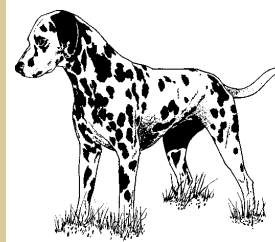


# JAY AGOADO'S .H.O.M.E..... FRONT

JANUARY 2001



**Jay M. Agoado**  
John L. Scott Real Estate

Direct 425.861.1573  
Fax 206.493.1548  
Cellular 425.260.0715  
Web www.jayagoado.net  
Email jay@jayagoado.net

## Happy New Year!

I hope that each and everyone of you had a happy, healthy, and prosperous 2000. 2000 was a very strange year in the residential real estate market. The first half of the year started off like the past 4 years with its' multiple offers and quick market times. The second half of the year was reminiscent of the earlier years of my career where perfectly good homes stayed on the market for 30+ days without an offer. Or, in other words, back to normal once again. Hopefully, with the recent drop in interest rates, things will get hot again and it will be gangbusters as usual.

How did I do? I had 30 transactions this past year and was awarded the President's Award for the 4th straight year (I will know my official ranking in the coming weeks). It was down a bit from the prior year but I can attribute some of this to the fact that my wife didn't give birth to my beautiful daughter, Alexis that year. Speaking of children, I contributed just under \$1,500 to Children's Hospital for the year. If you don't remember, I

have pledged \$50 for every transaction I close for the year. John L. Scott Requests that you donate \$10 per transaction.

Lastly, I would like to once again thank everyone for the referrals you have provided me over the years. The fact that you can place your trust in me with your friends, family, co-workers, etc. is an honor. For the year 2000, 85% of my transactions came from referrals and past customers. This is exactly how I wish to conduct my business! Clients who have been referred to me seem to be the best clients out there. As for past customers, I wouldn't be successful without you. Here's to another successful year!

*Jay*

## Capital Gains Laws



It seems as though a few times a year someone asks me to clarify the capital gains laws since they can be somewhat confusing. The question/answer below should help clear up any misconceptions.

**Q:** My husband and I are planning to sell our home in the next couple of months. Then, we are going to buy a home, but sometime in the future. How long can we wait and still avoid capital gains tax?

**A:** The capital gains tax exclusion is not a matter of time between selling your old home and buying a new one, nor is it based solely on the selling price.

The Tax Relief Act of 1997 says when you sell your home and qualify, you can keep -- tax free -- capital gains of up to \$500,000, if you are married filing jointly, or \$250,000 for single taxpayers and married taxpayers who file separately. If you qualify, you can sell a home today and not purchase another one for 10, 15, 20 or 100 years. The time you wait to buy another will not affect your tax free capital gains benefit. Also, your selling price is only a factor if it generates capital gains in excess of the excluded amounts.

## justthefacts

*continued on back*

### NWMLS Statistics for King, Pierce, & Snohomish counties

#### Month of Dec 2000

##### Residential

|           | Closed Sales |      | Average Closed Price |            | % Increase      | Market Time |
|-----------|--------------|------|----------------------|------------|-----------------|-------------|
|           | 1999         | 2000 | 1999                 | 2000       | in Closed Price |             |
| King      | 1885         | 1696 | \$ 291,428           | \$ 312,203 | 7.13%           | 46          |
| Pierce    | 819          | 777  | \$ 158,673           | \$ 171,431 | 8.04%           | 73          |
| Snohomish | 754          | 724  | \$ 205,556           | \$ 229,076 | 11.44%          | 62          |

#### Year To Date 2000

##### Residential

|           | Closed Sales |        | Average Closed Price |            | % Increase      |
|-----------|--------------|--------|----------------------|------------|-----------------|
|           | 1999         | 2000   | 1999                 | 2000       | in Closed Price |
| King      | 24328        | 23163  | \$ 291,097           | \$ 313,623 | 7.74%           |
| Pierce    | 10395        | 104426 | \$ 159,517           | \$ 174,840 | 9.61%           |
| Snohomish | 10239        | 10259  | \$ 207,972           | \$ 221,287 | 6.40%           |

##### Condo

|           | Closed Sales |      | Average Closed Price |            | % Increase      | Market Time |
|-----------|--------------|------|----------------------|------------|-----------------|-------------|
|           | 1999         | 2000 | 1999                 | 2000       | in Closed Price |             |
| King      | 544          | 525  | \$ 197,037           | \$ 204,333 | 3.70%           | 47          |
| Pierce    | 50           | 31   | \$ 148,249           | \$ 141,291 | -4.69%          | 131         |
| Snohomish | 102          | 103  | \$ 141,795           | \$ 162,336 | 14.49%          | 46          |

