

Helping Responsible Homeowners Across America

Congress Must Pass Responsible Legislation To Help American Families Stay In Their Homes

Today, President Bush will visit North Little Rock, Arkansas, and participate in a roundtable discussion with counselors and individuals who have been helped by the Family Service Agency's Consumer Credit Counseling Service (CCCS). CCCS is a Department of Housing and Urban Development (HUD)-approved not-for-profit counseling agency that provides both pre-purchase and post-purchase home counseling to individuals and families. The CCCS works to keep struggling families in their homes.

President Bush And His Administration Are Taking Aggressive Actions To Help Families Stay In Their Homes

The President launched *FHASecure*, which has helped more than 250,000 families avoid foreclosure by refinancing into safe Federal Housing Administration (FHA)-insured mortgages. FHA also announced a plan that goes into effect later this month to expand the program to help even more families refinance their mortgages. In total, FHA expects to help about half a million families refinance by the end of the year.

The President and his Administration also helped facilitate the formation of the private-sector HOPE NOW Alliance, which has developed multiple strategies to help distressed homeowners. HOPE NOW is a cooperative effort among mortgage counselors, servicers, investors, and lenders to maximize outreach efforts and provide professional counseling to help homeowners refinance into a new mortgage or receive a modification. HOPE NOW membership now covers more than 90 percent of the subprime mortgage market.

- By working together, since July 2007, participants in the mortgage industry have helped nearly 1.6 million families stay in their homes.

In January, the President created the Advisory Council on Financial Literacy, which brought together business experts and faith-based and non-profit organizations to develop recommendations to better educate Americans about matters pertaining to their finances and their future. HUD developed and distributed four million copies of a bilingual "Home Economics" brochure that details five steps Americans should take to become financially literate and own a home they can afford.

The President Wants To Keep Otherwise Creditworthy Families In Their Homes And Strongly Believes That Any Government Policies Must Achieve That Goal In A Responsible Way

Congress should quickly pass responsible legislation modernizing the FHA. A modernized FHA that is granted appropriate pricing flexibility could help thousands of additional homeowners by the end of this year at no net cost to taxpayers. In April of 2006 President Bush first sent Congress an FHA Modernization bill, and more than two years later Congress has still not passed it.

- A good FHA Modernization bill must protect FHA's ability to price a product based upon the risk it presents to taxpayers, and include a permanent end to the seller-funded downpayment schemes that drive homeowners into foreclosure at two to three times the rate of other mortgages. The House bill fails this test.
- The Senate bill would irresponsibly expand the role of FHA without first giving the agency the tools it needs to manage additional risk. The FHA expansion provisions should be improved and must not be amended to increase risks to taxpayers. The Administration strongly opposes a provision in the Senate bill that would prevent FHA from implementing a risk-based premium pricing structure for riskier borrowers.

- **The Administration strongly opposes the inclusion of a program to provide block grants that would allow States to purchase foreclosed properties.** The principal beneficiaries of this type of plan would be private lenders – who are now the owners of the vacant or foreclosed properties – instead of struggling homeowners who are working hard to stay in their homes.

The Federal Government must not prolong necessary corrections in the housing market, bail out lenders, or subsidize irresponsible borrowing and lending, at the expense of hard-working people who have played by the rules. GSE reform and FHA Modernization represent the appropriate next steps to address the housing downturn by creating a stronger and more effective regulatory regime for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. More effective regulations would help ensure that these firms do not take actions that place taxpayers or the financial system at increased risk.