

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

HOME BUYER TAX CREDIT

FHA, FANNIE & FREDDIE MAC LOANS

NEIGHBORHOOD STABILIZATION

LOW INCOME-HOUSING GRANTS

ENERGY EFFICIENT HOUSING & TAX CREDITS

HOMEOWNER AFFORDABILITY AND STABILITY PLAN OF 2009

Refinancing for homeowners suffering from falling home prices

Homeowner Stability Initiative

Supporting low mortgage rates

HOMEBUYER TAX CREDIT

First-time home buyers:

\$8000.00 Refundable Tax Credit

Claimed on Tax Returns

2008 Tax Returns

2008 Amended Return

2009 Tax Return

No repayment requirement

Home purchase closed after January 1st, 2009

Previous home ownership terminated 3 years prior to current purchase

Income limits and phase outs

Single filers: limit \$95,000 and phase out beginning @ \$75,000

Married filers: limit \$170,000 and phase out beginning @ \$150,000

Principle residence only

Property located in US

“New” Construction must be occupied prior to December 1st, 2009

If property is sold prior to 3 years of ownership: Repay tax credit

**HOME OWNERS SHOULD CONSULT WITH A
TAX ADVISOR WHEN FILING CLAIM FOR
CREDIT**

Buyers will need to qualify for a mortgage
Loan limits as designated by FHA, Fannie & Freddie Mac

Neighborhood Stabilization

\$2 Billion in funding approved

Community Development Block Grants to states and localities with areas decimated by foreclosures.

Funds for purchase, management, repairs and reselling foreclosed and abandoned homes

Homes must be used to assist families with incomes at or below 120% of median income.

25% of funds must be used for households with incomes at or below 50% of area median income.

Low income housing grants

Allows states to trade in a portion of 2009 low-income tax credits for Treasury grants to finance construction or acquisition and rehabilitation of low-income housing (including those with or without tax credit allocations).

Energy efficient housing tax credits & grants.

\$6 Billion in energy efficiency and conservation grants for energy audits, retrofits and financial incentives through 2010.

Home owners will be able to claim a 30% tax credit for purchases of new furnaces, windows and insulation

Homeowner Affordability and Stability Plan

Fannie Mae and Freddie Mac (aka Government Sponsored Enterprises or GSEs) will refinance mortgages for homeowners with conforming loans owned or guaranteed by GSEs

Homeowner Stability Initiative to help those who commit to make reasonable monthly mortgage payments to stay in their homes. Goal to provide reduced amounts homeowners owe per month to sustainable levels

Lenders responsible to bring down interest rates so that Borrowers monthly mortgage payment is no more than 38% of income. In addition, initiative would match further reductions in interest payments dollar-for-dollar with the lender to bring the ratio down to 31%

The lower interest rate must be kept in place for 5 years, after which it could gradually be stepped up to the conforming rate in place at the time of the modification. Lenders may also bring down the monthly payment by reducing principal owed on the mortgage. Treasury would share in the cost.

“Pay for Success” incentives of \$1000 up front for each eligible modification to be paid to Mortgage Servicers. Additional “Pay for Success” fees to be paid monthly as long as borrowers stay current on the loan

Borrowers may receive a monthly reduction payment that goes straight towards reducing the principal balance of the mortgage loan. Borrowers must stay current to receive \$1000 per year for five years.

To keep Lenders focused on reaching Borrowers who are trying to stay current, an incentive of \$500 will be paid to Servicers and an incentive payment of \$1500 will be paid to mortgage holders if they modify at-risk loans before the Borrower falls behind.

Administration along with FDIC has developed innovative partial guarantee initiative. \$10 Billion insurance fund, created by Treasury, will be designed to discourage Lenders from opting to foreclose on mortgages that could be viable now out of fear that home prices will fall even further later on. Holders of mortgages modified under the program would be provided additional insurance payments on each modified loan linked to declines in the home price index.

Treasury will develop uniform guidelines for loan modifications across the mortgage industry. All financial institutions receiving Financial Stability Plan assistance going forward will be required to implement loan modification plans consistent with Treasury Guidance.

Other elements include:

Strong oversight

Allow Judicial modification of home mortgages during bankruptcy for Borrowers who have run out of options.

Funding for displaced Renters and neighborhood stabilization

Improve Hope for Homeowners and other FHA programs

Treasury guidelines are to be announced March 4th, 2009. At that time Mortgage Lenders may begin accepting applications.