

## GREAT RATES IN 2008

Mortgage brokers and real estate agents nationwide are talking about the effects of the \$168 billion package that includes new, but temporary, rules for mortgages. The stimulus package raised the ceiling on 'conforming loans,' those loans that are backed by the Federal Housing Administration and have a lower interest rate.

It used to be that conforming loans could be no higher than \$147,000. In some parts of the country, San Francisco and other parts of California, most homes sell for more than that so many mortgages were expensive, nonconforming, or jumbo, mortgages. The stimulus package will raise the ceiling to \$729,750 for the most expensive housing markets. Other markets could also have their loan ceilings raised.

This means more people will be able to finance or refinance their homes, even if their credit is poor or they don't have a large down payment. Real estate bloggers immediately weighed in on what the stimulus package will mean.

In Maryland, Ken Montville wrote: "If you don't buy a home or refinance your home before December 31, 2008 you are at a risk of losing a competitive rate. When your friendly neighborhood Broker tells you that NOW is the time to buy or refinance. You may want to listen to him or her. Because with stable prices, seller concessions and a low low interest rate (because of the Economic Stimulus package) it is truly the best time in history to buy a house or refinance."

On the other side of the country Garry Loss of Orange County writes: "These fixes will give the financial markets time to heal and restore liquidity to the markets in time. It will also allow thousands of homeowners to refinance their loans to more favorable rates and terms. It will take a few weeks before the change will take effect. As a direct result of the stimulus package, expect demand to increase in Orange County along with a huge refinance boom."