

## Valuable information to share with buyers and sellers.



As you may know, President Obama presented a new plan this week to prevent foreclosures and stabilize the housing market. The Homeowner Affordability and Stability Plan will be funded with money from the \$700 billion financial industry bailout passed by Congress

in the fall.

The plan was designed to help up to 9 million families avoid foreclosure by restructuring or refinancing their mortgages. While it may seem that the main benefactors of the initiative are homeowners at risk of defaulting on their mortgage, we will all benefit. Defaults and foreclosures result in lower home values, lost jobs and economic troubles for local communities.

The main components of the Homeowner Affordability and Stability Plan are to:

- Provide incentives for mortgage lenders and servicers to modify loans in a way that would reduce monthly mortgage payments to sustainable levels and aid up to 4 million homeowners struggling to make their payments.
- Allow Fannie Mae and Freddie Mac to refinance mortgages they own or guarantee, even when more is owed on the home than what it is worth. By removing restrictions on the government-sponsored enterprises, monthly payments could become more affordable for up to 5 million homeowners.
- Keep mortgage rates low for all buyers by doubling support for Fannie Mae and Freddie Mac, which were taken over by the government last year.

Said National Association of Realtors President Charles McMillan, "The administration's proposed plan, combined with provisions like the \$8,000 first-time buyer tax credit in the just-enacted American Recovery and Reinvestment Act, will help minimize foreclosures, shrink housing inventory, stabilize home values and move the country closer to an economic recovery."