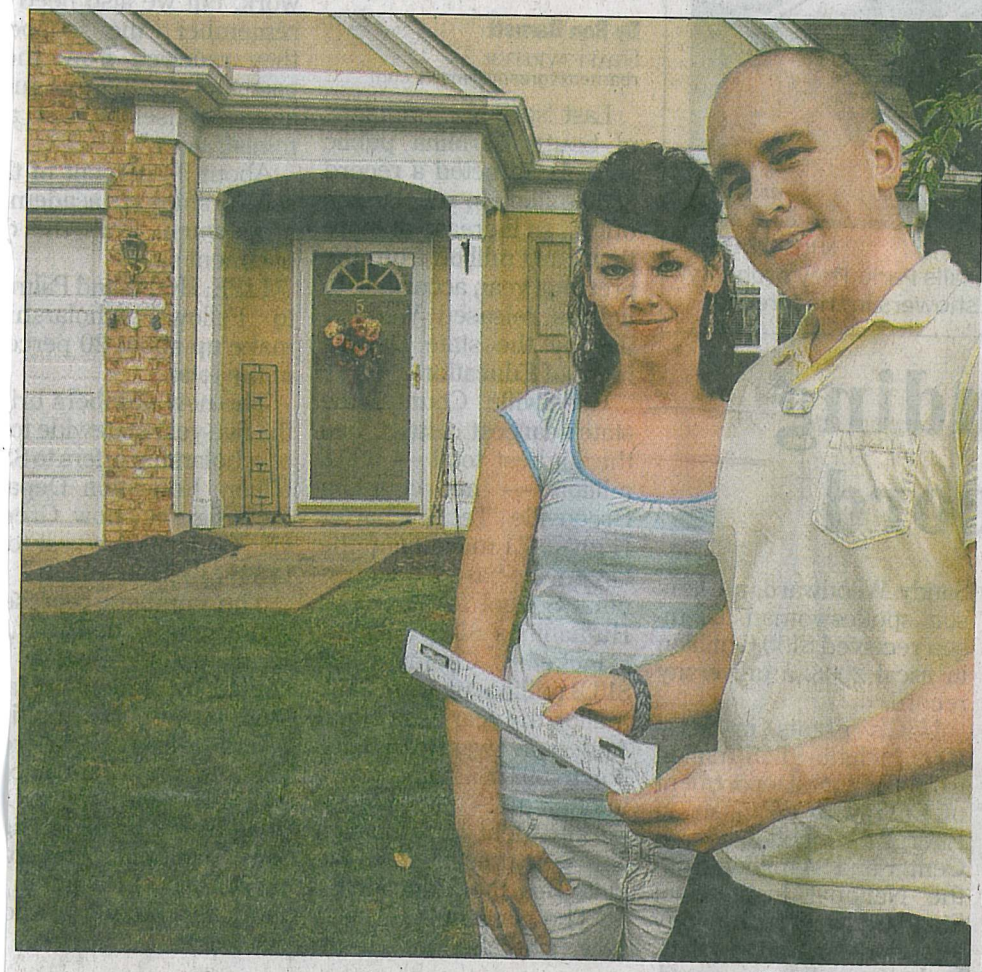
First-time homebuyers 'moving the market'



KEN OSBURN / Staff

Kelly and John Stephan wanted to wait a few years before buying their first home, but with the $8,000 tax credit they made the decision to buy a house now and take advantage of the credit.

Tax credit basics
- Equal to 10 percent of purchase price up to $8,000.
- The tax credit does not have to be repaid.

To qualify
- First-time buyers, who have not owned a principal residence during the past three years.
- Purchases after January 1, 2009 and before December 1, 2009.
- Single income up to $75,000, married incomes up to $150,000.
- Purchase price of $80,000 plus.

You can't take the credit if
- Income exceeds the range.
- Buy home from a close relative.
- Not your principal residence.
- Sell before the end of the year.
- Nonresident alien.

How to apply
- Credit is claimed on IRS Form 5405.

Source: National Association of Home Builders, IRS

$8,000 rebate spurs increase in sales here

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Newlyweds Kelly and John Stephan had their minds set on waiting a few years before buying their first home, but the government's offer of a rebate of up to $8,000 for first-time homebuyers changed their plans.

The Stephans will close on their home in a couple of weeks, joining more than a million people nationwide who have claimed the credit and have helped boost the sagging housing market.

"It has spurred a whole lot more interest, especially for those who are first-time buyers and those who may be on the cusp of getting a loan but couldn't quite qualify someplace," said Chris Day, Greenville division president of Eastwood Homes.

"That little piece of money just kind of puts them over the edge and gets them to where they can get in a house."

Eastwood Homes said its sales were up 146 percent in the first six months of the year. The company said the $8,000 tax was the driving force behind those sales.

