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Are You Leveraging the Home Buyer Tax Credit?

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Has the market called a "time out"?

With the holiday coma behind us, it's probably the perfect time to begin to prepare some ideas to get out of the blocks quick in 2010.

The Home Buyer Tax Credit created a flurry of first time home buyer activity in the fall. Much of the activity occurred in the final month in anticipation of it ending on November 30th. Agents were feverishly working their social networks, sending mailers and even calling their sphere of influence to encourage those who might be renting or living with Mom & Dad to consider buying a house and taking advantage of the credit. The message was simple - "It was like \$8,000 dropping into your bank account." All the other benefits of home ownership was almost secondary to this wonderful "gift" from Uncle Sam.

Activity was brisk and plenty of people were jumping in to take advantage. There were plenty of people rushing to meet the November 30th deadline. As can be expected there was still a good number of people sitting on the sidelines, wondering if the deal would get extended or even sweetened. Why buy now if I can wait, right? Why not see if my credit will go up?

The credit was extended in mid-November and will now last until April 30th, 2010 for closings that occur before June 30th, 2009. Our government

even added another level of credit for those homeowners who have been in their current home at least 5 of the last 8 years. If they decide to buy a house, they will receive a \$6,500 tax credit. *(Some restrictions apply. See [this link](#) for more information)*

What's Your Hurry?

Not surprisingly, people are now waiting. It seems that people are sitting back, thinking they have plenty of time to "kick tires" and wait for the best deals to appear before their eyes. It also seems that the real estate community has decided to ease up on the promotion of the tax credit as well. I guess most Realtors are figuring that there's no apparent urgency now, so they might as well get rested up before the big push in March and April?

I think these next few weeks are the ideal time to get back to promoting some of the "whys" of taking advantage of the tax credit instead of just saying "what it is." In your conversations with your friends, family and potential 2010 clients, discuss some of the things they could do with the amount they would get back? Think of how many warm conversations you'll be in over these next few weeks? Holiday parties, family gatherings, casual conversations in the mall or gym?

Need some examples?

[Coldwell Banker](#) recently conducted a survey of consumers asking what they would do with a tax credit if they were a

buyer that qualified for the \$8,000 credit:

Of the more than 1,000 homeowners surveyed, 83 percent responded that if they were to purchase a home and qualify for the tax credit, they would engage in "smart spending" or put the money toward paying off existing debts, home improvements, savings/investments, or everyday household expenses. Only 6 percent of respondents indicated that they would spend the money on what are commonly referred to as luxury items such as a vacation or a shopping spree.

The survey also asked people who might qualify for the "move up" incentive how they would spend the \$6,500 credit:

According to the survey, the top way homeowners would spend their \$6,500 tax credit in a "smart" way would be to pay off debts (34 percent), followed closely by making home improvements (29 percent) and putting it into savings and investments (28 percent).

I hope these results are giving you some ideas on how you can turn those boring conversations of *what* the tax credit is into *why* a renter or home owner should be considering a purchase. Highlight the concept of \$6,500 less in household debt, along with a new, roomier (or smaller) home. Calculate the expected growth of \$6,500 in savings coupled with the equity they might realize in a new home purchased at bottom (or close to it) of a house market considered on of the worst in decades. People

can really begin to imagine a better picture of "why" they should react, as opposed to "what" they are reacting to.

The survey found that...

"20 percent of homeowners indicated they were more likely to consider purchasing a home than they were six months ago, after learning about the \$6,500 federal tax credit."

Coldwell Banker President and CEO [Jim Gillespie](#) said *"our survey offers positive indicators that there are more existing homeowners considering a home purchase today than there were six months ago, and the majority of respondents say they would engage in 'smart spending' that would directly benefit the U.S. economy."*

How Would You Spend \$8,000?

Hopefully some of these results help show you that you should be promoting this wonderful opportunity to all the people in your data base, neighborhood and sphere of influence. Remember that the people you're talking to will need to understand more about [the "benefits" of the credit than the "features"](#) of the credit. Remember, your message should answer the question - "What's in it for them?"

If you want to read the whole article on the Coldwell Banker survey, [click here](#). To learn more about the details of the expanded home buyer tax credit, go to <http://www.coldwellbanker.com/>

Don't wait until late spring to return to promoting this opportunity for

your clients and customers. Sellers who want to take advantage of the credit on their next home should get their homes on the market at an attractive asking price as soon as possible. That will give them the best chance to not only capture a buyer on their home, but also find a great home that they and their family can move into.

Then they can begin to figure out the smartest way to use that tax credit.