

ECONOMIC STIMULUS PLAN INCREASES LOAN LIMITS FOR HOMEBUYERS

More Options Now Available for Consumers Looking to Buy, Sell or Refinance Homes

PARSIPPANY, N.J. (March 5, 2008) – President Bush recently signed a new economic stimulus bill into effect. But many people are unclear about the impact this plan will have on their purse strings – especially when it comes to buying a home. The housing sector accounts for approximately 20 percent of the country's Gross Domestic Product (GDP), so its performance is vitally important to the health of the economy overall and consumers' financial security.

For this reason, Coldwell Banker Real Estate LLC has summarized what this new legislation means for consumers:

- ***More traditional Federal Housing Administration (FHA) loans will be available.*** The increased loan limits for the FHA program could make more people eligible to qualify for a conventional loan. The National Association of Realtors (NAR) estimates that increasing FHA loan limits will help an additional 138,000 Americans achieve homeownership and will allow nearly 200,000 homeowners to refinance and potentially keep their home.
- ***The government is lifting the GSE conforming loan limit for all homes purchases through the end of 2008.*** This means that larger mortgages will be eligible for government purchase (through Government Sponsored Enterprises such as Fannie Mae and Freddie Mac). When more loans are available, more people are put in a stronger buying position. However, because the increased loan limits are only in effect until the end of the year, it's critical for potential buyers to take advantage of this opportunity quickly. The new conforming loan limits will be tied to each market area's median home price, and they will be set by the Department of Housing and Urban Development in mid-March 2008.
- ***The availability of less expensive loans can potentially reduce monthly payments.*** With the passage of the stimulus package, people in higher priced markets can obtain less expensive loans, which will significantly reduce their monthly payments – and potentially save them thousands of dollars throughout the life of the loan.
- ***More refinancing options will be available.*** Nearly half a million people with higher priced "jumbo" loans will be able to refinance to conforming loans under the provisions of the bill, which could mean savings between \$200 and \$500 a month, according to NAR estimates.
- ***Higher loan limits could help to kick start the housing sector.*** The increase in loan limits could enable potential buyers, who had been excluded due to limited buying power, to purchase homes in higher-cost areas across the country. Additionally, NAR estimates that increased loan limits will help generate additional home sales, and as a result, reduce housing inventory and strengthen

home prices by 2 to 3 percentage points.

- **Positive growth in the housing market is good for the economy.** Bolstering the housing sector can have a positive correlation to consumer confidence and the economy at large.

To understand more about how the economic stimulus plan could affect you and your local market area, please contact Coldwell Banker Roadrunner Realty at 760-365-8880.

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