

## CASTLE RESPONDS TO CHAIRMAN BERNANKE'S BRIEFING ON STATE OF ECONOMY -- July 16, 2008

### Says Priority is to Maintain Economic Stability in Housing Market

Washington, DC - Today, Ben Bernanke, Chairman of the U.S. Federal Reserve Board, briefed the U.S. House Financial Services Committee on the current state of the United States economy, telling lawmakers of his concerns that our financial systems have faced significant challenges this year with economic activity moving at a sluggish pace and inflation remaining high. He cited that the current housing and mortgage situation is placing strain on our economy, which is exacerbated by high energy prices. Much of the discussion surrounding today's hearing stemmed from the Administration's recent proposal to increase credit lines to the Government Sponsored Enterprises (GSEs) to help restore investor confidence in Fannie Mae and Freddie Mac. Leaders in the U.S. House of Representatives have speculated that this proposal may be added to a comprehensive housing package that will soon be considered in the House.

Congressman Michael N. Castle (R-DE), senior member of the Financial Service Committee, was able to ask several questions of Chairman Bernanke during the hearing. In response to the Administration's proposal, Rep. Castle asked Chairman Bernanke if he felt that the GSEs are adequately capitalized now and additionally whether Congress is moving in the right direction with regards to the Fannie Mae and Freddie Mac. Chairman Bernanke responded that he believes the GSEs are in fact well capitalized but added that there is a growing need to restore investor confidence in the housing market.

Following the hearing, Rep. Mike Castle appeared live on Bloomberg TV's On the Economy, aside Rep. Maxine Waters (D-CA), to discuss Chairman Bernanke's remarks:

"As always, Chairman Bernanke displayed a wealth of knowledge and I think many of us on the Financial Services Committee agree with him, to some extent, that something must be done to restore confidence in the U.S. housing market," said Rep. Castle to Kathleen Hays of Bloomberg Television.

"I hope to see a housing package that includes GSE reform, FHA modernization, new lending and borrowing standards to prevent predatory lending and ensure borrowers are familiar with the terms of their agreement, and my safe harbor legislation to incentivize lenders to sit down at the table with borrowers in danger of foreclosure to renegotiate their loan terms. It is currently unclear what the final housing package will be, but I hope that over the next few days we will set aside political divisions and have a good discussion on housing solutions."

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