



## THE HOUSING ACT OF 2008

The "American Housing Rescue and Foreclosure Prevention Act of 2008" (the Housing Act) was signed into law by the President on July 30, 2008. The purpose of the Act is to shore up the housing market, tighten up lending practices, and reform financial institutions in the market.

The following are the key changes addressed in the Housing Act:

Effective January 1, 2009, conforming and FHA loan limits will be increased to a maximum of \$625,500 depending on metropolitan statistical area. Maximum loan amounts will be calculated at 115% of the area median home price (reduced from 125%). These changes replace the temporary limits established under the Economic Stimulus Act.

Effective October 1, 2008:

- A moratorium on FHA risk-based mortgage insurance premiums goes into effect. Details will be communicated once they have been determined.
- Seller-funded down payment assistance programs (DAPs) on FHA loans are eliminated
- The minimum cash investment on FHA loans increases to 3.5% (from 3%)
- The VA loan guaranty increases

[Primary Residence Conversion Changes](#)

[Primary Residence Capital Gains Changes](#)