



1.4 Million Families Have Taken Advantage of First-Time Home Buyer Tax Credit, More Claims Expected

RISMEDIA, October 8, 2009—With the First-Time Home Buyer Tax Credit deadline quickly approaching, the Internal Revenue Service recently reminded potential home buyers they must complete their first-time home purchases before Dec. 1, 2009 to qualify for the special first-time home buyer credit. The American Recovery and Reinvestment Act extended the tax credit, which has provided a tax benefit to more than 1.4 million taxpayers so far.

The credit of up to \$8,000 is generally available to home buyers with qualifying income levels who have never owned a home or have not owned one in the past three years.

The IRS encouraged all eligible homebuyers to take advantage of the first-time home buyer credit but at the same time cautioned taxpayers to avoid schemes that help ineligible people file false claims for the credit. Currently, the agency is investigating a number of cases of potential fraud and is using computer screening tools to identify questionable claims for the credit.

Because the credit is only in effect for a limited time, those considering buying a home must act soon to qualify for the credit. Under the Recovery Act, an eligible home purchase must be completed before Dec. 1, 2009. This means that the last day to close on a home is Nov. 30.

The credit cannot be claimed until after the purchase is completed. For purchases made this year before Dec. 1, taxpayers have the option of claiming the credit on their 2008 returns or waiting until next year and claiming it on their 2009 returns.

For those considering a home purchase this fall, here are some other details about the first-time home buyer credit:

-The credit is 10% of the purchase price of the home, with a maximum available credit of \$8,000 for either a single taxpayer or a married couple filing jointly. The limit is \$4,000 for a married person filing a separate return. In most cases, the full credit will be available for homes costing \$80,000 or more.

-The credit reduces the taxpayer's tax bill or increases his or her refund, dollar for dollar. Unlike most tax credits, the first-time home buyer credit is fully refundable. This means that the credit will be paid to eligible taxpayers, even if they owe no tax or the credit is more than the tax owed.

-Only the purchase of a main home located in the United States qualifies. Vacation homes and rental properties are not eligible.

-A home constructed by the taxpayer only qualifies for the credit if the taxpayer occupies it before Dec. 1, 2009.

-The credit is reduced or eliminated for higher-income taxpayers. The credit is phased out based on the taxpayer's modified adjusted gross income (MAGI). MAGI is adjusted gross income plus various amounts excluded from income—for example, certain foreign income. For a married couple filing a joint return, the phase-out range is \$150,000 to \$170,000. For other taxpayers, the range is \$75,000 to \$95,000. This means the full credit is available for married couples filing a joint return whose MAGI is \$150,000 or less and for other taxpayers whose MAGI is \$75,000 or less.

-The credit must be repaid if, within three years of purchase, the home ceases to be the taxpayer's main home. For example, a taxpayer who claims the credit based on a qualifying purchase on Sept. 1, 2009, must repay the full credit if he or she sells the home or converts it to business or rental use at any time before Sept. 1, 2012.

Taxpayers cannot take advantage of the credit even if they buy a main home before Dec. 1 if:

-The taxpayer's income is too large. This means joint filers with MAGI of \$170,000 and above and other taxpayers with MAGI of \$95,000 and above.

-The taxpayer buys a home from a close relative. This includes a home purchased from the taxpayer's spouse, parent, grandparent, child or grandchild.

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Stalking the Elusive Foreclosure Deal; Bargains are Few, Obstacles are Many

RISMEDIA, October 2, 2009—(MCT)—Joseph Licari and Danielle Block had a simple goal when they started house-hunting. “We were looking for a bargain,” said Licari, a civil engineer.

“And the bargains were in bank-owned and foreclosed homes.” They recently bought one of those properties, a small Cape Cod on a leafy street in New Milford, N.J., for \$257,000, about 15% below its market value, based on its assessment and the prices of similar properties nearby.

Like Licari and Block, many buyers who hope to get a steal, or at least a deal, look at homes being sold by lenders who took possession after a foreclosure.

