



Courtesy of
The Beck and Pitel Team

Neighborhood News

March 2008

Greetings,

Every year, many of us struggle to select the best method of preparing and filing our tax returns. Preparing them yourself can save you money in the short-term but could also reduce your return or, worse yet, increase your amount owed. Conversely, seeking out the advice of a tax professional will result in an upfront fee, but you can likely recover this cost with additional deductions.

This month, we have tried to make this decision easier for you. On the Item of Value, you will find the advantages of each tax preparation method, along with some interesting information about tax trends. On the reverse side, you will find a handy guide to tax organization and explanations of common tax lingo.

If you need a referral to an accountant, please give us a call. We're here to help!

Cheers,

Jeanie, Mike, Stephanie and Tim

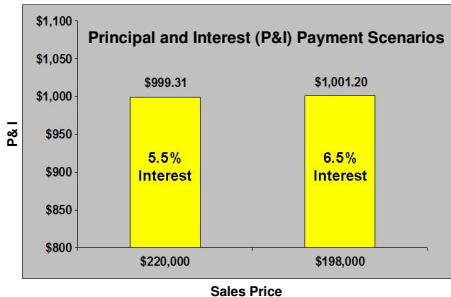
Oh, By the Way......if you know of someone who would appreciate the level of service we provide, please call us with their name and business number and we will be happy to follow up and take great care of them.

Should I wait for prices to drop before I buy?

With all of the reports about home prices dropping, many people who are ready to buy a home are afraid of paying too much. "Ignore the Headlines," an article published by *TIME* magazine on February 19, 2008, says that now, when it seems to be the riskiest time to buy, is probably the best time to buy.

Trying to time the bottom of the real estate market is like trying to time the stock market. You really don't know the bottom has been reached until it is over and prices have started rising.

To complicate matters, changes in interest rates can negate any savings gained by a drop in price. The following chart shows that principal and interest payments on a 30-year fixed-rate mortgage at 5.5% with 20% down on a home purchased for \$220,000 comes out to \$999.31 per month. If home values drop 10%, the price in our example comes down to \$198,000. If interest rates held at 5.5%, the new principal and interest would be \$899.38.



But, if interest rates rose one point to 6.5%, the payment would be \$1,001.20!

Another risk for buyers is changes to available loan programs. Not long ago, 100% financing was readily available. Almost overnight, many of those programs went away and people who were waiting for prices to come down, now have to wait to save for a down payment. Now's not the ideal time to try and flip properties. If you plan on staying for a few years, and you are ready to buy now, you will probably be fine. Historical trends show that real estate appreciates over time.

TIME magazine article can be read at <http://www.time.com/time/magazine/article/0,9171,1713483,00.html>

Upcoming Events

March 30, 10 AM—5 PM
Coronado Neighborhood Home Tour and Festival
Admission: \$13-\$15
Coronado Park
1717 N. 12th St., Phoenix
(602) 217- 6038

April 5, 8 AM—3 PM
Avnet Tech Games 2008
FREE Admission
University of Advancing Technology
2625 W. Baseline Rd., Tempe
(480) 643-8229

April 12-13
Gibson Jazz and Blues Festival
FREE Admission
Downtown Glendale
59th and Glendale Avenues
(623) 930-2299

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Referral Directory Update

Congratulations to **Joyce Schlentner** and **Fran Comer**, who each won a pound of LeeAnn's Fine Toffee in our drawing.

Thank you to everyone who recommended professionals and businesses to be included in the directory. We had a great response and are still interviewing candidates for the directory. We recently added several more businesses—please check it out at:
www.valleyrealestateteam.com/referraldirectory.html

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Did you know...

...we help clients purchase new construction homes? In fact, we helped 7 families buy brand new homes last year!

The salesperson in the model home sales office (listing agent) works for the builder (seller), not the buyer, and they are hired to protect the builder's interests. If a buyer does not bring an agent with them, the buyer does **not** get a discount on the price of the home.

Some may ask: it's a new home—why would I need my own agent? Each home builder uses their own contract. Between the contract, addendums, CC&R's, and the public report, the amount of paperwork to review when buying a new home can be overwhelming. We are involved in real estate every day and may be able to help you decipher how these contracts or rules impact you personally (are there restrictions on number of pets, ability to rent the home, fines for selling the home within the first year or two, etc.). We represent you and help look out for your best interests throughout the entire process—contract writing, design center, financing, walk-throughs, closing, and any issues that may arise after closing.

If you, or someone you know, are considering buying a new home, please call us and we'll be happy to answer questions and review the process of buying new construction. Remember, we **must** accompany you on your first visit to the models in order to represent you.

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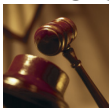


Real Estate in the News

Mortgage insurance premium federal tax deductions extended through 2010

Initially approved in 2006 for the 2007 tax year only, President Bush signed legislation to extend the deduction as part of the Mortgage Forgiveness Debt Relief Act of 2007. Qualified buyers that originated insured mortgages between 2007 and 2010 are eligible for the deduction. Qualified buyers include families with an adjusted gross income up to \$100,000. Families that earn up to \$109,000 are eligible for a partial deduction.

Additional information regarding Public Law 110-142—Mortgage Debt Cancellation Relief



Individuals will not be required to pay income tax on the amount of mortgage debt on a principal residence forgiven between January 1, 2007 and December 31, 2009.

Some of the provisions include:

- No income limitation
- Dollar limitation: no more than \$2 million of mortgage debt is eligible for exclusion (\$1 million for married filing separately)
- No relief is available for cash-outs (refinanced first mortgage, second mortgage, home equity line of credit or similar arrangement)
- Eligible debt is debt used to acquire, construct or remodel a home

If you, or someone you know, is facing this situation, we can refer you to an attorney to see how these rules impact your situation. You can also find more information at www.whitehouse.gov and www.irs.gov.

Local news

- There were 3,710 existing homes sales in the Phoenix area in February. This is similar to 2001 levels.
- Less-expensive homes are becoming more popular. Currently, 40% of homes in the Phoenix area are selling for less than \$200,000 compared to 19% in 2007.
- Good news! The FHA loan limit for Maricopa County was raised from \$263,150 to \$346,250 through December 31, 2008! Research shows that nationally, increased FHA loan limits should help an additional 138,000 Americans buy homes and could help as many as 200,000 homeowners refinance and potentially keep their homes.
- Pending home sales are up 28% since February 4, 2008.



Congratulations!

Jen Tweedie

won a \$25 gift certificate for correctly answering that the University of Phoenix Stadium's rollout playing field moves 11.5 feet per minute.

Test your knowledge

What year did the first 1040 form appear after Congress levied a 1% tax on net personal incomes above \$3,000 ?

Call, fax, or email us with the correct answer and your name will be entered into a drawing for a \$25 gift certificate.