



Federal plan may forestall foreclosures

By MARCUS RAUHUT Staff writer

Some homebuyers and homeowners may benefit from the stimulus package and another plan aimed at preventing foreclosures.

The Homeowner Affordability and Stability Plan unveiled Wednesday aims to help those struggling to pay or a refinance a mortgage.

The plan includes \$75 million to help prevent foreclosures through loan modifications. In order to be eligible, your monthly mortgage payment must exceed 31 percent of your monthly gross income.

"Any time we can prevent foreclosures it can help invigorate the economy and the real estate industry overall," said Greg Herb, president of the Pennsylvania Association of Realtors.

Details of the plan are still sketchy. The Obama administration said more detailed information will be available March 4.

F&M Trust spokesman Ken Ditzler said the bank has not foreclosed on any homes last year or so far this year. He said loan delinquency rates have remained steady.

The Homeowner Affordability and Stability Plan also includes a measure to help homeowners struggling to refinance a mortgage because of

falling home values.

Refinancing would allow homeowners to reduce their monthly payments, but it becomes harder to refinance if the home loses value.

With the proposed refinancing plan, the loan must be owned or guaranteed by Freddie Mac or Fannie Mae, and you cannot owe more than 105 percent of the home's value. That means if your home is worth \$200,000, you can qualify if you owe less than \$210,000.

If you are not a homeowner yet but plan to buy a home, the new stimulus package signed Tuesday by President Obama provides a sweeter tax incentive for first-time homebuyers -- a tax credit of as much as \$8,000 for homes bought between Jan. 1, 2009, and Dec. 1, 2009.

If you bought a house after April 8, 2008, you may be eligible for a tax credit of as much as \$7,500 on your 2008 tax return, but the money has to be paid back to the federal government over 15 years.

The new \$8,000 tax credit does not have to be paid back.

Down market

Existing home sales fell for the second straight year in Franklin County, according statistics recently released by the Metropolitan Regional Information Systems Inc.

The number of homes sold dropped about 20

Advertisement



A bright idea in online advertising.

PrinterStitial® ads by Format Dynamics.



FormatDynamics®

Print Powered By  FormatDynamics™



percent from 2007 to 2008. Meanwhile, the average number of days that homes stayed on the market increased from 108 to 120 days.

Home prices continued to fall in 2008 after spiking in 2006.

"We're still doing better than most areas. The average sold price is down 6.29 percent from 2007. It's not like Michigan, Florida or California. It seems like Franklin County has been fairly resilient to what's going on," said Jeff George, a real estate agent with Exit Preferred Realty and vice president of the Pen-Mar Regional Association of Realtors.

The Pennsylvania Association of Realtors reported a roughly 23 percent decrease in sales from 2007 to 2008.

New home construction in Franklin County continued to decline in 2008.

New single-home permits were down about 33 percent from the year prior and 54 percent from 2006, according to data from the Franklin County Assessment Office.

The National Association of Home Builders said last week its housing market index climbed only slightly after hitting an all-time low last month, indicating that homebuilders are not seeing much improvement in the new home market.

Chairman Joe Robson, a home builder from Tulsa, Okla., said while the market looks weak, the group is hopeful that the newly passed

economic stimulus bill will have a positive impact.

Marcus Rauhut can be reached at mrauhut@publicopinionnews.com or 262-4752.

Advertisement



A bright idea in online advertising.

PrinterStitial® ads by Format Dynamics.



FormatDynamics®

Print Powered By  **FormatDynamics™**