

# DID YOU KNOW?

## News from the Mortgage Industry

### Mortgage Insurance is Tax Deductible through 2011

- Available on mortgages issued January 1, 2007 through December 31, 2011
- Mortgage insurance premiums will be 100% deductible for households whose adjusted gross income is \$100,000 or less.
- Premium deduction is reduced 10% for each \$1,000 of income over \$100,000
- The premium deduction is prorated in the first year based on the month the loan closes
- Monthly, annual, and single MI premiums are eligible. Financed premium deductions should be taken over a seven year period.
- Applies to primary residence and one other residence purchased for personal use by the taxpayer, Refinance transactions may qualify.



#### Pre-Foreclosure / Short Sale / Deed-in-Lieu of Foreclosure Conventional Underwriting Guideline Updates

The Conventional guidelines for the recovery period after a pre-foreclosure, short sale, or deed-in-lieu have been updated effective for loans registered on or after January 14, 2011.

Previously, a pre-foreclosure, short sale or deed-in-lieu of foreclosure required a recovery period of 2 years. Loans scored through Desktop Underwriter (DU) will continue to permit a 2-year recovery period for non-MI loans. Loans scored through Loan Prospector (LP) or manually underwritten require a 4-year recovery period after a deed-in-lieu, pre-foreclosure, or short sale. If extenuating circumstances can be documented, the recovery period is 2 years with a maximum 80% LTV.

Please note that when a credit history reflects a deed-in-lieu, pre-foreclosure, or short sale within the previous 7 years, the transaction is limited to a purchase of a primary residence or a no cash out refinance of any occupancy. Cash out transactions are not permitted until at least 7 years after the derogatory event.

#### What's projected for the industry this year?

The National Association of Realtors (NAR) released their forecast for this year. Overall, they see a steady improvement from 2010. The NAR projects that existing home sales will increase 8% in 2011. New Home Sales are expected to rise 24%, and Housing Starts will increase 21%. According to the NAR, "All the indicator trends are pointing to a gradual housing recovery." Supporting the NAR forecast, mortgage rates will start 2011 at the lowest level to begin any year in decades.

Rates still remain at historic lows making this a great to buy or refinance. Let me pre-approve your clients.

**Remember, 2nd opinions are always FREE!!!**



PHH Home Loans

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With interest rates nudging upwards over the past few months, don't forget about our

### Pre Purchase Rate Protection Program!

Clients can have a 90 day lock with a one time re-lock option.

Their new home must close within the 90 days and the rate they are protecting is .25% above current market rates. Once they are within 60 days of closing (but no less than 7 days) they are able to relock if the current rate is lower.

Questions? I am happy to help!

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