

House Passes Comprehensive Legislation to Address Mortgage Crisis, Keep Families in their Homes

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WASHINGTON, D.C. - Today, Congressman Chris Murphy (CT-5) supported the most comprehensive response yet to the American mortgage crisis by helping families facing foreclosure keep their homes, helping families avoid foreclosures in the future, and helping the economic recovery of communities harmed by empty homes caught in the foreclosure process.

"Our economy has been rocked by the aftershocks of our nation's housing crisis. This bill aims to take control of the situation and restore public and market confidence in the economy, while ensuring that hundreds of thousands of Americans can stay in their homes," said Murphy.

The legislation, H.R. 3221, the American Housing Rescue and Foreclosure Prevention Act, will restore confidence in many Americans' primary investment - their homes. The bill passed with bipartisan support, 272-152.

The House voted to give the Department of Treasury, requested by the Administration, emergency and temporary financing authority for Fannie Mae and Freddie Mac, which hold or back half of the national mortgage debt.

The legislation:

- Provides mortgage refinancing assistance, through the Federal Housing Administration, to keep at least 400,000 families from losing their homes, to protect neighboring home values, and to

help stabilize the housing market. 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.

- Strengthens neighborhoods hit hardest by the foreclosure crisis by providing CDBG funds to states and localities to buy foreclosed homes standing empty, rehabilitate foreclosed properties, and restore home values.
- Takes control of executive compensation at the mortgage giants by creating a new, world class regulator.
- 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.
- Allows taxpayers who take the standard deduction on their federal income taxes to take an additional standard deduction of up to \$500 (\$1,000 for joint filers) for State and local real property taxes. Under current law, individuals who itemize their deductions can deduct both real estate property taxes and personal property taxes. For those tax filers who don't itemize, they are eligible to take the standard deduction. This bill would allow taxpayers who don't itemize to also benefit from a tax cut from their real estate property taxes.

Murphy has been focused on ensuring that consumers are protected in the home buying process. 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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