But bargain-hunters need to know that buying foreclosures—also called REOs, for “real estate owned” by a lender—can be different from buying other homes. The homes are frequently in bad shape, needing tens of thousands of dollars in renovations. They're most often found in urban areas and are much less common in more desirable towns. And banks aren't very patient—buyers must be ready to jump when they find the right property. Finally, while the price can be a real bargain, other times the discount isn't very large.

Like these properties, most bank-owned properties are not in great shape. At the very least, they've likely been neglected by despairing homeowners who knew they were going to lose the homes. At worst, they've been vandalized by frustrated homeowners who punch holes in walls and rip out kitchen cabinets and plumbing. And they're usually sold “as is,” said Tina Cernuda of RE/MAX Fortune in Engle-

wood Cliffs, who has worked in the foreclosure market for about two decades. If an inspection turns up trouble, the banks generally don't want to hear about it. That's the buyer's problem. For that reason, Cernuda said, contractors or very handy homeowners might be the best buyers for REOs. Block and Licari were braced for the worst after seeing a number of distressed properties. “You could tell the people stopped caring about their houses,” Block said. They saw homes with filthy carpets, missing appliances, holes in the wall—even one with a large hole in the foundation. Licari said that when they got to the New Milford house, “we expected a bank-owned house that had passed through foreclosure to be pretty bad.”

“But it wasn't at all,” said Block, a kindergarten teacher. The house had clean hardwood floors, walls painted a neutral off-white, and relatively new kitchen cabinets and counters. The bathroom, however, was an eyesore, with outdated pink tiles and a non-functioning toilet. Licari ripped out the walls, toilet, sink and tub, and is renovating the room. And the entryways to the kitchen, living room and hall rose to a triangular arch that Licari hated. He tore out plaster to square off the tops.



“You just kind of learn as you go,” said Licari, who grew up in Teaneck. Aside from the bathroom renovation,

the biggest jobs have been trimming overgrown shrubs in the front yard and painting the walls in vibrant colors like burnt orange, gold, sage green and cranberry.

The couple also had to add a stairway handrail, as well as smoke and carbon monoxide detectors, which were required before the town would issue a certificate of occupancy.

By doing much of the work themselves—with help from family and friends—Licari and Block hope to keep their renovation costs below \$4,000. Because the bank sold the house as is, there were no price adjustments for the work that was needed. Licari and Block's agent, Barbara Ostroth of Coldwell Banker in Oradell, said the couple had to be patient, because the bank required more approvals and paperwork than usual.

Most bank-owned properties are listed by real estate agents and placed on the multiple listing service, which is how Licari and Block found theirs. Other buyers work with real estate agents specializing in bank-owned properties.

When Poliandro has a listing that is owned by a bank, he's sure to mention that in his ads, because “I know people are looking for that. That's what keeps my phone ringing.”

Banks have websites that list their properties for sale, along with the name of the listing agent the bank uses. To find such listings, buyers can plug a bank or mortgage lender name into a search engine, along with the word “foreclosure.”

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Tips for Freshening Up Your Home With Fabrics

The quickest way to freshen a piece of furniture and lift the spirits is through fabric. I feel years younger – and so does my dining room – now that I’ve re-covered the seats of chairs I inherited from my great-grandfather. The shield-back style of the chairs is classic; the upholstery featuring a frumpy fruit pattern definitely was not.

So I found some hip fabric (a gray cotton with a modern graphic print), took an upholstery stapler et voila! A whole new look for the dining room in less than two hours for about \$40.

“Shouldn’t you take the chairs to a professional upholsterer?” a dubious friend asked before I started my DIY project. For a sofa or even a whole chair, yes. But for a few seat cushions, no. It’s so easy and more affordable to do it yourself. (Check below for step-by-step instructions from Betsy Blodgett, owner of Bon Bon Atelier in Kansas City, Mo.)

Fabrics are a way to set the mood of the room. Want sophistication in the bathroom? Create a tall fabric shower curtain that hangs from a rod close to the ceiling. It makes the room feel larger, too.

“A tall shower curtain is an expensive designer look, and it’s so easy to make,” says Eddie Ross of New York, who was a contestant on Bravo’s “Top Design” reality show. A book and his own television show are in the works. “You don’t even have to sew.”

