



An Article Of Interest...

House Bill Aims to Stabilize Housing, Addresses Foreclosures and Stimulus

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A bill that embraces the need for righting the housing market—the first big step toward economic recovery—was introduced Friday in the U.S. House of Representatives.

H.R. 384, The TARP Reform and Accountability Act, was offered by Rep. Barney Frank (D-Mass.), chair of the House Financial Services Committee. The bill would require the Treasury Department to develop a program, outside the Troubled Asset Relief Program, to stimulate demand for home purchases and lower property inventories, by making affordable mortgages available for qualified buyers through interest rate buydowns, a priority of the National Association of Realtors®.

The measure would amend the TARP provisions of the Emergency Economic Stabilization Act of 2008 to make significant steps to reduce foreclosures, strengthen accountability and close loopholes. Treasury could consider the impact of areas with the highest inventories of foreclosed properties.

NAR President Charles McMillan was heartened by the legislation that would move the housing market forward. "The bill proposed by Chairman Frank is an important first step toward launching a real estate recovery. Housing has always led this country out of economic downturns, and this bill recognizes that the key to bolstering the overall economy is creating stability in the real estate markets. With foreclosure relief, improving the Hope for Homeowners Plan, and expanding TARP to support commercial real estate loans and commercial mortgage-backed securities, this legislation will help create housing stability."

"By directing the Treasury Department to increase the availability of affordable mortgages rates for qualified home buyers and to offer reduced rate loans designed to stimulate demand for home purchases and clear inventory of properties, Chairman Frank has responded to the most critical issues facing potential homeowners," McMillan said.

Foreclosure relief, using the second half of the \$700 billion previously authorized by Congress, would be conditioned on stipulation that \$50 billion be used for foreclosure mitigation and calls for a plan to be put into action by March 15. That would allow the Treasury to begin committing the remaining TARP funds for the plan no later than April 1.

The plan would require that foreclosure assistance must apply only to owner-occupied residences. Further, the bill would provide liability protection for loan servicers who engage in loan modifications. Such servicers would have to report regularly to the Treasury.

In addition, the Treasury would be authorized to provide support for commercial real estate loans and commercial mortgage-backed securities, an NAR priority.

NAR has been urging the incoming Obama administration, as well as Congress, to address critical housing needs. "This legislation is a great beginning, but more needs to be done. We must continue to bring potential homebuyers into the market by ensuring low mortgage interest rates, making the higher 2008 conforming loan limits permanent, and applying the \$7,500 tax credit to all homebuyers and making it non-repayable," McMillan said.

