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Stimulus Package: Lawmakers Raise Lending Limits: *Do you qualify for a better rate?*

The Economic Stimulus Act of 2008 is a \$168 billion plan intended to jumpstart the sliding U.S. economy. While a lot of media attention has been focused on the \$600-\$1,200 rebate checks that millions of taxpayers will begin receiving this spring, the new bill is also designed to help certain "high-cost regions" of the struggling housing market by:

- Temporarily increasing the "conforming loan limit" from \$417,000 to as high as \$729,750 in specified areas; and
- Temporarily increasing the size of loans the Federal Housing Administration (FHA) can insure from \$362,000 to as high as \$729,750 in specified areas.

If you're looking to purchase or refinance a home in a "high-cost region," this is great news. These temporary increases could help you avoid the higher interest rates associated with "non-conforming," or jumbo, loans. Although these new limits only apply until the end of 2008, the legislation does not exclude the refinancing of any past mortgages into these new "conforming loans." That means, if you qualify, you can take advantage of the new limits no matter how many years have passed since you obtained your mortgage.

While this is great news, I should remind you that qualification standards are tougher than ever. So your credit score and credit worthiness are more important than ever. Give us a call today. We can review your options and discuss if we can make this legislation work for you.

Do You Live in a High-Cost Region?

Not everyone will benefit from these temporary loan limit increases, but experts estimate that areas in at least 17 states will be able to take advantage of it. So how do you know if your neighborhood qualifies?

A high-cost region is typically determined by the median value of its homes. The median value is the specific price that is halfway between the least expensive and most expensive home sold in an area over a given period of time. Do not confuse this with the average home price. The median home price is the price at which half of all buyers bought more expensive homes and half of all buyers bought less expensive homes.

If that sounds confusing, don't worry. It is the responsibility of the Department of Housing and Urban Development (HUD) to determine, within the next 30 days, what the median home price is for regions across the country. But I don't want you to wait until HUD makes its determination; **give me a call to discuss if you might benefit from this new legislation.**

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