

For Immediate Release

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Housing industry receives support through government actions

Lexington, KY - On February 18, 2009, President Obama announced his Homeowner Affordability and Stability Plan, designed to help up to 7-9 million families avoid foreclosure by restructuring or refinancing their mortgages. In doing so, the plan not only helps responsible homeowners behind on their payments or at risk of defaulting, but prevents neighborhoods and communities from being pulled over the edge too, as defaults and foreclosures contribute to falling home values, failing local businesses, and lost jobs.

The three key elements of the plan are:

1. Government Sponsored Enterprises (GSEs) refinancing for up to 4 to 5 million responsible homeowners with GSE loans to make their mortgages more affordable.
2. A \$75 billion Homeowner Stability Initiative to reach up to 3 to 4 million at-risk homeowners.
3. Supporting low mortgage rates by strengthening confidence in Fannie Mae and Freddie Mac.

Kentucky has its share of foreclosures (up 42% in 2008 compared to 2007), however it ranked 42nd last year in the total number of homes facing foreclosure, putting Kentucky in the bottom tier of states battling this problem. The national picture showed an increase of 81% in 2008 over 2007.

“We did not see the exorbitant appreciation from the past boom market,” said Jeff Smith, 2009 president of the Kentucky Association of REALTORS®. “Therefore, we are not experiencing the large price declines that other areas are facing. That, I believe, helped us, for the most part, from the major foreclosure issue that is really hurting a tremendous number of homeowners in other states.”

In addition to the plan announced above, the housing industry received some necessary provisions in the American Recovery and Reinvestment Act of 2009, which passed on February 13 and signed by the president on February 17, 2009.

One of the most significant components from that bill applied to first-time home buyers through a tax credit. This new tax credit differs from the previous version in several distinct ways.

An \$8000 tax credit will be available for qualified purchases of a principal residence by first-time home buyers between January 1, 2009 and December 1, 2009. The credit does not require repayment (as it did in the previous version). Individuals who use financing assistance from state and local mortgage bonds throughout 2009 will also be permitted to use the credit. (To view a comparison chart of the old version with the new, visit <http://tinyurl.com/bba69t>).

The National Association of REALTORS® estimates that the home buyer tax provisions could stimulate up to 300,000 additional home sales, helping stabilize home values and potentially preventing some homeowners from falling into foreclosure.

For more information on the Homeowner Affordability and Stability Plan, visit <http://tinyurl.com/aamxfj>

For more information on the American Recovery and Reinvestment Act of 2009, visit <http://tinyurl.com/brznfe>

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