



Obama's new stimulus package gives tax credits to first time homebuyers, brings back what was a temporary Loan limit increase up to \$729,750 (see your county) and promises to push more programs to make banks and lenders mitigate more mortgage loans and help keep people in their homes. Yes, this may help by having more buyers able to pick up the bank owned properties but I am not sure what this will do for those that are in hardship and have no value to work with as they struggle to stay put. Refinancing may not be an option even with higher loan limits and if the banks do not start decreasing mortgage balances to offset the lost value, then this will not help. We need a Fed program that would drop rates to current low levels without value as a factor. If the home values are not there and these properties are upside down, then banks and lenders should settle and reduce these balances. No surge in homeownership will help increase any property values this year.

*Editor: National Mortgage Network*

## Obama focusing on stimulus, foreclosure crisis

By STEVEN R. HURST, The Associated Press

8:29 a.m. February 15, 2009

WASHINGTON — President Barack Obama promotes his economic agenda this week with trips outside Washington to sign the \$787 billion stimulus package and to tackle the home mortgage foreclosure crisis.

As he struggles to lift the country out of its worst economic downturn since the Great Depression of the 1930s, Obama termed passage of the stimulus measure a "major milestone on our road to recovery." Of perhaps equal importance will be his effort to reverse the collapsing housing market that triggered the financial crisis.

The stimulus package, which passed with no GOP support in the House and the minimum three Republican votes in the Senate, aims to save or create as many as 3.5 million jobs through massive government investment while boosting consumer spending through modest tax cuts.

The mortgage plan is intended as a counteroffensive against the housing collapse that has seen millions of people default on loans and lose their homes. Lending froze as banks and investment houses realized they were holding trillions of dollars in bad assets.

Under an emergency \$700 billion program passed late last year, the Bush administration used half to forestall a financial collapse. But the flow of credit did not ease and use of the money was criticized because it was poorly administered and overseen.

Obama is now working to leverage the second portion of the bailout money into a program that could result in \$2 trillion in government and private sector cash infusions to help banks and investment houses clear away "toxic" holdings and thereby spur lending.

Obama's senior White House adviser said Sunday that people soon will see positive effects of the stimulus plan. Speaking on "Fox News Sunday," David Axelrod said signs that the stimulus program is working will be obvious as work begins on infrastructure and other programs.

Yet, Axelrod warned, it's going to take time for the effects to register in employment statistics and the economy is likely to get even worse before it begins to rebound. White House spokesman Robert Gibbs agreed that the economy hasn't bottomed out yet. But he predicted the stimulus will put the country on the road to recovery.

Gibbs also said Obama will continue "unprecedented" outreach to Republicans, whose opposition to the stimulus measure has found them with dismal poll numbers among Americans suffering under the recession.

Sen. John McCain, nevertheless, said Obama failed to include Republicans in writing the big economic stimulus bill. The Arizona Republican said the stimulus spending will create what he calls "generational theft" – huge federal deficits for years to come.

McCain, who lost the presidential race to Obama, said Obama the president is backtracking on promises of bipartisanship and was off to a bad start. "Let's start over now and sit down together," said McCain, who appeared with Gibbs on CNN's "State of the Union."

By signing the stimulus bill into law Tuesday in Denver and detailing his mortgage rescue proposal the next day in Phoenix, Obama is continuing to take his message directly to the public. Both actions show he is trying to sidestep the partisanship still gripping Washington despite his efforts to soften the Republican opposition.

***From the California Association of Realtors February, 13<sup>th</sup> 2009***

Dear C.A.R. Member:

Late this evening, the U.S. Senate passed the American Recovery and Reinvestment Act of 2009 by a 60 to 38 vote. Earlier today, the stimulus package passed the U.S. House of Representatives in a 246 to 183 vote. Today's votes followed several days of negotiations by the House, Senate, and White House, with the final tab for the stimulus bill coming in at \$787.2 billion.

On the housing front, the good news is that the legislation resets the conforming loan limit cap at \$729,750, up from \$625,500. Numerous counties in California experienced a marked decrease in their conforming loan and FHA limits on Jan. 1, and the stimulus bill reinstates 2008 loan limits through Dec. 31, 2009.

The bill also increases the first-time home buyer credit from \$7,500 to \$8,000, and removes the requirement that the credit be paid back if the buyer stays in the home for at least three years. It also extends the expiration date for the credit from July 1 to Dec. 1, 2009. Homebuyers must have purchased a home after Jan. 1, 2009, and before Dec. 1, 2009, to be eligible for the \$8,000 credit.

C.A.R. and NAR have long advocated for higher conforming loan limits. The conforming loan limit provisions and other housing elements in the stimulus package are a step in the right direction for our industry and all Californians.

The stimulus package also contains \$308.3 billion in appropriations spending, including \$120 billion on infrastructure and science and more than \$30 billion on energy-related infrastructure projects. It also allocated an additional \$267 billion for direct spending, including increased unemployment benefits and food stamps; and provides \$212 billion in tax breaks for individuals and businesses.

Now that the stimulus package is approved and is on its way to President Obama for signature, it is our hope that Congress will turn its attention toward helping homeowners remain in their homes and will take immediate steps directed specifically at stemming the ongoing foreclosure crisis.

We'll keep you updated on today's news as more detailed information becomes available.

Sincerely,

James Liptak  
2009 President  
CALIFORNIA ASSOCIATION OF REALTORS®

