

July 2009 Archive

Upscale Home Sales Lag as Jumbo Loans are Hard to Get

WASHINGTON – July 15, 2009 – More than four months after the Obama administration launched its housing rescue plan, scores of lenders are focused on rewriting mortgage loans to make them more affordable. But one demographic is being largely ignored: homeowners with higher-price loans.

They don't qualify for mortgage modifications under the Obama plan. They can't get today's low interest rates if they try to refinance. And with newly cautious lenders warier about who they lend to, just try to sell a home that costs \$730,000 or more these days. In many cases, finding a buyer who can get financing takes far longer than for lower-price homes, because banks want as much as 30 percent down and six months of mortgage payments in reserve. The result is a housing market in which sales and purchases of higher-price homes have come almost to a standstill, and it's a predicament that could undermine the housing recovery.

Move-up buyers (homeowners who want to buy larger, pricier homes) are getting locked out by lack of financing. Too many unsold homes in the top tier of the market also can push down prices for homes in the midprice range.

"We need to have a market recovery in all segments," says Lawrence Yun, chief economist with the National Association of Realtors (NAR). "If the high-end market weakens, those in the middle have to reduce prices."

While the number of homeowners with higher loans is small relative to the entire market, Yun says, "All of Middle America is undoubtedly impacted."

Jumbos and super-jumbos

Bigger loans, known as jumbo loans, come in three types.

Loans up to \$417,000 are considered "conforming," and can be sold to mortgage-finance giants Fannie Mae and Freddie Mac, which also guarantee them when they resell those mortgages to investors. But after that, the situation is more complex.

Loans between \$417,000 and \$729,750 are "conforming jumbo," and loans above \$729,750 are "super-jumbo." Fannie and Freddie back only conforming jumbos, and what qualifies as conforming can vary depending on location. In San Francisco, Fannie and Freddie will back loans up to \$729,750. In Atlantic City, the maximum is \$453,750.

Lenders are leery of making loans above the amount that Freddie and Fannie will guarantee, because if a jumbo loan borrower defaults, it's harder for a bank to quickly sell a higher-end foreclosed property. And because Freddie and Fannie don't buy non-conforming jumbo loans, there's less of a secondary market for super-size loans.

States with the highest percentages of jumbo mortgages include Hawaii, California and New York, as well as the District of Columbia. In New Jersey, Maryland, Massachusetts, Virginia, Connecticut, Washington, Nevada and Florida, jumbos account for 10 percent or more of all loans.

Jumbo loans aren't just for the very rich: In some pricey areas, \$500,000 may buy only a modest single-family house or condo.

Sales of higher-price homes have slowed to a glacial pace, driving the supply of homes for sale above \$750,000 from 18.7 months in 2007 to 41.1 months in 2009, according to NAR.

With home values still falling in many areas, borrowers who took out jumbos a few years ago are finding they can't refinance, and their mortgages are sliding into default. The number of jumbos 90 or more days delinquent reached 4.83 percent in March 2009, up from 1.68 percent in March 2008, says First American CoreLogic.

That trend is helping spread the foreclosure crisis from real-estate-bubble markets, such as California and Florida, where the housing crisis started, to other areas. Data from First American CoreLogic show that delinquency rates on jumbo mortgages under \$1 million have more than doubled in areas such as Atlanta, St. Louis and Portland, Ore.

Some cities with high percentages of jumbo loans that are 90 or more days delinquent include Merced, Calif., Muncie, Ind., and Las Vegas-Paradise, Nev.

It's been a costly situation for Victor Montalvo-Lugo, a clinical program manager at MedImmune in Gaithersburg, Md. He and his wife, Janette, bought a \$1.6 million home in Thousand Oaks, Calif., in late 2005. He moved to Maryland for the MedImmune post in December, contracting for an \$800,000 home to be built by late August. But with the California house on the market for weeks, he's had no luck selling, even asking \$1.05 million.

