

## CASTLE SUPPORTS HOUSING STIMULUS COMPROMISE -- July 23, 2008

Says package is far from perfect, but crucial to market confidence

Washington, DC - Today, in an effort to encourage consumer confidence in the U.S. housing market, Rep. Michael N. Castle (R-DE) supported House passage of the most significant piece of housing legislation in over a generation, known as The American Housing Rescue and Foreclosure Prevention Act. This comprehensive housing reform package encompasses a number of provisions including 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 and includes an overhaul of the Federal Housing Administration. Rep. Castle believes this legislation will help stabilize the housing market and prevent similar weaknesses in the future.

The bill also includes a provision authored by Rep. Castle on mortgage liability which would encourage servicers to revisit the conditions of a problematic mortgage and encourage them to restructure the loan so more Americans may avoid foreclosure.

"I agree that this bill may over-reach in many ways. However, investors and homeowners should take note that leaders in Congress and the Administration sat down and worked out a compromise in order to put people before politics. The bill includes many crucial reforms to Fannie Mae, Freddie Mac and the Federal Housing Administration to establish new lending and borrowing standards and prevent predatory lending as well as my safe harbor legislation to incentivize lenders to work with borrowers in danger of foreclosure to renegotiate their loan terms," said Rep. Castle, senior member of the U.S. House Financial Services Committee.

"This particular package, the product of a significant set of compromises, has now gained the support of the Administration as well as key players in the Senate and looks like our best hope to restore stability to the housing market. I am relieved that we have been able to compromise and move this legislation and I am hopeful that the Senate will swiftly send the bill to the President before we leave for the August district work period."

Rep. Castle, and many of his colleagues on the Financial Services Committee, has called for many of these important reforms in the housing market since late last year.

Among a long list of provisions, H.R. 3221:

- Creates a new, strong, independent agency named the Federal Housing Finance Agency to regulate Fannie and Freddie and the Federal Home Loan Bank System;
- Overhauls the FHA and takes steps to increase the share of mortgages insured by the FHA; It also extends the maximum loan term on FHA single-family loans to 40 years from 35 years.
- Increases the size of individual mortgage loans that Fannie and Freddie would be permitted to buy would increase from \$417,000 to \$625,000.
- Provides \$3.92 billion in competitive community grants to states and local governments to purchase abandoned and foreclosed homes;
- Contains tax incentives to encourage home buying; including a tax credit to first time homebuyers and a temporary increase in low-income housing tax credits.

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