Day said the momentum to buy seems to be growing as the first-time homebuyers program approaches its termination point.

The revised 2009 economic stimulus package enacted by Congress offers the tax credit to buyers who

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haven't owned a home in the past three years.

The home must be purchased and closed on between Jan. 1, 2009 and Dec. 1, 2009.

The money doesn't have to be repaid.

Fritzi Barbour, broker-in-charge at Coldwell Banker Caine's downtown Greenville office, said because of the tax credit, "people are kind of overcoming their concerns or (lack of) confidence about the market or their jobs."

John Stephan, who recently completed graduate school and is working in sales at Verizon, said the tax credit made the decision to buy a house now "almost a non-decision."

Stephan, 25, and his wife, a 24-year-old physical therapist, have been married for a little less than a year. School debt and other factors made it difficult to buy a house, so they decided to rent and save money.

Renting would be "almost foolish if you're throwing away that $8,000 tax credit," John Stephan said. "We decided since we have the 5 percent to put down, that especially since we could get the tax credit back right away and it's something we don't have to pay back, (buying a home now) would be best for us."

Aubrey James, 27, and her husband, Chase, 25, got married in May 2008. She said the couple likely would have waited a while before buying a home in Easley had it not been for the tax credit.

"We found out about the $8,000, and we decided to go ahead and buy before it was too late," she said.

The couple filed an extension on their taxes and received the rebate shortly after filing. They used some of that money for their down payment and for home improvements, Aubrey James said. They are saving the rest of it, she said.

For Natalie Willey, who is single and 28, the concern was whether she would stay in Greenville. She relocated here less than two years ago for her job at Coach.

Once she made the decision to stay, "there's the $8,000, and I think it was 'why not take advantage of that now?" she said.

In May, she began looking for a home priced below $175,000. She's been outbid on two homes.

"I think a lot of people are looking for the same thing that we are. It's definitely increased the competition here in the market," said Willey, who is negotiating on a third home. "It's probably helped the market, especially here in Greenville."

The number of people who have taken advantage of the tax credit locally and statewide wasn't immediately available. But as of mid-July, the Internal Revenue Service said 1,167,000 had filed claims for the credit.

Walter Molony, a spokesman for the National Association of Realtors, said the first-time buyers program has been an important part of the housing market this year and "we are, in fact, seeing a lot of people buy those trade-up homes."

Molony said because the housing market has the potential of leading the nation out of the recession and helping the overall economy to recover, "we're calling for the tax credit to be expanded to all homebuyers and to be extended into 2012 for all buyers of primary residences."

Statewide, "when you look at rural markets or less urban markets where home prices are lower, you see buyers where the $8,000 tax credit is making a big difference," said Nick Kremydas, executive director of the South Carolina Association of Realtors.

He said that is typically not the case in coastal areas, "where you're dealing with a higher-priced production."

The Upstate and state saw the pace of declines in home sales slow in June. The number of residences on the greater Greenville market dropped to 7,062 in mid-July compared with 7,175 a month ago.

Kremydas and Nick Sabatine, chief executive officer of the Greater Greenville Association of Realtors, credited those positives to the $8,000 tax credit for first-time homebuyers, as well as lower mortgage rates, selection of inventory and the summer home buying season.

Donna Smith, broker-in-charge of the C. Dan Joyner Prudential Real Estate office on Garlington Road in Greenville, said that based on multiple listing statistics, those first-time homebuyers are "moving the market right now."

Michael O'Brien, Eastwood Homes' corporate director of marketing, said the company's average price point in the Greenville market is $185,000-$190,000.

"It's a great price point for that first-time buyer," he said.

There is a concern among real estate professionals and others that people will wait too late and miss the opportunity to take advantage of the tax credit.

"We think we have a lot of people here in apartments and other (residences) sitting on the fence and not sure," Smith said. "Maybe this program will give them just that little bit of confidence to fall off and do what they need to do before it's too late."

O'Brien said many customers will likely be caught thinking they can start looking for a home and close on one in October to avoid missing the deadline.

It takes about eight weeks to close on a home, he said, so potential buyers have about 45 days, or near the end of September, to find the home they want, make a decision and get a contract in order to make the Nov. 30 deadline, he said.

"Many will miss out on that tax credit opportunity," he said.

Mark Hanson, spokesman for the IRS, said taxpayers must close on the home before they can claim the credit. Once that's done, they have three options to get the rebate: File an amended 2008 return, file a 2008 return by Oct. 15 if they had applied for an automatic six-month extension, or claim the credit on their 2009 returns.

Either way, they would need to file IRS Form 5405 to claim the credit.

Hanson said amended returns can only be filed through the mail, while extensions can be filed electronically.

He said taxpayers who file paper returns can expect to wait about six weeks to get their rebate, while there is much less of a wait for e-filers.

Direct deposit into a checking or savings account would further shorten the wait, he said.