

November 6, 2009



**THOROUGHBRED
MORTGAGE**
AN AFFILIATE OF WELLS FARGO HOME MORTGAGE

Weekly Mortgage Update



Mark Logue
Branch Manager
Tel: 914.980.5585
www.homeloans.com/mark-logue

Homebuyer Tax Credit Update !!!!!!!

On November 6, 2009, President Obama signed a bill to extend the Tax Credit for first-time homebuyers (FTHBs) through June 30, 2010.

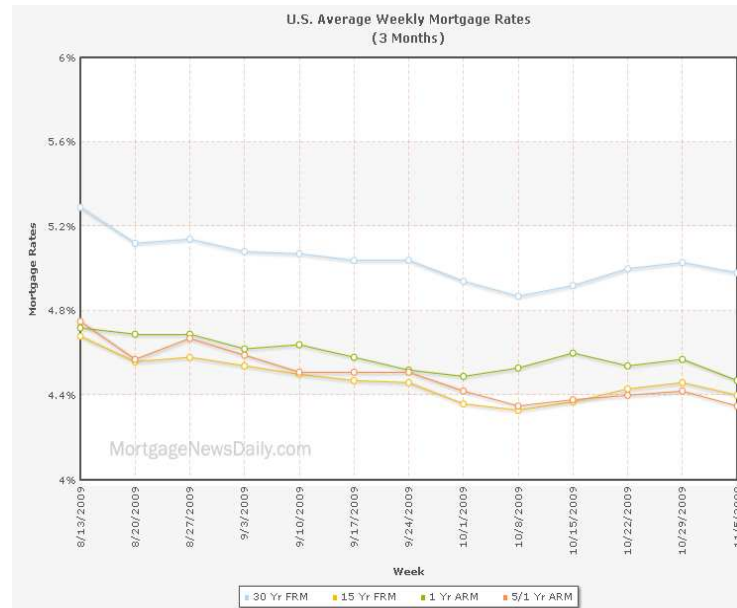
Details on page 2.

Federal Reserve MBS Purchase Program



On November 4, 2009, The Federal Reserve repeated it will keep interest rates near zero for “an extended period of time” and indicated that policy will stay unchanged as long as inflation expectations are stable and unemployment fails to decline.

Chairman Ben Bernanke seems to be indicating that the economy is improving, however, this is mainly due to the government stimulus package.



Program	Rate	Points	APR	\$/1000
5/1 Jumbo	4.375%	0	3.42%	\$4.99
7/1 Jumbo	4.625%	0	3.72%	\$5.14
10/1 Jumbo	5.000%	0	4.35%	\$5.34
30 Year Conform	5.00%	0	5.18%	\$5.34
30 Year Hi- Bal.	5.25%	0	5.29%	\$5.52
30 Year Jumbo	5.75%	0	5.79%	\$5.84
15 Year Jumbo	4.75%	0	4.78%	\$7.75

Rates are subject to change without prior notification.

November 6 , 2009



Tax Credit for Homebuyers

First-Time Homebuyers (FTHBs): First-time homebuyers (that is, people who have not owned a home within the last three years) may be eligible for the tax credit. The credit for FTHBs is 10% of the purchase price of the home, with a maximum available credit of \$8,000. Single taxpayers and married couples filing a joint return may qualify for the full tax credit amount. ***Current Owners:*** The tax credit program now gives those who already own a residence some additional reasons to move to a new home. This incentive comes in the form of a tax credit of up to \$6,500 for qualified purchasers who have owned and occupied a primary residence for a period of five consecutive years during the last eight years. Single taxpayers and married couples filing a joint return may qualify for the full tax credit amount.

What are the New Deadlines?

In order to qualify for the credit, all contracts need to be in effect no later than **April 30, 2010** and close no later than **June 30, 2010**.

Tax Credit Versus Tax Deduction

It's important to remember that the tax credit is just that... a tax *credit*. The benefit of a tax credit is that it's a dollar-for-dollar tax reduction, rather than a reduction in a tax liability that would only save you \$1,000 to \$1,500 when all was said and done. So, if a first-time homebuyer were to owe \$8,000 in income taxes and would qualify for a tax credit of \$8,000, she would owe nothing.

Better still, the tax credit is refundable, which means the homebuyer can receive a check for the credit if he or she has little income tax liability. For example, if a first-time homebuyer is eligible for a tax credit of \$8,000 but is liable for \$4,000 in income tax, she can still receive a check for the remaining \$4,000!

Higher Income Caps

The amount of income someone can earn and qualify for the full amount of the credit has been increased. Single tax filers who earn up to \$125,000 are eligible for the total credit amount. Those who earn more than this cap can receive a partial credit. However, single filers who earn \$145,000 and above are ineligible

Joint filers who earn up to \$225,000 are eligible for the total credit amount. Those who earn more than this cap can receive a partial credit. However, joint filers who earn \$245,000 and above are ineligible.

Maximum Purchase Price

Qualifying buyers may purchase a property with a maximum sale price of \$800,000.

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Remember, the new tax credit program includes a number of details and qualifications. For more information or answers to specific questions, please call or email me today.
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