doing things. Every lender will require the submission of a "complete package" before they will consider the offered price. Many lenders will provide a checklist that is helpful.

5) An accepted offer is required, and should contain language pertaining to the lenders' approval of a short sale.

6) A partial list of what the "package" must contain include a completed purchase contract, estimated proceeds or preliminary HUD, complete financial disclosures from the seller, and a hardship letter from the seller explaining why the funds are not available to pay in full. All documents must have the loan number on them.

7) The lender will order an appraisal to determine whether the price offered is fair.

For more call us at 262-443-8000!

## Looking for a Home?

Now our web site features three ways to search for that perfect home. Community Search, Interactive Mapping Technology, and of course you can search by a Description of Your Dream Home and other variables.  
Visit us soon!

# For a Free Market Analyses of Your Home Call Us at

# 262-443-8000

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