

Housing Aid Package Aims to Help Responsible Homeowners with Mortgage Loans

The President is expected to unveil the details of the plan to help the housing sector tomorrow in Arizona. It is expected that \$50 billion of the current economic stimulus bill will be set aside as a housing relief plan. Reducing the number of foreclosures and defaults on mortgage loans will be a primary goal of the plan. Many real estate analysts expect foreclosure rates to increase dramatically in the next few years, as over 2 million homes went into foreclosure in 2008. Arizona was ranked number three in the nation for foreclosures. The state is also struggling with the economic downturn, as unemployment was nearly 7 percent at the end of the last year. By choosing Arizona as the place to unveil the details of a plan to help the housing sector, President Obama will be able to reach out to the very people who have been most affected by the economic crisis.

The President signed the new \$787 billion economic stimulus bill today in Denver. At that press conference, he stated that the goals of the housing plan would target foreclosures on mortgage loans and declining home values to help responsible homeowners. Even homeowners who are not in danger of foreclosure have been affected by declining home values. One survey by Zillow demonstrated that of every six people who own their homes, one is now in a situation of owning a home worth less than the mortgage on that home. Zillow estimates that the housing market lost over \$3T the past year. Homeowners who have mortgage loans and wish to undergo refinancing have a tougher time when their home values have decreased, because it decreases the amount of equity they own. Add that to the current glut of inventory of unsold homes due to foreclosures and tighter lending standards, and the housing market looks like a sinking ship. It is expected that the housing plan will offer voluntary incentives to lending institutions to reduce payments on mortgage loans to as low as 31 percent of pretax income for qualified consumers. It is not likely that banks will lower the principal on mortgage loans, but will lower monthly mortgage payments for qualified customers. Making mortgages more affordable will also likely be another goal. That could be accomplished through opportunities to let homeowners hit by declining values undergo refinancing and through decreased interest rates for new mortgages.

There will no doubt be consumers who will not be able to afford their mortgage loans, in spite of the loan modifications. But the goal of the housing aid package is to help conscientious homeowners keep their homes, in an effort to help the battered housing market begin to recover. Only time will tell if the efforts will be enough to keep the housing sector afloat.

About the Author

For more info on [refinance mortgage](#), visit www.getsmart.com/refinance.

Source: <http://ultimatedepot.com>