

The CS Advisory Group

# the plan: action alert



## The Federal Reserve Stands Still

### Exclusive Report: Time to Make Your Move

The Federal Reserve held the line on Tuesday—leaving the Fed Funds Rate at 2.00% for the third straight meeting. The decision, however, was anything but cut-and-dry.

Earlier in the week, the Personal Consumption Expenditure data indicated that inflation climbed 0.8% overall in June, which is the highest inflation jump in 27 years. In addition, the report indicated that inflation now sits at 2.3%—above the Fed's desired range of 1-2%.

Although the Fed ultimately left interest rates unchanged, inflation obviously remains a concern and the recent rise may lead to an interest rate hike by the Fed in the near future.

#### What Does This Mean to You?

Many experts believe the housing market is nearing the bottom and may even be set to bounce back up. For now, home prices remain low, personal incomes are high, and interest rates are still very attractive.

If you've been weighing your options and waiting to see how things shake out, this is the ideal time to act—especially when you consider the new Housing and Economic Recovery Act benefits for home buyers:

**Tax credits.** First-time home buyers who purchase their primary residence between April 9, 2008 and July 1, 2009 are eligible for up to \$7,500 in tax credit, as long as they haven't owned a home in the last three years. The credit is actually a generous interest-free loan, so we'll have to talk about some income parameters and payback terms. But if you're

#### About Tracy Cavanaugh

Tracy has over a decade of experience in the mortgage banking industry. She established the Advisory division of AFFG with offices in both east and west coasts.

Tracy has earned the designations of both Certified Mortgage Planning Specialist (CMPS) and Certified Mortgage Planner (CMP) and holds a New Jersey Mortgage Banking License for both first and second mortgages and is a licensed California lender. She is a member in good standing with the Financial Planning Association and Certified Mortgage Planning Specialist Institute.

a new home buyer – or know someone who is renting or in the market to buy – this is a huge benefit that we should discuss.

**Lower rates for larger loans.** In the past, mortgages of \$417,000 or more have been considered "jumbo" loans that were more expensive to finance. Thanks to recent provisions, however, those jumbo loans were able to qualify for better financing rates in some parts of the country. Although those provisions were set to expire, they are being extended—with a minor change to the maximum amount eligible. This is great news that may save you a ton of cash, so call me to find out how this impacts our area, and if it could help you.

**Down Payment Assistance...going, going, not gone yet.** Another provision of the legislation eliminates some down payment assistance programs later this year...but they are still available right now, and depending on your circumstances, we may be able to take advantage of them to double your benefit as a home buyer.

**Bottom line...now may be the ideal time to put together a purchase strategy based on your unique situation.**

If you are interested in a 15-minute complimentary consultation please call Marti Sheredy VP of Client Services at (818) 762-0844 or email MartiSheredy@TracyCavanaugh.com.

Warm Regards,

**Tracy Cavanaugh CMP, CMPS**  
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