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FUNDING AND MANAGEMENT

President Obama unveiled his plan to help stabilize the housing market in an attempt to keep millions of borrowers in their home. The Homeowner Affordability and Stability Plan, has a number of initiatives to help struggling homeowners. For homeowners with less than 20% equity in their home or those who owe 5.00% more than their home is worth and have a loan guaranteed by Fannie Mae or Freddie Mac may be eligible for a refinance. Additionally, new programs will attempt to lower monthly payments for homeowners at risk of losing their home.

While many of the plan's details are still being worked out and will not be announced until March 4, here is an overview of the plan's main components:

- **Strengthen Fannie and Freddie** - Stronger agencies will lead to lower mortgage rates.
- **Loan Limit increases** - Extension on the higher loan limit of \$729,750 for Fannie Jumbo Loans that expired at the end of 2008. These loans will be eligible for rates that are slightly higher than conforming loan rates, but less expensive than the standard "jumbo" loan rates.
- **Tax Credit** - First-time homebuyers who purchase homes from the start of the year until the end of November 2009 may be eligible for the lower of an \$8,000 or 10% of the value of the home tax credit. A tax credit is equivalent to money in your hand, as opposed to a tax deduction which only reduces your taxable income. The tax credit starts phasing out for couples with incomes above \$150,000 and single filers with incomes above \$75,000. Buyers will have to repay the credit if they sell their homes within three years.
- **Tax Incentives to Spur Energy Savings and Green Jobs** — designed to help promote energy-efficient investments in homes by extending and expanding tax credits through 2010 for purchases such as new furnaces, energy-efficient windows and doors, or insulation.
- **Landmark Energy Savings** — \$5 Billion for energy efficient improvements for more than one million modest-income homes through weatherization. This can help modest-income families save an average of \$350 a year on heating and air conditioning bills.
- **Repairing Public Housing and Making Key Energy Efficiency Retrofits To HUD-Assisted Housing**— \$6.3 Billion for increasing energy efficiency in federally supported housing programs with a new program to upgrade HUD-sponsored low-income housing (for elderly, disabled, and Section 8) to increase energy efficiency, including new insulation, windows, and frames.
- **Expanding Housing Assistance**— Increases support for several critical housing programs. It includes \$2 Billion for the Neighborhood Stabilization Program to help communities purchase and rehabilitate foreclosed, vacant properties.



While the markets have not reacted positively to these initiatives and the others that have been recently introduced, most of these initiatives will have a direct affect on the real estate market by reducing foreclosures, reducing monthly payments for millions of homeowners and are a move in the right direction towards strengthening the housing market.

The program details can be viewed at: www.treas.gov/initiatives/eesa/homeowner-affordability-plan/ConsumerQA.pdf I will continue monitoring the plan as new information becomes available. If you have any questions or would like to discuss how this may specifically impact you, don't hesitate to call or email me.

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