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H O M E S

The current housing market presents a mix of opportunities

By **TRISHA MORRIS**

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The Realtors® Association of Maui (RAM) plans to print flyers promoting the \$8,000 tax credit available to first-time homebuyers. The flyers will be distributed in The Maui News. The tax credit was included in stimulus legislation approved by Congress and expires on December 1, 2009.

It is estimated that as much as 40 percent of the housing market is made up of first-time buyers and the tax credit can provide a powerful incentive to encourage a home purchase by this group.

The RAM effort will continue for the next two and a half months. Buyers need to make an offer no later than August 31, 2009 to September 30, 2009 to close before the expiration date. The tax credit expires on December 1, 2009 with transactions needing to close by November 30, 2009. Since most closings take between 60-90 days, the campaign will urge buyers to make an offer no later than September 30 to be sure and close by the expiration date of the tax credit.

While sales are not near levels seen during the height of market activity, the quality of inventory is strong and sellers who price realistically are finding willing buyers. Commenting on Maui's June 2009 sales statistics, Terry Tolman, RAM's Chief Staff Executive, noted that, "Inventory shrank in residential and condo classes during the last few months. Similar to latest reports from many mainland markets, our



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market seems to be at or near the bottom." A recent study of home prices by Integrated Asset Services LLC showed they rose 1.6 percent in May, though they were down 10.5 percent.

The RAM report also pointed out that to be successful in this market, sellers need to be realistic and beat competing properties with better property condition, aggressive pricing, good marketing, and flexible, creative terms. Proactive sellers are getting their properties inspected and surveyed in advance of putting it on the market to stimulate serious offers from educated buyers.

It's clear that despite much of the negative scenarios that can dominate the news, continued low interest rates and first-time homebuyer incentives provide plenty of options for buyers who qualify. One tip for buyers is to visit with a professional local mortgage professional and get pre-approved so you can shop with less worry

about a loan decline.

According to the Mortgage Bankers Association, mortgage applications rose 4.3 percent for the week closing July 10 from the previous week on a seasonally adjusted basis. However, they were down 2.7 percent compared with the same week a year ago. The portion of mortgages that were refinances increased to 54.9 percent of the total applications from 48.4 percent, while the adjustable-rate mortgage share of activity rose to 5 percent from 4.4 percent of total applications the week before.

The Government's purchases of mortgage backed securities are keeping 30-year fixed interest rates low. It has not been determined just how long these purchases will continue. Estimates are that they will end by year-end. The opportunity that current low interest rate environment presents may well end at the same time as the first-time homebuyer tax credit.

With a market that presents such a mix of opportunities and challenges, it may be useful to listen to the words of Bob Lightbourn, RAM's president, writing in an op-ed to be published in the August 2009 is-

sue of Real Estate Maui Style.

He writes, "Observation with a calm mind tells us that there is a large selection at low prices and a historically low interest rate. The market says buy now or three years from now you will be saying, 'I should have bought back in 2009.' Don't be distracted by decoy issues. Some folks say they want to wait for the bottom. Buying 'at the bottom' is not really an objective — it's a distraction. You won't know when 'the bottom' is until it's gone by, and waiting for it could keep you from getting the property you want or need."

Learn more about your home buying potential by visiting a local Realtor® or consulting a local mortgage professional.

Premiere Mortgage, with offices on Maui and Kaua'i, is an FHA approved lender and offers extensive loan options through both broker and banking services Tricia Morris may be reached on Maui, in Kihei, at 874-8800, Wailea, at 891-8900, West Maui at 665-8800, on Kaua'i at 808-822-2300, or toll free at (800)-813-7711.

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