09pportunity.

The recent normalization of the real estate market has created a strong buyer's market, particularly for first-time buyers and real estate investors who don't have to wait for their home to sell before taking advantage of lower prices and increased choices.

NEW TAX CREDITS FOR FIRST-TIME BUYERS

First-time homebuyers, defined as people who haven't owed a home in the past three years, are eligible to receive up to $7,500 in tax credits, based on a joint filing couple earning less than $150,000 annual income. Individuals earning less than $75,000 can receive up to $3,750. The tax credit is actually a zero interest loan that is repayable over 15 years. The credit applies to homes purchased up to July 1, 2009.

INTEREST RATES ARE LOW

Thirty-year fixed-rate mortgages (FRMs) have been hovering around 6 percent for the past several years, representing the most stable period for interest rates in the past 40 years. Rates are expected to stay low for the near future.

REFINANCING REMAINS POPULAR

Freddie Mac reports that home loan refinances account for approximately 60 percent of total loan applications. Since 2001, the average age of a loan prior to refinance was 2.7 years. Due to the unpredictability of adjustable-rate mortgages (ARMs), more people are switching to more stable FRMs. Of the ARMs that were refinanced in 2008, 97 percent were switched to FRMs.

LOANS REMAIN AVAILABLE

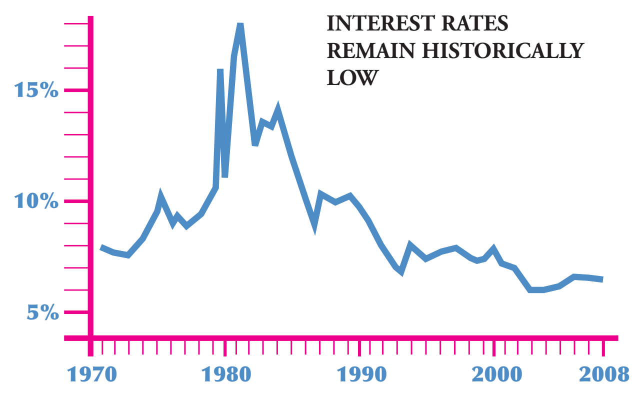
Although underwriting guidelines have changed and will most likely continue to do so, lenders are still making home loans. The best advice is to:

- Reduce or eliminate all credit card debt (Note: 30% or lower debt to credit limit ratio is ideal).
- Avoid high interest rate loans on consumer purchases.
- Build your cash reserves as much as possible.
- Raise your credit score as high as possible to get the best loan rate. Note: Only cardholders will have their credit score affected by credit card activity. "Authorized users" on credit cards will no longer be considered.
- Be prepared to document your income and assets.

20 CITIES WITH THE HIGHEST HOME EQUITY

	Equity as a %*	Average Equity
1. Beaumont, TX	75%	$76,458
2. Corpus Christi, TX	72%	$83,912
3. Gulfport, MI	71%	$85,997
4. Charleston, WV	67%	$63,521
5. El Paso, TX	67%	$71,565
6. Scranton, PA	66%	$69,640
7. Utica, NY	66%	$54,171
8. Honolulu, HI	65%	$249,915
9. Mobile, AL	65%	$68,498
10. Baton Rouge, LA	65%	$89,240
11. Shreveport, LA	65%	$70,410
12. Atlantic City, NJ	65%	$143,026
13. Allentown, PA	64%	$125,601
14. Santa Cruz, CA	64%	$363,475
15. Amarillo, TX	64%	$62,962
16. Binghamton, NY	64%	$51,924
17. Nassau & Suffolk Counties, NY	63%	$252,146
18. Naples, FL	62%	$209,981
19. Spartanburg, SC	61%	$66,149
20. Wilmington, NC	61%	$117,470

** Percentage of equity in total home value as of August 2008. Source: Forbes.com*



The *Perfect* Time to Refinance.

Refinance Your FHA Loan

If your home has an FHA mortgage, you may be able to refinance your loan to a lower interest rate. If your FHA loan is current and you aren't looking to take out equity, your monthly principle and interest payments can be lowered by streamlining your mortgage.

A "no cost" option will result in a slightly higher interest rate but with no out-of-pocket expenses. You may also be able to fold the closing costs into the new mortgage amount.

Applications for home loan refinances have spiked dramatically due to lowering interest rates. Following an interest rate drop from 6.06 percent to 5.86 percent during one week in September, refinance requests increased by 88 percent the following week.

With interest rates expected to stay at historic lows, mortgage refinances should experience continued popularity. Here's what you should keep in mind when refinancing your home loan.

Expect to document your income. The renewed focus on documentation affects everyone, particularly if you are self-employed or recently left your job to start your own small business. Borrowers should be prepared to show W-2s or tax returns from the previous two years to document your income.

If you would like to refinance your home but have yet to build up 20 percent equity, you will be required to purchase private mortgage insurance (PMI) until you've achieved 20 percent of equity. In the past, some borrowers have turned to second mortgages to cover the gap, but this has fallen out of practice.

Buying down your rate with discount points will save you money if you plan on remaining in your home long-term. Each discount point costs 1 percent of your loan amount and typically lowers your interest rate by approximately 0.125 percent. Depending on the type of loan, points may be tax deductible in the year they are paid.

(Please consult with a tax advisor for further information.)

New HUD Rules Will Lower Mortgage Payments

The Housing and Urban Development Department has introduced new changes to the Hope for Homeowners legislation originally passed last July, which allows borrowers to exchange troubled mortgages with more affordable ones. The modifications are intended to increase lender participation and help homeowners obtain more favorable loans.

Here are a few details, but be sure to check with your trusted advisor for more in-depth analysis:

- **Homeowners will no longer have to spend more than 31 percent of their monthly income on housing but can't exceed 43 percent. This is intended to keep borrowers within the spending ratio most financial experts recommend.**
- **Lenders can now write down a loan to 96.5 percent of the home's actual value, rather than 90 percent. This will give lenders more incentive to enter into new home loans.**
- **Loan terms can be extended from 30 years to 40 years. This allows borrowers to lower their monthly payments significantly.**
- **Second lien holders can receive up front cash settlements in exchange for releasing their lien and allowing the FHA to enter into new refinancing transactions.**

A few of the initial Hope for Homeowners rules still apply, including a home loan limit of $550,440. Your current mortgage must have been originated before January 1, 2008 to qualify.