

It's a great environment for first time buyers . . .

*By J. Lennox Scott, Chairman and CEO, John L. Scott Real Estate
August 7, 2008*

Buying smart in today's market got a little easier last week following the signing of the Housing and Economic Recovery Act of 2008 by President Bush. There are significant benefits aimed at helping buyers, such as a repayable first-time home-buyer tax credit. First time buyers are important to the health of the housing economy because their home purchases help to stimulate sales up the price points. Through the home-buyer tax credit, buyers who are purchasing for the first time or who haven't owned a property in the last three years can now qualify for a tax credit equal to 10% of their home purchase price, up to \$7,500.

Further qualification requires that the home purchase be made between April 9, 2008 and July 1, 2009. The credit phases out if the buyer's income exceeds \$75,000 for an individual or \$150,000 for a couple filing jointly and it must be paid back over a 15 year period in equal installments. The credit can be claimed on the buyer's 2008 tax return even if the purchase is made in 2009 (it's important to note that this is a tax credit and not a tax deduction).

Another component of the housing bill includes much needed FHA modernization which aims to adjust loan limits so that they are more in sync with current home values. The bill allows Fannie Mae and Freddie Mac to serve more home-buyers by raising loan limits in high cost areas above the standard conforming limit to 115 percent of the median house prices and up to 150 percent of the conforming loan limit.

The Housing and Economic Recovery Act is expected to play a critical role in strengthening the housing market and overall economy. The last time Congress passed legislation like this in the 1970s, the housing market saw a significant increase in activity. Using history as a guide, Lawrence Yun, chief economist of the National Association of Realtors believes the Housing Act could represent a boost of 10% in the number of homes sold.

The passing of the Housing and Economic Recovery Act marks the beginning phase of the next ten-year housing cycle in which prices in the more affordable markets will only continue to appreciate (affordable refers to homes priced at or below a market's median housing price). Contributing to rising prices is population growth, the impact of Generation Y, inflation, and growth management. Homes in the more affordable price ranges in many markets have already adjusted and the new housing legislation will continue to boost this positive momentum. Increased sales in the more affordable markets will set a new foundation for housing, helping to stabilize the overall real estate economy.

About John L. Scott Real Estate

John L. Scott Real Estate was founded in 1931 and is currently led by third generation chairman and CEO, J. Lennox Scott. With more than 4,000 sales associates in 145 offices in Washington, Oregon, and Idaho, John L. Scott is considered one of the most productive real estate companies in the nation. Last year, John L. Scott closed over 44,000 transactions for 14.6 billion dollars in

volume sales. The award-winning website, www.johnlscott.com, receives over one million user visits a month.

###