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What the Stimulus Package Means for Homeowners in the Delaware Valley

MALVERN, February 17, 2009 – With the passage and signing of the American Recovery and Reinvestment Act, a number of provisions are now in place to immediately help existing and potential homeowners throughout the Delaware Valley. The Stimulus Bill, coupled with ongoing efforts of the Treasury Department to help stem foreclosures, should increase the abilities of residents of Montgomery County to buy, sell or maintain their homes, according to the Suburban West REALTORS Association.

“Homeownership is one of the most important investments for the well-being of our community,” said Terry Kirkwood, chairman of the Suburban West REALTORS Association and manager of the St. Davids office of Duffy Real Estate. “We applaud the government’s continued focus and efforts on helping to ease the burden for our residents.”

The most important provision of the new Stimulus Package is the enhancement of the First Time Homebuyer Tax Credit. Initially created in August 2008, the now improved tax credit is \$8,000 (instead of \$7,500) and does NOT require repayment (the previous credit did, making it more of an interest-free loan). Thus, buyers who purchase a home between January 1, 2009 and December 1, 2009 can claim a tax credit for as much as \$8,000 when they file their federal income tax return. If any credit amount remains unused, then the unused amount will be refunded as a check to the purchaser.

“Providing an even greater incentive to potential first time homebuyers is critical to improving our housing market in so many ways,” explains Kirkwood. “A 2008 study conducted by the National Association of REALTORS shows that the percentage of total buyers that are first-timers has increased substantially throughout the Northeast (46% last year). With the potential of more first-time homebuyers added to historically low interest rates, there can be good opportunities for both buyers and sellers.”

In addition to enhancing the First Time Homebuyer Tax Credit, the package also includes provisions to:

- **Reinstate the 2008 loan limits for FHA, Freddie Mac, and Fannie Mae loans.** Loans originated in 2009 are subject to limits of 125% of local Delaware Valley median home prices up to \$420,000 for FHA, Fannie and Freddie. These limits will expire December 31, 2009.

- **Additional funding for the Neighborhood Stabilization Program.** \$2 billion dollars has been allotted to help this program continue to address the problems in communities decimated by foreclosures. The funds can be used to purchase, manage, repair and resell foreclosed and abandoned properties through the Community Development Block Grant program.

Suburban West REALTORS Association is the largest local REALTOR organization in Pennsylvania, representing approximately 5,000 members in Chester County, Delaware County and the Main Line involved in all aspects of the residential real estate industry.

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