If he can't sell that home before a company buy-out option expires, Montalvo-Lugo worries about the financing on the new one. A similar but smaller home down the block from his in California is listed in the \$900,000s, forcing him to lower his initial asking price. "I'm very concerned. We are already listing for less than what we owe," Montalvo-Lugo says. "We lost all of the initial equity, and we owe the bank more than we will get."

Pressure on prices

Those with jumbo loans who lose a job or have an adjustable-rate mortgage that resets to a higher amount are struggling. But help is scarce: Under the Obama housing rescue plan, homeowners with loans above \$729,750 aren't eligible for mortgage modifications.

Lenders may make such modifications on an individual basis, however.

Many homeowners in higher-end markets are finding they must drastically lower prices to try to get buyers. From July 1, 2008, to July 1, 2009, nearly 26 percent of homes on the market for more than \$1 million have seen price reductions, and the average reduction is 13 percent off the asking price, according to real estate information provider Trulia. Homes on the market for less than \$1 million have seen an average reduction of 9 percent off the asking price.

“What you’re seeing are those properties sitting on the market for a lot longer because people can’t get loans,” says David Kerr, a ZipRealty agent in the San Francisco area. “I got a call about a property in Berkeley for more than \$1 million and almost fell out of my chair. All of what we’re showing is in the \$200,000 to \$300,000 price range.”

Jumbos are still being offered at Investors Savings Bank in Short Hills, N.J. But demand has slacked off because those taking out or refinancing jumbo loans must pay higher interest rates than other borrowers, says Richard Spengler, chief lending officer. Rates on jumbos are hovering around 6 percent, vs. 5.20 percent on a 30-year, fixed conventional loan.

The bank requires down payments of 20 percent to 30 percent, depending on the size of the jumbo. Spengler says many banks have gotten out of jumbo lending because of the lack of a secondary market. Investor Savings Bank keeps jumbos it issues in its own portfolio.

The overall stagnation in the market has a spillover effect on the economy. NAR estimates the slump in the jumbo home loan market has led to a \$42 billion decline in economic activity.

That’s because borrowers who take out jumbos have much higher incomes than a typical borrower (an average \$207,600 in 2007, says NAR’s most recent data) and when they buy a home, they spend a lot to furnish it. When sales of costly homes slow, sellers of furniture, carpeting, flooring and appliances get hurt.

Z Gallerie, a home merchandise retailer, is the latest in a string of higher-end stores to feel pinched. The store filed for bankruptcy-court protection from creditors in April, citing a severe sales drop. January sales were down 19 percent from a year earlier.

“The high-end retailers are being impacted,” says Gary Drenik at BIGresearch, a consumer intelligence firm. “When people buy a home, home-improvement and related sales go up.”

Those who can buy higher-end homes are seeing their discretionary income further whacked by strict lending conditions. Lenders are requiring some borrowers seeking to finance 80 percent of their home purchase keep 40 percent of the total loan value in a reserve account, says Michael Tooker, a mortgage planning specialist for Valley Private Mortgage Group in Scottsdale, Ariz. On a \$1 million loan, “that’s \$400,000 in reserve,” he says. “Some want six months total debt service in reserve. It’s so arbitrary.”

Camille Swanson, a Realtor at Realty Executives in Phoenix, can relate to the struggle. After selling her home, she fell in love with a foreclosed stacked-stone home in the desert that had been abandoned. But she discovered that no lender wanted to give her a jumbo loan on a property that needed so much renovation.

Swanson is almost finished obtaining a loan for the new place with an approval up to \$640,000, but details are still being negotiated. With her 20 percent downpayment, the total investment will be \$800,000. She approached five lenders as far as Washington before finding one in her area to give her a loan. She didn't need money in reserve because of her retirement assets. "For them, it's an issue of risk," Swanson says.

