



Senator
Bill Stouffer

DISTRICT 21

Senator Bill Stouffer – Cultivating Rural Missouri.

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The Stouffer Report: The Feds Try to Help Homeowners

I have to tip my hat to my staff. They take a large number of calls on an even larger variety of issues. And not all of the phone calls they take are related to issues directly affecting state government.

A lot of times, folks call the Missouri Senate thinking they are talking to a direct link to their *U.S.* senator. These calls tend to increase during election years, with more people trying to stay in tune with the happenings from their backyard to Capitol Hill. An example of this can be found in the new federal housing bill the president recently signed.

Some say this legislation is a bail out for those who should have known better than to buy a home outside of their means. Others see it as a way to finally end the so-called "housing crisis."

There are a lot of details contained in the [Federal Housing and Economic Recovery Act of 2008](#). While you may think the bill only pertains to people who are struggling to pay off their mortgage, there is a lot more than meets the eye with this sweeping legislation. The biggest benefit I see is the elimination of [Fannie Mae](#) and [Freddie Mac](#) handing out loans without checking income. That practice stops with this new law.

There is a provision in the bill that lets people cancel old mortgage loans and replace them with new, 30-year fixed loans. The old loans would have to have started before this year and be on your primary residence only. In other words, no investment properties or vacation homes. This program also has a sunset of September 30, 2011.

Another piece of the bill benefits first time homeowners. Certain new home buyers will be eligible for a federal tax credit of either 10 percent of purchase price or \$7,500. However, the credit has to be paid back over a 15-year period.

For older folks, the Federal Housing and Economic Recovery Act may come as welcome news. It makes some changes to [reverse mortgages](#). Now,

[origination fees](#) are limited to 2 percent of any loan, up to \$200,000 and 1 percent beyond that. The amount you can borrow is rising, too. Where the biggest reverse mortgage was \$400,000, it will now be \$625,500. Also, borrowers can no longer be forced into buying [annuities](#) or insurance policies in order to qualify for a reverse mortgage.

If you own a home and take the [standard income tax deduction](#), but do not itemize, you are now eligible for an additional federal deduction of \$500, or \$1,000 if you are married and file your taxes jointly. There is a catch, though: if you take the additional deduction, you will have to report the property taxes you paid on your tax form. If your property taxes are less than the \$500 or \$1,000 deduction, the deduction then becomes limited to whatever you paid in property taxes.

Lenders will now have to wait nine months instead of 90 days before they can start foreclosure proceedings on a home owned by somebody returning from the military. Lenders will also have to wait one year before they can increase interest rates on a mortgage held by someone returning from military service.

The mortgage crisis in this country is affecting folks of all ages. My hope is this new federal law, good or bad, coupled with [Senate Bill 711](#) that we passed and the governor signed, will help everybody keep the property and homes they own for decades to come.

Senator Stouffer serves the counties of Carroll, Chariton, Cooper, Howard, Lafayette, Macon, Ray, Saline, and a part of Clay.

If you have questions or comments about this or any other issue, please call toll free (866) 768-3987 or by e-mail at bstouffer@senate.mo.gov.

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