



MetroTex Association of REALTORS®

An economic recovery is not possible without a housing recovery!

What the Economic Stimulus Plan Means for You!

Now that the American Recovery and Reinvestment Act has been signed by President Obama, expectations by REALTORS® are for a swift implementation of the plan. The job creation and tax cuts from the act are going to help families recover, and in turn help more people keep their homes and help others become homeowners.

FHA, FANNIE MAE AND FREDDIE MAC LOAN LIMITS

The bill reinstates last year's 2008 loan limits for FHA, Freddie Mac, and Fannie Mae loans.

North Texas Loan Limits - In North Texas these limits are \$271,050 for FHA and \$417,000 for Fannie Mae and Freddie Mac.

FIRST-TIME HOMEBUYER TAX CREDIT

Most of the mechanics of the credit will be the same as the 2008 rules: the credit will be claimed on a tax return to reduce the purchaser's income tax liability. One difference is the fact that repayment of the credit will no longer be required. If any credit amount remains unused, the unused amount will be refunded as a check to the purchaser.

Amount of Credit - Maximum credit amount increased to \$8000.

Eligible Property - Any single family residence that will be used as a principal residence.

Refundable - Reduces (or can eliminate) income tax liability for the year of purchase. Any unused amount of tax credit refunded to purchaser.

Income Limit - Full amount of credit available for individuals with adjusted gross income of no more than \$75,000 (\$150,000 on a joint return). Phases out above those caps (\$95,000 and \$170,000).

First-time Homebuyer Only - Purchaser (and purchaser's spouse) may not have owned a principal residence in 3 years previous to purchase.

Revenue Bond Financing - Purchasers who utilize revenue bond financing can also use this credit.

Repayment - No repayment for purchases on or after January 1, 2009 and before December 1, 2009.

Recapture - If home is sold within three years of purchase, entire amount of credit is recaptured on sale. Applies only to homes purchased in 2009.

Termination - December 1, 2009

Effective Date - All revisions are effective as of January 1, 2009

NEIGHBORHOOD STABILIZATION

The bill provides \$2 billion in additional funding for the Neighborhood Stabilization Program to provide grants to states and localities to address the problems created when entire neighborhoods are decimated by foreclosures.

Use of Funds - The funds can be used to purchase, manage, repair and resell foreclosed and abandoned properties. In addition, the funds can also be used by states and localities to establish financing methods for the purchase and redevelopment of foreclosed properties.

Who Qualifies - After purchase the homes must be used to assist individuals and families with incomes at or below 120% of area median income. Twenty-five percent of funds must be used for households with incomes at or below 50% of area median income. (HUD posts the D/FW area median income at \$64,800)

LEGISLATION'S IMPACT ON TEXAS

Jobs - Create or save 269,000 jobs over the next two years in industries ranging from clean energy to health care.

Tax Cut - Provide a "making work pay" tax cut of up to \$800 for 8.17 million workers and their families.

College Tax Credit - Make 346,000 families eligible for a new American Opportunity Tax Credit to make college affordable. The measure is a partially refundable \$2,500 credit for four years of college.

Unemployment Benefits - Offer \$100 more monthly in unemployment insurance benefits to 677,000 Texans and provide extended unemployment benefits to an additional 125,000 laid-off workers.