

Current mortgage rates, 15- and 30-year fixed, conforming

D.C. **2.87** **3.53** Md. **2.90** **3.49** Va. **2.85** **3.47**

SOURCE: BANKRATE.COM

TRENDS

Nouveau mudroom: Its name is no longer 'mud'

By Susan Wittman
Special to The Washington Examiner

Here's the dirt on mudrooms: They've come a long way. From humble beginnings as back rooms or porches where farmers dumped muddy clothes or boots, the mudroom has morphed into a sophisticated, multifunctional space that belies its name.

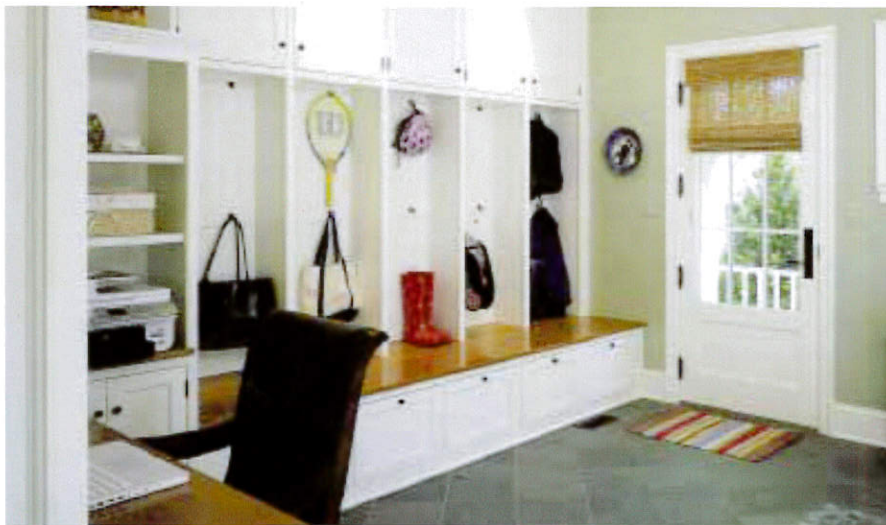
Homeowners gussy them up with high-end finishes, custom built-ins, upgraded floors and lighting, even occasional antiques. Whether they double as potting sheds, hobby rooms, kids' airlocks or elegant back foyers to welcome guests, 21st-century mudrooms increasingly are merging function and style.

"Everybody wants a dressed-up mudroom because a lot of people enter the house through the back," said Daniel Sachs, co-founder of architecture firm Sachs Lindores in New York.

At a Rhode Island estate, quarter-sawn oak paneling and antique French limestone floors evoke a stately British manor. An early map of New England caps an antique table that Sachs discovered in London. An 1880 English sconce and three copies flicker on the wall. "The main entrance is exquisite, but in the end, almost everybody comes through that back door near the parking area," Sachs said.

Mudrooms designed with young children in mind require a different approach, said Bethesda architect Greg Wiedemann.

For a family who parks on a driveway in front of their Bethesda



COURTESY ANICE HOACHLANDER

Bethesda architect Greg Wiedemann designed this mudroom/office with a side entry and sunny windows facing the front porch.

home, he designed a mudroom-office with a side entry and sunny windows facing the front porch. Hooks, cubbyholes, drawers and banquettes with storage organize clothes, shoes, sports equipment and office supplies. The rugged floor is gray slate.

"Mudrooms have become one of the most important spaces in the functioning of the home," Wiedemann said. When planning a mudroom, first determine its use, storage needs, continuity with the home's style and available space, he added.

Maine interior designer Linda Banks didn't have space for an extra room, but she needed more storage. Her solution was to aesthetically unite the mudroom with her kitchen and sitting room. Her simple yet romantic mudroom is inspired by summers on Ile de Re, a French island. A vestibule off the back door features whimsically mismatched hooks on beadboard, storage baskets and a weathered bench for removing shoes.

A repurposed turn-of-the-century window invites light to filter into the sitting room. "Architectural

salvage is one of my trademarks," she said. The "wallpaper" is oversize copies of an Ile de Re map, and the painted floor is a soft checkerboard of back-sanded white and pale gray paint; corner dots are tiny squares of silver leaf. "I wanted it to look almost transparent," she said.

It's worth it to carve out space for this crucial transition room between indoors and out from a kitchen relocated during renovations or an attached garage, Wiedemann said. Even a space as small as 5 by 8 feet provides extra storage, he added.

When planning a mudroom, consider these options:

- » Built-in charging station for mobile devices
- » Tough, impermeable flooring like slate or dark porcelain tile; a washable area rug
- » Floor drain
- » Dog sink or shower
- » Drinking fountain for thirsty kids
- » An armoire or dresser
- » Message center
- » Clock
- » Radiant-heated floors



COURTESY LINDA BANKS

This simple mudroom in Maine was combined with the kitchen and sitting room for extra storage.

TAXES

Short sales could be hit if debt forgiveness law expires at year's end

By Dean Bartoli Smith
Special to The Washington Examiner

A law exempting homeowners from paying income tax on debt forgiven by the bank in a short sale is set to expire at the end of the year. If it is not renewed, it could affect the local short-sale market, experts said.

The Mortgage Forgiveness Debt Relief Act of 2007 allows taxpayers to exclude income from the discharge of debt on their principal residence. This comes up when homeowners and their bank agree

to a short sale, meaning the sale price of the house is not enough to clear the mortgage. If the law expires, that difference, or shortage, would have to be included as income on the homeowners' income tax filing.

"If it is not extended, then there could be a rush of homes that hit the market before the end of the year as homeowners vie to beat the deadline," said Troy Toureau, of McLean Mortgage Corp. "Unfortunately, by then there will not be enough time for most to sell a home and close, especially since the bank must

approve all short sales." Even under new short-sale guidelines, banks have up to 30 days to make a decision.

"With the results of the election and the debate on the budget up in the air, there is no telling whether this legislation will be extended during the lame-duck session of Congress," Toureau said.

Given the cost of the proposal, and the desire of Congress to raise revenues to reach a budget agreement, there is a possibility that an extension will not occur.

"I believe Congress will extend

it," said Allen DeLeon, a founding partner at the accounting firm DeLeon & Stang. "It is really pretty onerous to have to pay tax on forgiven debt. Businesses can add that debt to the basis of the property."

Toureau did not rule out a short-term extension of the law, as it would not be unusual for Congress to defer the decision to members taking office after the first of the year.

"In the long run, if the act is not extended, I believe that this will affect the short-sale market negatively in many states," Toureau said. "In my opinion, homeowners that

are underwater are more likely to consider whether they can refinance as an alternative to a short sale."

Toureau said lower payments might make it easier for homeowners to wait for the market to recover. In many areas, new mortgage payments may be less costly than renting after foreclosure.

"From a tax planning standpoint, I would encourage homeowners to speak with their accountants first," DeLeon said. "My advice would be to try and expedite the short-sale process and get it done before the end of the year."