

The Mortgage Messenger

In December 2009 there were 543 home sales in the Albuquerque area, an increase of 31.8% over December 2008. That's better than many areas of the country but compared to 733 sales in January 2006 the market seems pretty slow. Last fall Congress extended the homebuyer tax credit through June 2010 and expanded it to include current homeowners. While the talking heads continue to predict higher interest rates, they are still below 5.5% for a 30 year fixed mortgage. It's a great time to be a home buyer.

Heidi Snow, President
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Client Comment Corner

"You made us feel comfortable. Your professional knowledge and attitude made the process easy."
Shoko & Michael P., Albuquerque, NM, December 2009

"Matt was great - he kept me assured throughout the process." Karin R., Albuquerque, NM, December 2009

"Best transaction ever! Karen went the extra mile and was very professional and thorough."
Greg & Whitney F., Corrales, NM, November 2009

See more at: www.perennial-mortgage.com/testimonial.htm

Homebuyer Tax Credit Extended/Expanded

The homebuyer tax credit has been expanded and extended. To qualify for the credit, all contracts need to be in effect by **April 30, 2010** and close no later than **June 30, 2010**.

First-Time Homebuyers (FTHBs): The credit for FTHBs (defined as those who have not owned a primary residence within the last three years) is 10% of the purchase price of the home up to \$8,000. Single taxpayers and married couples filing a joint return may qualify for the full \$8000 credit. However, for a married couple, if either spouse has owned a primary residence in the last 36 months, neither would qualify for the FTHB credit.

Current Owners: The tax credit program has been expanded to include a \$6500 tax credit for current homeowners. Buyers must have owned and occupied a primary residence for five consecutive years during the last eight years. Single taxpayers and married couples filing a joint return may qualify for the full tax credit amount.

What is a Tax Credit? A tax credit is a direct reduction in tax liability owed by an individual to the Internal Revenue Service (IRS). In the event no taxes are owed, the IRS will issue a check for the amount of the tax credit an individual is owed. No repayment is required unless the home, at any time in the first 3 years, is no longer an individual's primary residence.

Income Caps? Single tax filers who earn up to \$125,000 are eligible for the total credit amount. Those who earn more than this cap can receive a partial credit. However, single filers who earn \$145,000 and above are ineligible. Joint filers who earn up to \$225,000 are eligible for the total credit amount. Those who earn more than this cap can receive a partial credit. Joint filers who earn \$245,000 and above are ineligible.

Other Restrictions? There are other restrictions. For example, a credit would not be due if you buy the home from a *direct blood* relative or if you do not use the home as your principal residence. However, if a parent who will not live in the property cosigns for their child, the child would be eligible for the credit if they meet the other requirements.

Be sure to consult your tax adviser about your qualifications.



Roth IRA Conversion Rules Expanded

As of January 2010, anyone can convert a traditional IRA to a Roth IRA. Before this date conversions were limited to people with adjusted gross incomes of less than \$100,000.

If you convert a regular IRA to a Roth IRA, the amount converted will be taxed as income. However, for conversions that take place in 2010, Congress has approved a special rule which allows you to spread the tax liability over 2 years.

Roth IRAs have advantages over regular IRAs:

- You can withdraw money tax free
- There are no minimum distributions at any age.

New Standard Mileage Rates Issued

The IRS has issued the 2010 standard mileage rates for deductible business, medical and charitable transportation expenses. Standard mileage rates are used in lieu of tracking and computing actual expenses, such as repairs and maintenance, gasoline, oil and insurance. The 2010 rates are lower than the 2009 rates.

Use	2009	2010
Business	55¢/mile	50¢/mile
Medical	24¢/mile	16.5¢/mile
Charitable	14¢/mile	14¢/mile



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Data for Single Family Detached Homes in the Greater Albuquerque Area

	<u>December 09</u>	<u>December 08</u>	<u>% Change</u>
Active Listings	4630	5222	-11.34%
Pending Sales	476	477	-0.21%
Closed Sales	543	412	+31.80%
Average Sales \$	\$216,687	\$218,633	-0.89%
New Listings	962	917	+4.91%
Days on Market	83	76	+9.21%
Sales Volume	\$117.7 million	\$90.1 million	+30.63%
Median Sales \$	\$175,875	\$179,900	-2.24%

SOURCE: Greater Albuquerque Association of REALTORS® - based on data from the Southwest Multiple Listing Service. Data is deemed reliable not guaranteed.
The SWMLS market areas include: City of Albuquerque, Corrales, Placitas, Rio Rancho, Bernalillo, East Mountains/Estancia Basin and most of Valencia County.

You Think You're So Smart!

How many minutes is it before six o'clock if fifty minutes ago it was four times as many minutes past three o'clock?

If you want to see if your answer is correct, or you can't figure it out and want to know the answer, email or call Roger Kennett (our resident "Mensa Dude") at rkennett@perennial-mortgage.com or 888-9500.

We Are a Referral-Based Business!

We generate referral business by being extremely knowledgeable about mortgages and providing exceptional personalized service to our clients.
Whom do you know who needs our services?

505-888-9500



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