



**OBSERVATIONS FROM THE DESK OF
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Summer means happy times and good sunshine. It means going to the beach, going to Disneyland, having fun.

Brian Wilson

Benefits from 1031 Exchanges

Like-kind exchange rules allow taxpayers to defer tax when they exchange one property held for investment or business use for other property of a “like kind”.

According to Jeffrey DeBoer, President and CEO of The Real Estate Roundtable, “Like-kind exchanges allow property owners to put more of their earnings back into the private sector—hiring workers, upgrading and improving properties, and generating much-needed economic activity.”



New disclosure rules postponed

The new mortgage disclosure rules affecting every transaction were originally scheduled to be effective Aug. 1. The change creates an “integrated disclosure” which combines Truth in Lending requirements with Real Estate Settlement Procedures. In the interest of educating consumers and providers, the rules are now scheduled to start Oct. 1.

Home Ownership Benefits



With rents on the rise and interest rates low, owning a home could
Reduce monthly payments.
Feather your own nest by building equity.
Take advantage of tax deductions for real estate taxes and interest.

Do crunch numbers and create a reserve fund.

Home Sales are Surging

Home sales are on pace for their best year since 2007. Prices are rising, aided by a stronger job market and low mortgage rates. This is a sign that the economy has re-discovered a source of growth. Demand is off the charts, but inventory remains tight which fuels higher prices.

Buyers are looking to buy sooner than later before “it gets too expensive.”

The Inventory Challenge

Potential sellers have been on the sidelines awaiting prices to improve post recession. With the economy on an improvement track and prices rising, homeowners are becoming more upbeat about the possibility of selling their home. Since sellers then become buyers, this bodes well for the real estate marketplace.

According to a Fannie Mae survey “With an increase in housing supply from those ready to sell, combined with higher rental cost expectations, more potential homebuyers may be encouraged to leave the sidelines. These results point to a healthier home purchase market, with more renters likely to find owning to be more cost-effective than renting and more sellers likely to put their homes on the market.”

Lawrence Yun, chief economist of the National Association of Realtors, says “Buyers are coming back in force.” He notes more new home construction will relieve the low inventory challenge.



Do-it-yourself projects that make money at closing

Here are the first best home improvement projects offering excellent ROI:

- Deck addition. 12' x 16' wood deck.
- Small bathroom upgrade. Install ceramic tile.
- New front door. Steel door replacement.
- Replace the older garage door. Change to a steel door.
- Window replacement.



Reduced gas prices boost home sales

According to a study conducted by Florida Atlantic University and Longwood University falling gas prices can shorten the time it takes a house to sell. For every \$1/gallon decrease in gasoline prices, the average time to sell a property decreases by 25 days. Who knew? The study found lower gas prices lead to increased consumer confidence and more disposable income for potential buyers.



When will Fed raise rates

Janice Yellen noted “I can’t give an ironclad promise, but I think it’s clear from our summary of economic projections that we anticipate that the economy will grow, that the labor market will improve, that inflation will move back up to 2 per cent. And if economic conditions unfold in the way that most of my colleagues and I anticipate, we see it as appropriate to raise rates.”

Chances are the first increase may come in September.

If you’re anticipating a move, sooner than later is probably the way to go.