Raising the roof

Real estate groups such as the NAR are pressuring Congress and the Obama administration to increase the jumbo loan limits that Fannie and Freddie will guarantee and make them permanent. Current amounts were raised in 2008 and are set to expire Dec. 31. They also want the Federal Reserve to buy jumbo-backed securities because Freddie and Fannie can't. The hope is that Fed purchases would create enough of a secondary market for these loans so banks would be more open to lending higher amounts.

Meanwhile, in jumbo-heavy markets, homeowners are increasingly frustrated by their inability to sell. They can't relocate for jobs or retirement. They can't unload vacation homes that they may now struggle to afford.

One such homeowner is Robert Westover, who works for the federal government in Washington, D.C. He's been trying for months to sell a home in Hawaii with an ocean view. He bought it for \$585,000 six years ago; it was valued at \$1.1 million during the real estate peak in 2006. But there are no offers. He planned to list it for \$940,000, but his Realtor suggested \$890,000. Then he lowered it to \$850,000. At one point, a potential buyer came forward but had no financing.

"It's just been tough. It was getting crazy," says Westover, 45, who now is taking the home off the market and renting it instead. "I hope I've learned a lesson, which is don't put anything on the market in this economy. Most people who have homes in the jumbo (price range) are reliable, pay bills. Why are we suffering while the government gives help to everyone else?"

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Mortgages: More Rules and Longer Waits

WASHINGTON – July 13, 2009 – People trying to buy or sell a home may be seeing the process drag out longer than expected and wondering why.

Until recently, a real estate deal could close, on average, in 30 days, real estate agents said. But, bankers and real estate agents said increased scrutiny and tighter restrictions following the subprime mortgage meltdown, and an increased demand for government insured FHA loans has pushed closing times to 45-60 days.

Or longer.

Ask Morgantown, W. Va., resident Denny Vac, who tried to sell his house to a friend. It took 85 days for the loan to close.

That “is a long time,” Vac said. “It seems to me if they’re trying to get an economic recovery going, they’d be trying to make this a little easier to get through.”

Jerry Hall, a broker at Morgantown’s RE/MAX office, said he’s experienced the delays.

“Underwriters have been looking at properties with a microscope,” he said. They’re scrutinizing the loans, too. Properties may drop out the day before closing.

He had one sale hit a snag the day before closing because of the underwriter, he said. It was a bungalow with minor foundation problems. Two inspectors said it needed monitoring but not immediate repair. However, the underwriters wanted it fixed before the money was released. The sale took an extra month. Asked if he also considered the problem counterproductive to economic stimulus, Hall said “very much so.”

There are two distinct issues affecting the home loan process, bankers told The Dominion Post, depending on whether buyers are working with a conventional loan or an FHA loan.

FHA loans

Vac’s friend is pursuing a Federal Housing Administration (FHA) loan through BB&T, Vac said.

FHA says its loans can be good for several types of homebuyers: first-timers, those with little money for a down payment, and those with less-than-perfect credit, among others.

Jane Haines, vice president for mortgage sales at Clear Mountain Bank, said homebuyers putting less than 20 percent down on their homes are required to obtain mortgage insurance to protect against default in the event of foreclosure. Private mortgage insurance firms provide the insurance for homebuyers using conventional loans.

For FHA loans, the FHA doesn’t lend the money, but it insures the loans against defaults, said U.S. Department of Housing and Urban Development spokesman Lemar Wooley. This can make lenders more willing to part with their money.

And, while underwriters for conventional home loans are requiring at least 5 percent down, bankers said, the FHA requires only 3.5 percent and the rules are less strict about where that money can come from.

Vac put his house on the market with a realty firm for \$180,000, he said, but listed it with the exception his friend could buy it for \$150,000 without involving a real estate commission. His friend was pre-approved by BB&T and they signed a contract between April 16-20, expecting the deal to close not later than June 20.

Vac encountered various frustrations and problems during his long wait. The bank sent the wrong appraiser, and there have been communication problems.

When the deal started dragging out, he said, he considered renegotiating the contract at a higher price, but because of the way the appraisal system works, the house was appraised at \$155,000, so he and his friend would have to start the whole process over again.

