

Murphy Touts Comprehensive Housing Bills Aimed at Boosting the Economy; Builds on His Work to Protect Home Buyers from Predatory Loans

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WASHINGTON, D.C. - Today, Congressman Chris Murphy (CT-5) announced passage of comprehensive housing legislation intended to help stabilize the national housing crisis, keep families in their homes, provide tax breaks to new homebuyers, and provide a boost to the economy.

"When I am traveling the district, I hear from people who are falling behind on their mortgage, or from people who know someone who is struggling with their payments, and they ask me what Congress is doing about it. Today, we are pushing the most comprehensive response to this crisis so far, with the goal of keeping families in their homes and providing some stability to our economy," said Murphy, who is a member of the House Financial Services Committee, which has jurisdiction over national housing policy.

This week, the Warren Group, a New England real estate and finance group, reported that median sale prices for a single-family home in Connecticut fell by 7 percent in March, compared to the same month a year ago, the biggest drop since April 1995. Foreclosures in the state have also increased by 55 percent in the first three months of this year. Nationwide, one in every 538 households received a foreclosure filing in March.

Homeowners who are not falling behind can also be affected by this housing crisis. Forty-four percent of all homeowners will likely feel the ripple effect of foreclosures from subprime loans, with affected homeowners expected to lose nearly \$9,000 on average from declining property values.

The package of housing measures will help families facing foreclosure keep their homes, help other families avoid foreclosures in

the future, and help the recovery of communities harmed by blighted homes caught in the foreclosure process.

The pieces of legislation accomplish these goals by:

- Expanding the Federal Housing Administration (FHA) program so that borrowers in danger of losing their home can refinance into lower-cost government -insured mortgages they can afford to repay. The bill protects taxpayers by ensuring that lenders and mortgage investors take significant losses by reducing the loan principal and provides that the taxpayer will share in any profit on the future sale of the home. Murphy is a cosponsor of this measure.
- Making \$15 billion in loans and grants to states to acquire foreclosed homes standing empty, to rehabilitate foreclosed property, and to restore home values in neighborhoods hit hard by the crisis.
- Giving 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.

"This package is targeted at people who could hold on to their home if only an affordable mortgage is within their reach. And to deal with those homes sitting vacant, we are helping communities sustain and providing tax breaks for willing buyers. It's a way out of this mess that makes sense for everyone," said Murphy.

In July of 2007, Murphy started working on legislation to end payments to mortgage originators who steer consumers into higher cost mortgages. According to the Center for Responsible Lending, 85 to 90 percent of all subprime mortgages included payments that could provide incentives for brokers to steer borrowers into higher cost loans. Murphy's provision was included in a mortgage reform bill passed by the House in November.

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