

# NEW HOME BUYING PROGRAM

FANNIE MAE & FREDDIE MAC



First-time home buyers have caught a break, thanks to a 3 percent down payment program re-introduced by mortgage giants Fannie Mae and Freddie Mac.

They have accepted 5 percent down payments but larger ones have been the general rule since funky mortgages issued during the last decade helped trigger the Great Recession. The hope now is the lower down payment will inject some life into the moribund housing market.

Fannie calls its program My Community Mortgage and Freddie's is Home Possible Advantage, different names for programs discontinued several years ago as the housing market collapse deepened.

"Home Possible Advantage gives qualified borrowers with limited down payment savings a responsible path to home ownership and lenders a new tool for reaching eligible working families ready to own a home of their own," Dave Lowman, executive vice president of Single-Family Business at Freddie Mac, said in a email.

Fannie Mae's program takes affect on Saturday and Freddie Mac's on March 23. Realtors applaud lowering the limit.

"It's very exciting. We're thrilled to see this," said Chris Kutzkey, president of the California Association of Realtors. "We, as an organization, have been at the table with Fannie and Freddie and HUD (the federal Housing and Urban Development Department) saying that we are through the horrific times so let's loosen that credit box up a bit for our first-time buyers."

This week the website [www.mortgagenewsdaily.com](http://www.mortgagenewsdaily.com) reported that close to 70 percent of mortgage and housing industry professional responding to the Collingwood Group's Mortgage Outlook Report was hopeful that relaxed lending rules will help stimulate the industry.

But Collingwood, which provides advisory services to the industry, also noted that home loan credit will remain tight. So will knocking the down payment requirement by 2 percentage points really do the trick and boost home sales next year?

Probably not, said Clem Zirol, Jr., president and chief operating officer of First Mortgage Corp. in Ontario and a member of the California Mortgage Bankers Association's board of directors.

"I think it will pull a few people off the shelf, " he said. "But the good thing about this is it's an admission from the government that they need to loosen things up a bit. But with respect to moving the needle on sale? Probably not so much."

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