So he waited. His accountant told him the delay was costing him about \$120 a day to hold onto the unoccupied, unrented house – more than \$3,000 all told. Meanwhile, the buyer had to rent an apartment for an extra month, costing him more money, too.

BB&T media relations manager A.C. McGraw couldn't address Vac's specific situation, but said BB&T has a "longer processing time [on FHA loans] because of increasing volume. ... We're literally pushing more loans through the pipeline."

There are also more documentation requirements, she said.

McGraw said BB&T doesn't keep separate statistics for closing times on conventional and FHA loans, but overall they're averaging 45-60 days.

In cases like Vac's, she said, "I'm sure other factors are involved."

McGraw said BB&T is trying to prioritize home loan processing "to meet sales contract deadlines."

Wooley said the FHA has noted "no appreciable increase in time for closures," but the weak economy, the subprime mortgage market meltdown and tightened lending practices produced an "absolute increase in demand" for FHA-insured loans. The market share ballooned from less than 4 percent of all home loans in 2004, to 18 percent now.

"More and more people are turning to FHA as a safe product," he said.

But Haines is among the local bankers who has seen "a lot longer turnaround" time for FHA loans – because of their growing popularity.

"It may take three weeks to hear back" from the FHA, she said, "and they want more information."

"It is frustrating for the customer, the Realtor and the banker," she said.

Another appealing factor for FHA loans, she said, is credit scores. FHA requires only a 620.

Credit scores can range from about 300 to 850, as rated by the credit-scoring system Fair Isaac Co. (FICO), according to various banking sources, and major lenders like to see scores at 700 or above, but typically offer "prime" loans (best interest rates) to folks at 650 or above. A score below 620 is considered bad credit, with a high risk for default.

Despite the increased lag time, Haines said, FHA is still the best route for many people. “Without FHA, more people would be unable to get into homes.”

Conventional loans

Jeff Stewart, associate broker at Pat Stewart Realtors, said, “There are more hoops to jump through. ... It’s just been difficult.” Underwriters will sign off sometimes, he said, and then come back with more requirements.

Another problem he and Hall have observed is appraisals. They’re taking longer, and sometimes homes are getting evaluated by nonlocal appraisers. Hall said that stems from a new regulation designed to prevent conflicts of interest. Banks are no longer permitted to contact the appraiser – the job has to be set up by someone not connected to the loan. For some banks, Hall said, that means bringing in people less qualified who don’t know the area or the market.

Haines and Centra Bank President and CEO Doug Leech said their banks are still using local appraisers. “We know our appraisers,” Leech said, but he’s aware it’s an issue elsewhere.

Centra, he said, has about \$1.2 billion in assets, and lent out more than \$500 million in 2008. Lending at that rate means Centra would exhaust its assets in about two years. So Centra and other banks sell their mortgages on the “secondary market.” This means Centra approves the mortgage and issues the money to the borrower. But then it packages its mortgages and sells them to megalenders such as Freddie Mac, Fannie Mae, Citibank or GMAC. In this way, Centra gets its money back and puts it back into the lending pot.

Leech said Centra is still closing 99 percent of its loans in 30 days. Haines said Clear Mountain’s in-house loans are going as quickly as ever, while there is a “slightly longer turnaround” for conventional mortgage loans.

But, Leech said, since the economic meltdown, requirements for conventional mortgages are more stringent. He ticked off a number of issues:

“Appraisals are scrutinized like never before.” An appraiser may say a home is worth \$200,000, but the underwriter may mark it down.

They focus on the neighborhood and “comparables” – similar homes within the local geographic area.

They want higher downpayments.

“The days of the 100-percent loan are gone,” he said. The secondary lenders want a minimum of 5 percent down, but some don’t like that little.

People with credit scores at 680 or higher could at one time get a loan for 100 percent of the home’s value, he said, but now they want a near-perfect 720 or higher to even

consider it.

