



**OBSERVATIONS FROM THE DESK OF
ALICE OLDFORD**

(908) 310-1335 aoldford@yahoo.com

Www.AliceOldford.com



Need a referral? Please give me a call.

55+ Market on the Upswing

According to the National Association of Home Builders, “Builders and developers for the 55+ market sector are feeling optimistic, as they are seeing more consumers return to the marketplace. “



YES, that is good news! This applies to single family as well as condominium homes. NAHB Chief Economist David Crowe says “At this point, the main challenge for builders in many parts of the country is finding enough buildable lots in desirable locations and workers with the necessary skill set to respond to the increased demand.”

Florida is home to 7 of the top 15 retirement Cities

Baby boomers started retiring in 2011. As a result popular retirement cities will be an area of growth in the housing market as observed in the previous piece by NAHB. The Florida cities include: (1) Dunellon (2) Naples (6) North Fort Myers (8) Punta Gorda (9) Sun City Center (10) Venice. (11) Orange City.



Checkbook IRAs' invest in real estate

Under Section 408 of the Internal Revenue Code, as long as you don't benefit directly, you are allowed to put some or all of your funds in a tax-sheltered IRA into real estate. The checkbook IRA is simpler than investing through a regular custodial account. An investor can buy, sell and manage properties using money invested in their tax-deferred retirement account. The funds are held in a normal business account, and you can sign contracts and write checks just as with any other business. It is a great way for people to finance their retirement homes before they are read to use them.

Restrictions apply, of course. You cannot use the property as your own residence or vacation home. Nor can anyone in your family use the property. As with a regular IRA, you cannot take money out until you are 59 1/2 without incurring taxes. No capital gains apply when you sell an IRA-owned property.

A few ground rules:

- You can buy and sell, own more than one property at a time; but the property is owned by your IRA, not you individually.
- You can invest in land, real estate contracts or trust deeds, and pool your resources with others to make the purchase.
- Money must come directly from your IRA. That includes closing costs.
- Costs of remodeling and carrying the real estate must be paid directly from your IRA account.
- You cannot do business with family, including spouses, parents, children, grand parents, grandchildren and great-grandchildren.

How about fees? There is a charge to set up an LLC, and you still must have a custodian, but the fees are far less than investing in real estate via a typical self-directed IRA. Check it out with your financial advisor.

Good News from Washington

Bi-partisan bill H.R. 2929 “Creating Homeownership Opportunities Act” would create a pre-tax savings program similar to a Health Savings Account, to save toward a down payment on a first home. First-time homebuyers would be eligible to make annual contributions up to \$10,000, indexed for inflation. Qualifying purchases would include the down payment on a primary residence and closing costs and fees associated with the purchase. Non-qualified disbursements would be subject to income tax as well as a 20% penalty. An account balance may be rolled over into an IRA if an account holder reaches 55 without purchasing a home, maintains the account for 20 years without purchasing a home, or purchases a home and has a remaining balance in the account. Rep. Joe Heck says “Homeownership is a critical facet of American culture that should be encouraged because it increases the standard of living and improves local economies.” Amen to that.

Prediction: Buy-to-rent market will expand

Morgan Stanley predicts substantial growth in the investor purchase to rent market. They call it a “sustainable business with a long runway for growth.”

Real Estate Trends

The Internet. Where to check out what is going on in the market -

Zillow, Trulia, Yahoo, Realtor.com

Mobile access — via Smartphone, tablet or iPad.

Google

Video.

In the end, after you’ve checked and shopped and shopped, do call your favorite Realtor.

Owning a home is a keystone of wealth — both financial affluence and emotional security.

Suze Orman