



An Article Of Interest...

Springtime House Hunters Out Early Thanks to Tax Credit

The springtime spurt in home buying may hit before the snow melts this year as buyers scramble to meet an April 30 tax credit deadline.

The spring buying season typically takes off in March and runs through May. But buyers who want to claim this year's tax credit -- up to \$8,000 for first-time buyers and up to \$6,500 for repeat buyers -- must have signed purchase contracts by April 30. And they have to complete the deal by June 30.

"I expect the buying season will be moved up," said Jim Gillespie, CEO of Coldwell Banker. Sales "are going to take off in February and March and really take off in April. My concern is that the move-up buyer hasn't thought what they need to do. Their window is really short. They have to coordinate closing dates."

The average time it takes to get a home loan processed is about eight weeks now -- two weeks more than it used to be, according to the National Association of Realtors.

The tax credit's impact on 2010 home sales is uncertain. Some economists expect the credit to pull sales that would have occurred later in the year into the first half.

"The tax credit will absolutely have an effect," said Pete Flint, CEO of Trulia, a residential real estate search engine. "It is going to shift demand from the latter part of the year to the first part. January and February will be very strong. The next three months, there will be a surge in demand."

The credit is pulling in some consumers now.

"I'm actually in the middle of house shopping, and I decided to do it now so that I could get the \$8,000 tax credit," said Amity Gay, 26, who was looking for a cottage-style house in Tallahassee.

Sellers should be prepared to appeal to first-time home buyers, who still make up the

majority of buyers, according to Pat Lashinsky, president and CEO of ZipRealty.

And buyers should expect rising prices in some markets, including San Diego, Dallas, Minneapolis, Chicago and Washington, D.C.

At MetLife Home Loans, buyers are being preapproved now for new housing developments; an increase in demand is being attributed to the expanded tax credit.

"Our spring market got moved up at least two months because of this," said Kent Geschwender, branch manager.

The tax credit was scheduled to expire on Dec. 1, 2009, but was extended and expanded by Congress.

(Source: USA Today, 01/21/10)