They want a lower debt-to-income ratio. It used to be 50 percent to 60 percent, he said. That means 60 percent of a borrower's income could be committed to debt payments. But now they want 36 percent to 40 percent.

They want to make sure the buyer has sufficient assets after closing, he said, to provide padding in case of job loss, income cut or other issues.

"Any one [factor] makes it difficult, but the combination makes it more difficult," he said.

Customers are also more cautious, he said.

When housing prices rose, some people expected incomes to rise, too, but that didn't happen.

"People don't have the confidence to go out on a limb quite as much."
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Mortgage-Rescue Fraud on Rise Across Florida

ORLANDO, Fla. – July 15, 2009 – Hipolita Roustand, who cleans homes for a living, figures she scrubbed more than 20 of them to come up with the \$1,995 that she paid Wineberg, Lopez & Rodriguez Co. to help her modify her mortgage.

Like hundreds of other Florida homeowners who have complained to the state about the Orlando-area company, she said she got nothing for her money.

"They just robbed everyone who was trying to find a solution, and they get you deeper in a hole," the 51-year-old Roustand said as she cleaned a west Orlando church last week. "You have to work so hard to earn \$2,000."

The number of companies or nonprofit corporations being investigated by the state Attorney General's Office for mortgage-modification or foreclosure-rescue fraud has grown to more than 40, including 11 with ongoing investigations in the Orlando area.

The various operations are accused of collecting upfront fees to help people modify their home loans or rescue their house from foreclosure. Under the state Foreclosure Rescue Fraud Prevention Act, which became law last October, companies can't charge upfront fees for foreclosure-rescue services or loan-modification services related to a foreclosure.

In Roustand's case, she paid Wineberg, Lopez & Rodriguez her entire savings of \$700 plus biweekly payments of \$260.

The company had sought to appeal to Hispanics in loan trouble by advertising on

Spanish-language radio and television stations, said Ryan Wiggins, spokeswoman for the Attorney General's Office. A number of the other foreclosure-rescue firms being investigated also appeared to target Hispanics, she said, even in some cases in which Hispanics operated the "rescue" companies.

"They were exploiting people's vulnerabilities," Wiggins said. "They are preying on their fears, and that a lot of people don't know the law and don't know where they stand."

The Wineberg case has drawn the most attention in Florida, with more than 700 consumer complaints.

Roustand said she went to the less-than-year-old company's Hunter Creek offices in southwest Orange County about a month ago and discovered dozens of other homeowners gathered in the hall and in front of the building trying to demand answers but getting none. The company's two Orlando offices, on Old Winter Garden Road and John Young Parkway, are now closed, as is an office in St. Petersburg.

The Attorney General's Office filed a lawsuit in state Circuit Court accusing co-owners William Rodriguez, and Freddy Lopez Sr. of deceptive and unfair trade practices. Lopez claimed to be a "real estate guru" and Rodriguez a "mortgage specialist," the state's complaint alleges. (Neither Rodriguez nor Lopez could be reached for comment.)

Most of the businesses or nonprofit organizations under investigation appear to have closed shop or – as in the case of the Helping Hands Foundation, a HUD-certified, nonprofit housing-counseling agency in Orlando – would not return calls.

The Attorney General's Office has also filed a lawsuit against another Orlando loan-modification company, Three Angels Community Action Network Inc., and its president, Sherrard A. Haugabrooks. Bolstered by 15 consumer complaints, the suit alleges Haugabrooks' company charged homeowners upfront fees generally equal to a monthly mortgage payment.

Consumer complaints aren't necessary to launch an investigation, officials said. "We don't necessarily need a high volume of complaints, or even any complaints, to initiate an investigation, although complaints do help establish a pattern of behavior," Wiggins said.

So far, the Attorney General's Office has settled one Orlando-related case of foreclosure-rescue fraud. Homestead Protection Services LLC of Maitland agreed to pay more than \$20,000 in restitution to former customers as the result of a state-initiated lawsuit that had accused the firm of charging homeowners \$997 to \$3,500 each to "rescue" them from foreclosure.