Ross suggests taking an existing fabric shower curtain and finding a coordinating fabric for the bottom, fusing the fabrics together using Stitch Witchery, which works as an adhesive when it’s ironed. Sure, the fabrics can be sewn together instead.

This year Blodgett, a fashion designer, made her own shower curtain from a pink Asian-style fabric with metallic gold threads she found on sale at Jo-Ann Fabric and Craft Stores.

“It transformed the room, really setting the tone,” says Blodgett, whose bathroom now has a boudoir look. “The vinyl shower

curtain before was hideous, definitely not very inspiring.”

Designers say fabric reflects personal style more than paint does. That’s why Karen Roark, owner of Urban Arts and



Crafts, likes the idea of fabric as wall decor. For a modern look, fabric can be wrapped around square wooden frames and stapled in back. The fabric frames can be hung in a horizontal series of three or four or a grid pattern of nine. Placed inside garage-sale frames, fabric takes on a more vintage, feminine style.

Fabrics also can give a nod to trends without breaking the bank. Besides modern graphics, current looks include ethnic-inspired ikat (pronounced e-cat) and suzani motifs, says Jan Jessup, spokeswoman for Calico Corners, which sells hundreds of decorative fabrics. Wood grain-pattern prints also are becoming popular.

Don’t forget to shop your linen and clothes’ closets for fabrics, Ross reminds us. A towel can make a plush terrycloth ottoman cover in a bathroom. A flat sheet can be turned into a duvet cover. A quilted matelasse bedspread can become a chair slipcover. Men’s suit jackets, such as gray flannel or navy wool pinstripe, can be converted into handsome accent pillows.

Even classic summertime seersucker can look fresh. Check out the fun window display of seersucker-upholstered chairs at

Brooks Brothers.

Room by Room: Other fresh fabric projects

Dining Room: Use outdoor fabrics to make tablecloths and banquette cushions. They are easy to bleach and clean.

Family Room: Create a junior ottoman by stacking three 26-inch boxed pillows that can also be floor pillows for television viewing.

Bedroom: Make a modern canopy by hanging bed drapery panels on swing-arm rods at each side of the bed.

Bathroom: Cover a wastebasket with a decorative fabric using spray adhesive. Add gimp or braid trim with a glue gun to hide the edges.

Closet: Upholster the walls and ceiling of a tiny closet using Mod Podge as an adhesive.

Step by step: Reupholster dining seat cushions

Supplies and Equipment Needed:

- 3 yards of fabric for four chairs
- Tape measure
- Upholstery stapler with heavy-duty staples (about \$15 at fabric stores)
- Scissors
- Screwdriver

Betsy Blodgett, owner of Bon Bon Atelier and a fashion designer, knows the ins and outs of working with fabric. She showed us how easy it is to reupholster seat cushions. We kept the old upholstery on to preserve a decades-old history of the chair and gain a bonus: extra padding. From start to finish, it took less than two hours to cover all four seats.

Step 1. Turn over the chairs and unscrew the cushions.

Step 2. Measure 3 to 4 inches extra per side of seat and cut the fabric.

Step 3. Wrap the fabric on the seat and padding as you would a gift. Pin the fabric in place to anchor it.

Step 4. Pulling the fabric as tight as you can, staple along the edges.

Step 5. Screw cushions back in place.

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Record Streak Continues for Pending Home Sales

Washington, October 01, 2009 -Pending home sales have increased for seven straight months, the longest in the series of the index which began in 2001, according to the National Association of Realtors®.

The [Pending Home Sales Index](#),* a forward-looking indicator based on contracts signed in August, rose 6.4 percent to 103.8 from a reading of 97.6 in July, and is 12.4 percent above August 2008 when it was 92.4. The index is at the highest level since March 2007 when it was 104.5.

[Lawrence Yun](#), NAR chief economist, said not all contracts are turning into closed sales within an expected timeframe. "The rise in pending home sales shows buyers are returning to the market and signing contracts, but deals are not necessarily closing because of long delays related to short sales, and issues regarding complex new appraisal rules," he said. "No doubt many first-time buyers are rushing to beat the deadline for the \$8,000 tax credit, which expires at the end of next month."

