



## Note from Sue:

*Thank-you all for a great month! Our informational classes on the tax credit have been well received and very informative to all the people who had the pleasure of hearing John Wilson's presentation. Look forward to more informational classes in the future. Contact me at [sestes@ctmaine.com](mailto:sestes@ctmaine.com) if you have comments, or to be removed from this list.*

**Confused about the new HUD rule and how it will affect you? Consumer Title will soon have information on our website to answer all your questions.**

Link to new rule info:  
[http://www.hud.gov/offices/hs/g/ramh/res/respa\\_hm.cfm](http://www.hud.gov/offices/hs/g/ramh/res/respa_hm.cfm)

## US may extend real estate tax credit

### \$8,000 savings has drawn many to market

Globe Staff And Wire Services / September 17, 2009

The White House is considering extending an \$8,000 tax credit for first-time home buyers, which has helped to boost sales by more than 1 million this year. Spokesman Robert Gibbs said the administration's economic team is evaluating the tax credit's effect on new home sales and will soon make a recommendation to the president. The credit covers up to 10 percent of a home's price - as much as \$8,000 - for first-time buyers, but sales must be finalized by the end of November. If the credit is not extended past that date, the upward trend in housing sales could be reversed, real estate agents and builders said. In Massachusetts, real estate agents said the credit has prompted many new buyers to get into the market. In some cases, they said, the approaching deadline has even created unexpected bidding wars on low-priced properties among people anxious to take advantage of the tax credit.

Gary Dwyer, owner of Buyers Agents of Boston, said one client recently found himself among 40 buyers bidding on a foreclosed property in Dorchester that was listed for \$194,000. His client offered almost \$20,000 over the asking price, Dwyer said, but lost out. "A lot of folks are very motivated about the tax credit, and they have a lot of concerns about finding a good quality and affordable property before the tax credit ends," Dwyer said. "It is not only motivating some buyers who would have been on the fence, it also is helping stabilize some of the neighborhoods that have been hard hit" by foreclosures.

Ronn Huth, owner of Buyer's Choice Realty in Wenham, agreed that the credit has been crucial to jump-starting the region's stagnant housing market.

"It's definitely brought people out of the woodwork," she said. Senator John Isakson, a Georgia Republican, said yesterday he is "talking to everybody and anybody" in an effort to drum up support for a bill that would extend the program through the end of 2010, almost double the credit to \$15,000, and remove restrictions that prohibit individuals who already own homes or earn \$75,000 (\$150,000 for couples) from receiving the tax break. The bill, first introduced in June, failed in a 47-to-50 Senate vote last month. Real estate agents, bankers, and homebuilders launched a campaign encouraging Congress to continue the program for another year, with the slogan: "Don't Let America's Real Estate Recovery Expire." Executives - including Fannie Mae's Michael Williams and Hyperion Partners LP's Lewis Ranieri - have attributed improvements in home sales and prices to the credit, and Isakson said he is worried the market may suffer without it.

Nationwide, existing home sales jumped 7.2 percent in July to the highest level in almost two years, while new home sales increased 9.6 percent, according to realtors and Commerce Department data. An S&P/Case-Shiller index of home prices in 20 US metropolitan areas showed the first month-over-month increases in values since 2006 in May and June, reducing the average decline from the 2006 peak to 31 percent.

"The tax credit is having an impact in lifting sales and reducing inventory, which will help stabilize home prices," Lawrence Yun, chief economist for the National Association of Realtors, said. "Stabilizing home prices is key to economic recovery, because that means bank balance sheets will not bleed, and consumer confidence will improve."

But because most loans take as long as 60 days to process, mortgage bankers are concerned that volume will start tapering off early next month, said Steve O'Connor, chief lobbyist for the Mortgage Bankers Association. "At some point, they're going to stop taking applications on tax credit loans unless the tax credit is extended," O'Connor said.

Aaron Gornstein, executive director of Citizens' Housing and Planning Association, a Massachusetts affordable housing organization, said he hopes the White House will support an extension.

"We've heard from home buyer counselors as well as real estate brokers who say it has been an important factor for getting people off the sidelines so they could purchase their first home," Gornstein said.

*Jenifer B. McKim of the Globe staff contributed to this report.* ■

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## Monthly Title Claim True Story: TITLE INSURANCE IN ACTION

### Claim No. 3 – The Misindexed Mortgage

Bonnie purchased a residential parcel of land from Joe and purchased an Eagle Owner Policy. Prior to conveying the land, Joe had mortgaged the residential parcel of land along with some other nearby property to a lender. In the mortgage Joe's last name was misspelled and therefore, when the mortgage was recorded at the registry of deeds, the mortgage was not indexed under the correct name. Therefore, the title examination performed for Bonnie did not reveal the outstanding mortgage and it was not paid off and released as a party of her closing. Joe's lender later began a foreclosure proceeding against Bonnie's land and named Bonnie as a party in interest. Bonnie contacted First American and made a claim under her title insurance policy.

**Outcome:** First American hired counsel to defend Bonnie in the foreclosure action. The attorney successfully argued that the lender's mortgage did not take priority over Bonnie's interest in the land because the mortgage was not properly indexed in the public records and stopped the foreclosure proceeding against Bonnie's land.