



# Beyond the Headlines



The Los Angeles Times

## **IRS issues new guidelines on obtaining home buyer tax credits**

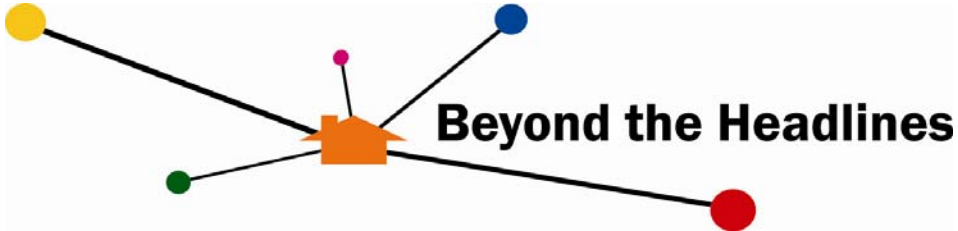
The Internal Revenue Service (IRS) recently issued new guidelines and clarified documentation that taxpayers must submit to successfully obtain the federal tax credit for home buyers.

### KEEP THIS IN MIND

- The federal tax credit for home buyers was extended and expanded late last year. Qualified first-time buyers may be eligible to receive a tax credit of up to \$8,000 on homes purchased before April 30, 2010. Repeat buyers may be eligible for a tax credit of up to \$6,500. Visit <http://www.irs.gov/newsroom/article/0,,id=187935,00.html> for more information about the federal tax credit for home buyers, including eligibility requirements.
- To receive the tax credit, home buyers must comply with the IRS's documentation requirements, including a fully executed IRS Form 5405. On the form, which is available on the IRS's Web site, taxpayers provide information supporting their claim of eligibility, such as income and home purchase date.
- The IRS also requires home buyers to submit a copy of the closing or settlement statement that proves the transaction took place. The IRS previously said that the statement should show "all parties' names and signatures, property address, sales price, and date of purchase." However, since closing or settlement statements vary by state, and in some cases the form does not include both the seller's and buyer's signatures, the IRS has revised this requirement. As long as the closing or settlement statement conforms to prevailing local practices, the IRS will accept it.
- One stipulation for repeat buyers is they must provide documentation they lived in their former property for a consecutive five years out of the previous eight years. Accepted documentation may include property tax records, hazard insurance records, or copies of annual mortgage interest statements filed with their federal taxes.

To read the full story, please click here:

[http://www.latimes.com/classified/realestate/news/la-fi-harney21-2010feb21\\_0,1254506.story](http://www.latimes.com/classified/realestate/news/la-fi-harney21-2010feb21_0,1254506.story)



## In Other News...



CNN Money

### **Housing help for unemployed, underwater borrowers**

Under pressure to do more for troubled homeowners, President Obama is expected to announce a \$1.5 billion program to help borrowers in five states hit hardest by the housing crisis.

To read the full story, please click here:

[http://money.cnn.com/2010/02/19/real\\_estate/housing\\_help\\_unemployed/index.htm](http://money.cnn.com/2010/02/19/real_estate/housing_help_unemployed/index.htm)



The Los Angeles Times

### **High-end home sellers lower their sights**

The housing slump is finally bringing down prices in the luxury property market.

To read the full story, please click here:

[http://www.latimes.com/business/la-fi-price-chops20-2010feb20\\_0,269036.story](http://www.latimes.com/business/la-fi-price-chops20-2010feb20_0,269036.story)



The San Francisco Chronicle

### **More using program to prevent foreclosure**

The number of mortgages with permanently lowered monthly payments under the Obama administration's foreclosure prevention program increased dramatically in January.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/02/18/BU9H1C34M4.DTL&type=realestate>



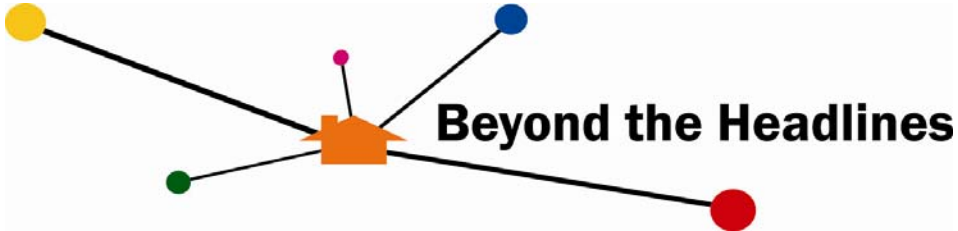
Bloomberg News

### **High-scoring borrowers pay cards ahead of mortgages**

Consumers with high credit scores are more likely to default on mortgages than credit-card loans, said FICO, maker of the scoring formula most widely used by U.S. lenders.

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20603037&sid=atruaUWOdOBU>



The Los Angeles Times

**Jumbo mortgage market is beginning to thaw**

The mortgage meltdown sent interest rates soaring and availability shrinking, but rates are declining and lenders are more willing to make loans that top the limits for Freddie Mac, Fannie Mae, and the FHA.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-jumbo-loans24-2010feb24,0,1111820.story>



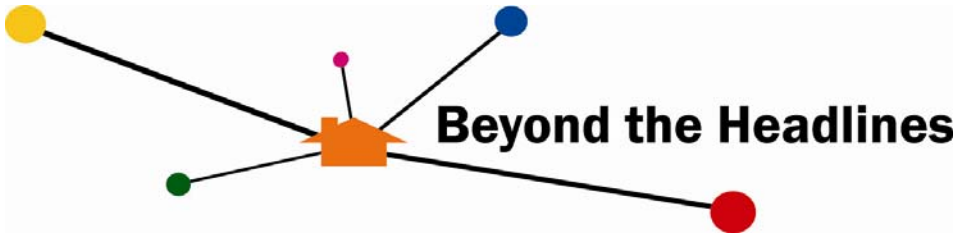
The Sacramento Bee

**Struggling homeowners warned against phony foreclosure ‘audits’**

State officials warned struggling homeowners Monday about a new variation on loan-modification scams: “forensic loan audits.”

To read the full story, please click here:

<http://www.sacbee.com/2010/02/23/2556865/struggling-homeowners-warned-against.html>



### **What you should know about the market.**

- When beginning the house hunt, some buyers go in blindly, not knowing how much house they can afford. Without this knowledge, buyers may find themselves viewing houses that aren't within their budget. To prevent buyers from spending time viewing homes they may not be able to afford, real estate experts advise home buyers get pre-approved by lenders before house hunting. By providing copies of a recent credit report, W-2s, pay stubs, and bank and brokerage statements to a lender, buyers will have a better idea of the price range they can afford.
- Many financial and real estate advisors also recommend home buyers create long-term budgets to help create guidelines for affordable mortgage payments and long-term homeownership costs. Most experts advise clients to devote no more than 30 percent of their monthly household income toward housing costs, which should include mortgage principal, interest, taxes, and insurance. There are numerous worksheets available online to help consumers calculate how their income, debts, and expenses may affect the amount they can afford each month for the next 15 to 30 years.