According to the state's lawsuit, customers got little if anything in return for their money. Copyright © 2009 The Orlando Sentinel, Fla., Mary Shanklin, Distributed by McClatchy-Tribune Information Services.

New Home Appraisal Rules Stir Industry Backlash

WASHINGTON – July 15, 2009 – Less than three months after new rules for home appraisers kicked in, the real estate industry is in an uproar.

Realtors, homebuilders, mortgage brokers and the appraisal industry itself all agree the rules are causing problems. Some are backing a bill in Congress to kill them.

The new guidelines essentially put a firewall between lenders and home appraisers. They also ended the practice of lenders using their in-house staff for initial home appraisals and prohibit the use of appraisal-management companies owned or controlled by lenders.

But since they went into effect May 1, the rules have created a slew of unintended consequences that critics say are causing delays in closing sales, or undermining sales because botched appraisals are coming in too low.

“This thing is not only preventing the housing market from recovering, it’s destroying the housing market,” said Marc Savitt, president of the National Association of Mortgage Brokers. “We’re eliminating competition, and we all know what happens when you eliminate competition: Prices go up.”

After a homebuyer and seller agree on a price, the buyer applies for a mortgage. The lender then orders an appraisal to ensure the value of the property, because if the borrower defaults the property will be sold to satisfy the debt. The appraisal fee, which can run between \$250 and \$500, is usually paid by the buyer.

To determine what a home is worth, the appraiser compares prices of similar homes that were recently sold in the area and makes adjustments for different features, such as a swimming pool or extra bathroom. If the property appraisal comes in below the agreed upon price, the buyer usually has to make up the difference and may instead walk away.

Suzanne Wilhelm, who has been trying to sell her home in Henderson, Nev., for six months, blames an appraisal done under the new rules for scuttling what had been a done deal with a buyer several weeks ago.

The appraisal valued her four-bedroom, 2,000 square-foot house at \$190,000 - \$45,000 less than the price the buyer agreed to pay. Wilhelm, who paid \$187,000 for the house in 2001, believes the appraiser based his estimate on the sale of several foreclosed homes in the area but ignored sales of regular homes that would have reflected a higher price.

“It’s very unfair that we’re put into the same bracket as those people who were so irresponsible in buying their homes,” said Wilhelm, a teacher.

The rules, dubbed the Home Valuation Code of Conduct, are meant to eliminate conflicts of interest that created pressure on real estate appraisers to inflate the value of a property. Lenders, agents and brokers have been known to pressure appraisers to “hit the number” that the homebuyer and seller agreed on so the deal would close and everyone could

collect their fees. Inflated appraisals were partly blamed for fueling the housing bubble.

But under a settlement last year with New York Attorney General Andrew Cuomo, Fannie Mae and Freddie Mac agreed only to buy loans from lenders that don't directly hire appraisers. The move sent shock waves through the industry because Fannie Mae and Freddie Mac own or guarantee about half of all U.S. home loans.

So lenders started giving more business to appraisal management companies, which critics say draw appraisers from a pool of candidates willing to do the job for less money and who, in some cases, may be unfamiliar with a neighborhood.

Paul Conforti, a broker with Prudential Douglas Elliman in Merrick, N.Y., said he's seen appraisers based as far as Maryland, about 200 miles away, come into New York's Nassau County to evaluate homes there.

"If you're appraising a house, all you really have to go on is the" recent sale of similar properties, Conforti said. "If the person doesn't know the area ... they end up using comparables from another town. It doesn't make sense."

Almost 60 percent of builders are reporting that inadequate appraisals are causing serious problems in the market, often comparing newly built homes to foreclosures without considering the money needed for property repairs. Of those reporting appraisal problems, more than half said the appraisal amount was actually less than the cost of building the home, according to a survey released this week by the National Association of Home Builders.

Cuomo's office maintains the rules are necessary, and that critics are using the appraisal rules as a scapegoat for a declining housing market made worse by the recession.

