



House Passes H.R. 3221, H.R. 5818

The House of Representatives passed two foreclosure reform bills on Thursday, May 8, 2008.

First, the American Housing Rescue and Foreclosure Prevention Act, (H.R. 3221), a combination of bills intended to temper the foreclosure crisis, passed the House by a vote of 266 to 154. Key components of the legislation include:

Amendment 1: FHA Housing Stabilization and Homeownership Retention Act (H.R. 5830)

- Provides mortgage refinancing assistance
- Expands the FHA program so many borrowers in danger of foreclosure can refinance into lower-cost government -insured mortgages. Only primary residences are eligible.
- To participate, lenders and mortgage investors must take losses by reducing the loan principal. In exchange for an FHA guarantee on the mortgage, borrowers must share any profit from the resale of a refinanced home with the government.
- Contains higher refinancing fees that establish a new FHA reserve to cover possible losses from defaults on these government-backed mortgages.
- Provides \$230 million for financial counseling to help families stay in their homes.

FHA Modernization (H.R. 1852)

- Expands affordable mortgage loan opportunities for families and for seniors through expanded access to reverse mortgages through Federal Housing Administration reform

GSE Reform (H.R. 1427)

- Strengthens regulation of Fannie Mae and Freddie Mac, and the Federal Home Loan Bank system.
- Raises the GSE loan limits for single family homes in high cost areas.
- Expands liquidity in the mortgage markets by buying loans already made, freeing up money for new mortgages and refinances.
- Creates a new Fund to boost the nation's stock of affordable rental housing.

Encouraging Mortgage Modifications/Castle Bill (H.R. 5579)

- Provides mortgage servicers with clarity and certainty for loan modification, and protection from investor lawsuits for specified loan modifications.

Increasing the VA Home Loan Limit

- Increases VA Home Loan limit, as was done in the stimulus package, for high-cost housing areas so that veterans have more homeownership opportunities.

Amendment 2-- Tax Provisions to Expand Refinancing Opportunities and Spur Home Buying (H.R. 5720): This amendment provides \$11 billion in tax benefits, including tax credits to first-time homebuyers, a real property tax deduction for non-itemizers, an additional \$10 billion in mortgage revenue bonds for states, and improves access to low-income housing.

- Gives first-time homebuyers a refundable tax credit that works like an interest-free loan of up to \$7,500 (to be paid back over 15 years) to spur home buying and stabilize the market. The credit will begin to phase out for taxpayers with adjusted gross income in excess of \$70,000 (\$140,000 in the case of a joint return).
- Provides taxpayers that claim the standard deduction with up to an additional \$350 (\$700 for a joint return) standard deduction for property taxes in 2008.
- Temporary increase in mortgage revenue bond authority to allow for the issuance of an additional \$10 billion of tax-exempt bonds to refinance subprime loans, provide loans to first-time homebuyers and to finance the construction of low-income rental housing.
- Temporary increase in low-income housing tax credit and simplification of the credit to help put builders to work to create new options for families seeking affordable housing alternatives.
- Helps returning soldiers avoid foreclosure by lengthening the time a lender must wait before starting foreclosure, from three months to one year after a soldier returns from service.

Amendment 3-- Miller/LaTourette

- Clarifies that this act, the National Bank Act, and the Home Owner's Loan Act do not preempt State foreclosure laws for national banks or federally chartered thrifts.

Second, the Neighborhood Stabilization Act, (H.R. 5818), passed the House by a vote of 239 to 188 on Thursday. The legislation, sponsored by Representative Maxine Waters, authorizes a \$15 billion federal grant and loan program to help state and local governments purchase, rehabilitate, and resell or rent foreclosed homes.

Copies of both bills are available on <http://www.icomply.com/>, in the Tracking Matrix.