##### Condo

|           | Closed Sales |      | Average Closed Price |            | % Increase      |
|-----------|--------------|------|----------------------|------------|-----------------|
|           | 1999         | 2000 | 1999                 | 2000       | in Closed Price |
| King      | 6317         | 6568 | \$ 181,389           | \$ 196,959 | 8.58%           |
| Pierce    | 519          | 498  | \$ 134,314           | \$ 135,265 | 0.71%           |
| Snohomish | 1585         | 1504 | \$ 142,169           | \$ 149,406 | 5.09%           |



Time is, however, a qualifying factor in another way.

To qualify for the exclusion, the home must have been your primary residence for at least two of the prior five years. If you own your house for less than two years before you sell, you can still qualify for a prorated exemption. For example, if you're single, sell a house you've lived in for one year, and make a profit of \$150,000 on the sale, you would apply the residence-period fraction—one year is one-half of the two-year time-limit requirement—to the \$250,000 maximum, for a total of \$125,000. This means you would pocket a tax-free \$125,000, and pay tax on the remaining \$25,000.



**Jeff Tisdale**  
**Sky Mortgage**

400 108th Ave. NE #402  
Bellevue, WA 98004  
Direct: (425) 453-5733  
Web: [www.jefftisdale.com](http://www.jefftisdale.com)  
e-mail: [jeff@jefftisdale.com](mailto:jeff@jefftisdale.com)  
Fax: (425) 453-5736



## The Fed **Low**ers Rates !

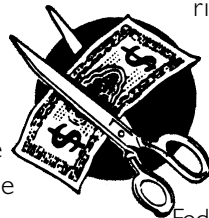
The Federal Open Market Committee decided today to lower its target for the federal funds rate by 50 basis points to 6 percent.

In a related action, the Board of Governors approved a 25 basis point decrease in the discount rate to 5.75 percent, the level requested by seven Reserve Banks. The board also indicated that it stands ready to approve a further reduction of 25 basis points in the discount rate to 5.50 percent on the requests of the Federal Reserve Banks.

These actions were taken in light of further weakening of sales and production, and in the context of lower consumer confidence, tight conditions in some segments of financial markets, and high energy prices sapping household and business purchasing power. Moreover, inflation pressures remain contained. Nonetheless, to date there is little evidence to suggest that longer-term advances in technology

and associated gains in productivity are abating.

The Committee continues to believe that, against the background of its long-run goals of price stability and sustainable economic growth and of the information currently available, the risks are weighted mainly toward conditions that may generate economic weakness in the foreseeable future.



In taking the discount rate action, the Federal Reserve Board approved requests submitted by the Boards of Directors of the Federal Reserve Banks of New York, Cleveland, Atlanta, St. Louis, Kansas City, Dallas and San Francisco.

With interest rates nearing recent lows, now is a good time to think about purchasing that home that you may have put off due to the recent rise in rates. If you have been thinking about putting your home on the market, expect an influx in buyers due to this rate decrease.

### Fed should cut rates again so it should be a great time to buy!

With both the manufacturing and retail sectors signaling a crunch in December, and with more trucking and other transportation companies warning in January about rising losses as their customers retrench, the Federal Reserve should cut interest rates another half-point at the end of this month.

The Fed's half-point rate cut on Jan. 3 was dramatic because it was not expected to come that soon or be that large. The cut prompted a heady reaction in the stock market, which soared that day after months of declines.

When the Fed last went through a sudden round of cutting interest rates, in late 1998, it acted early enough and fast enough to calm worried financial markets and keep consumers confident about spending their money. No serious signs of a looming recession ever emerged.

This time is different. By the time late in 2000

that the Fed focused on how tough things had become, the factory sector was already contracting sharply and consumer confidence was weakening.



Now, the Fed has a lot to undo. It aggressively hiked interest rates from mid-1999 to mid-2000, then sat back while soaring fuel prices drove many truckers to park rigs and drove many businesses and families alike to tighten their belts. A falling stock market took its toll as well. The economy was plainly hurting.

Many watchers say they expect the Fed to cut rates by no more than a quarter-point at its Jan. 30-31 policy meeting. That is not enough. Even a half-point cut may not prevent a recession, or a severe slowdown that feels like one.

The Fed has already acted too late. Now it needs to avoid doing too little.



**Jay M. Agoado**

John L. Scott Real Estate  
16564 Cleveland St. #H  
Redmond, WA 98052

