

Home Mortgage Proposals

The country is two months into 2009 and a few weeks into a new Presidential administration. The economic downturn continues to worsen and unemployment is on the rise. The new President has made it clear that breathing life into the housing sector will be a focus of any stimulus plan. A plan introduced by Republicans the first week of February proposes targeting home mortgage rates directly. The bill would include decreasing home mortgage rates to as low as 4 percent. Interest rates are at the lowest point since the 1970s and, if Republicans have their way, they will drop even more. The average fixed home mortgage rate for a 15 years was well below 5 percent the second month of 2009. Those who support the plan believe the lower interest rates will encourage buyers to jump into the market, while freeing up extra monthly savings for them to spend elsewhere. They feel that lower home mortgage rates will help reduce the current glut of unsold homes. The National Association of Realtors estimates that every percentage point drop in home mortgage rates encourages 500,000 new sales. Many believe that the housing sector can begin to recover once people start buying up some of the inventory.

In addition to reducing home mortgage rates, Congress is debating other means to address the housing sector directly. One proposal is to extend a tax credit to all home buyers, rather than just those buying for their first home. The credit would also be increased from \$7,500 to as much as \$15,000. There would be an income qualification of \$150,000 per year for those filing joint tax returns and \$75,000 for an individual. Reducing the amount of home mortgage foreclosures is another topic being addressed. Many banks have voluntarily postponed any home mortgage foreclosures until after the details of any stimulus plan to help the real estate sector are announced.

The Obama Administration plans to introduce its economic plan in the next couple weeks. It is unclear how many details currently being discussed by lawmakers will be included in the plan, but President Obama has made it clear that he would like to prevent more foreclosures and reduce [home mortgage](#) costs for consumers. Shortly after taking office, President Obama said he favors putting half of the money remaining from the stimulus bill introduced by the last administration toward decreasing home mortgage defaults. In addition, Obama favors a recent proposal introduced by the FDIC that would oblige lenders to decrease home mortgage payments for consumers who are delinquent on payments to 30 percent of their income. See more [Refinance](#) ... [Mortgage calculator](#) ... [Mortgage rate](#) ...

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