The Pending Home Sales Index in the Northeast jumped 8.2 percent to 85.3 in August and is 12.0 percent higher than August 2008. In the Midwest the index rose 3.1 percent to 90.8 in August and is 7.6 percent above a year ago. In the South, pending home sales increased 0.8 percent to an index of 104.6 and is 8.2 percent above August 2008. In the West the index surged 16.0 percent to 130.5 and is 22.3 percent above a year ago.

"There is likely to be some double counting over a span of several months because some buyers whose contracts were cancelled have found another home and signed a new contract to buy," Yun explained. "Perhaps the real question is how many transactions are being delayed in the pipeline, and how many are being

cancelled? Without historic precedents, it's challenging to assess."

Yun also noted that the data sample coverage for pending sales is smaller than the measurement for closed existing-home sales, so the two series will never match one for one.

NAR President [Charles McMillan](#), a broker with Coldwell Banker Residential Brokerage in Dallas-Fort Worth, said first-time buyers need to act now. "Potential first-time buyers must make a contract offer very soon to have a reasonable chance of qualifying for the tax credit," he said. "Congress needs to extend and expand this program because it's stimulating the economy and reducing inventory close to price stabilization points."

McMillan said a sizable number of homebuyers already in the pipeline could be let down because of the tight deadline. "We know there is a pent-up demand because sales are below normal levels for the size of our population. The faster we absorb excess inventory, the sooner we'll turn the corner on home prices, prevent additional families from becoming upside-down in their mortgages, and give Wall Street the confidence to extend credit to other sectors," he said. "Each home sale pumps an additional \$63,000 into the economy through related goods and services, so the benefits of extending and expanding the tax credit far outweigh the costs."

Yun said the forecast for home sales and prices depends very much on whether a tax credit is extended. "All we can say for certain is sales will decline when the tax credit expires because we are not yet on a self-sustaining recovery path. It also raises a risk of a double-dip recession," he said. "Extending and expanding the tax credit is the best tool in our arsenal to encourage financially qualified buyers to

stimulate the economy and help reduce the budget deficit."

The National Association of Realtors®, "The Voice for Real Estate," is America's largest trade association, representing 1.2 million members involved in all aspects of the residential and commercial real estate industries.

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*The Pending Home Sales Index is a leading indicator for the housing sector, based on pending sales of existing homes. A sale is listed as pending when the contract has been signed but the transaction has not closed, though the sale usually is finalized within one or two months of signing.

The index is based on a large national sample, typically representing about 20 percent of transactions for existing-home sales. In developing the model for the index, it was demonstrated that the level of monthly sales-contract activity from 2001 through 2004 parallels the level of closed existing-home sales in the following two months. There is a closer relationship between annual index changes (from the same month a year earlier) and year-ago changes in sales performance than with month-to-month comparisons.

An index of 100 is equal to the average level of contract activity during 2001, which was the first year to be examined as well as the first of five consecutive record years for existing-home sales. Existing-home sales for September will be released October 23; the next Pending Home Sales Index will be on November 2. Information about NAR is available at www.realtor.org. This and other news releases are posted in the News Media section. Statistical data, tables and surveys also may be found by clicking on Research.

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August Home Sale Statistics



Compared to July 2009, the inventory of new listings has dropped. With less NEW homes on the market, the days on market is a little over 2 months!!! The average sale priced closed as to the average list price is still over 95% This shows that if your home is priced right, it will sell close to asking price!

	August 2009	August 2008
Total # of Residential Listings Processed	1,774	1,650
Average List Price of Residential Listings Processed	\$192,119	\$280,969
Total # of Residential Listings Pended during month	1048	806
Average Market Time of Listings pended	66	74
Average Sales Price of Listings Closed	\$168,878	\$168,757
Average Sale Price Closed as % of Avg. List Price Closed	96%	95%

*Information supplied by the Omaha Area Board of Realtors statistics.