"With homes prices falling and foreclosures rising, this complaint is simply wrong and risks returning us to a corrupt system filled with conflicts of interest that promoted artificially inflated values," said Emily Browne, a spokeswoman for Cuomo.

Browne added that there's no evidence of a spike in appraisal delays in the two months that the rules took effect.

"Even if there are some delays, there is no reason to think the (rules are) the cause, as opposed to the unrelated, nationwide drop in home values which has made the appraisal process more complicated," she said.

But the real estate industry is coming out against the rules in force.

The National Association of Mortgage Brokers went to court in February to block the changes, which it claims limit competition. Since then, other key industry groups, including the Appraisal Institute, have voiced their opposition to all or elements of the home appraisal guidelines.

Last week, the National Association of Realtors urged members of Congress to support a bill that would impose an 18-month moratorium on the new appraisal guidelines. The measure is still working its way through Congress.

The Realtors said the new appraisal guidelines are hurting the real estate industry. It contends that appraisers hired by appraisal management companies are not hired “for their competency and qualifications, but for their turnaround time and price.”

Freddie Mac tried to address some of those concerns last week when it issued new home appraisal “best practices” guidelines for lenders.

Among its recommendations, the mortgage finance company said appraisers must be certified or licensed in the state where the property being appraised is located and be familiar with the local market.

Fannie Mae issued similar guidelines in April.

“We’re optimistic that the push to quality will in fact solve some of the problems,” said Ken Chitester, spokesman for the Appraisal Institute. “If consumers are demanding that qualified appraisers perform the valuation on the properties, then that’s a big step in the right direction.

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First Time Buyers Tax Credit

ORLANDO, Fla. – July 10, 2009 – For a limited time only, first-time homebuyers have a once-in-a-lifetime opportunity to purchase a Florida home of their own with a helping hand from Uncle Sam – the federal \$8,000 tax credit for first-time buyers.

Florida Realtors® and the Florida Association of Realtors® (FAR) designated July 12-18, 2009, as “Welcome Home Week: Making Homes Affordable” to spread the word about the tax credit and the new Florida Homebuyer Opportunity Program, plus other homebuyer programs and foreclosure prevention resources.

Under the Florida Homebuyer Opportunity Program, first-time Florida homebuyers can obtain tax credit bridge loans to access their federal tax credit before they complete a home purchase, enabling them use that money upfront for downpayment and closing costs. Once buyers submit their returns to the IRS and receive their tax credit, they repay their loans to the state.

“We want Floridians to take advantage of this important program, which will help stimulate the state’s economy as well as the real estate market,” said 2009 FAR President Cynthia Shelton, CCIM (Certified Commercial Investment Member). “By helping qualified first-time buyers come up with the funds needed to purchase a home, this initiative will play a vital role in overcoming the largest financial barrier to

homeownership.”

City and county housing offices that already operate the State Housing Initiatives Partnership (SHIP) are administering the Florida Homebuyer Opportunity Program, under the overall direction of the Florida Housing Finance Corporation (FHFC). Most of the policy decisions for the program are implemented on the local level. The local housing coordinator is the best point of contact for Realtors and prospective buyers to find out application procedures, qualification requirements and repayment rules. For more information on the program, contact a local SHIP office.

For a local SHIP office, go to

http://apps.floridahousing.org/StandAlone/FHFC_ECM/AppPage_SHIPLGContacts.aspx

Several thousand first-time homebuyers could benefit from the state program, according to research by the FHFC. However, first-time buyers considering a home purchase should act quickly, Shelton said, since the purchase has to be completed by Nov. 30, 2009, to receive the federal tax credit under the American Recovery and Reinvestment Act.

For more information about “Welcome Home Week,” the \$8,000 first-time homebuyer tax credit, the Florida Homebuyer Opportunity Program and other homebuyer resources, go to the Homebuyer Center on FAR’s website at

<http://www.floridarealtors.org/AboutFar/homebuyercenter/index.cfm>.

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