

Congresswoman Betty McCollum

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Congresswoman Betty McCollum Stands for Families

(July 23, 2008) Congresswoman Betty McCollum entered the following statement into the Congressional Record in support of H.R. 3221, the American Housing Rescue and Foreclosure Prevention Act:

Ms. McCOLLUM of Minnesota: Madam Speaker, I rise today in strong support of the American Housing Rescue and Foreclosure Prevention Act (H.R. 3221) and to congratulate Chairman Frank and Speaker Pelosi for their quick action to help American families.

The dream of homeownership has become a nightmare for too many people in our country. Nationally, between 7,000 and 8,000 people a day are filing for foreclosure, and estimates show that over 28,000 Minnesotans will lose their homes to foreclosure in 2008. Foreclosures hurt our families, neighborhoods, and communities. I saw the impact of the foreclosure crisis firsthand when visiting the East Side neighborhoods in St. Paul who are hit hardest by this crisis. Foreclosures result in lost tax revenue for local governments, reduced property values for neighbors, and can often contribute to criminal activity.

Congress must act to protect families and neighborhoods from a further expansion of this crisis, which is why I strongly support H.R. 3221. This legislation is a comprehensive response that will help families facing foreclosure keep their homes, help other families avoid foreclosures in the future, and help communities harmed by empty homes in the foreclosure process.

Specifically, HR 3221 expands a Federal Housing Administration program to allow borrowers in danger of losing their home to refinance into lower-cost government-insured mortgages they can afford to repay. This voluntary program is not a bailout. Mortgage investors must take significant losses by reducing the loan principal, borrowers must share any profit from the resale of the home, and only primary residences are eligible. In addition, this bill provides \$4 billion in emergency assistance (CDBG Funds) to communities hit hardest by the foreclosure and sub prime crisis to purchase, rent, or rehabilitate of vacant foreclosed homes with the goal of occupying them as soon as possible

This bill provides new tax incentives to increase home buying, which will not only help families build wealth, but could also create jobs in our communities. For those who cannot buy a home, HR 3221 creates a new Housing Trust Fund to increase the nation's stock of affordable rental housing at no cost to the taxpayer. The legislation protects veterans and returning soldiers from foreclosure by increasing the VA loan limit, lengthening the time a lender must wait before starting foreclosure when a soldier returns, and increasing benefits to adapt the homes of veterans with service-related disabilities.

HR 3221 also responds to the financial crisis facing Government Sponsored Enterprises or GSEs by giving the Secretary of the Treasury the authority to buy stock in those companies to restore confidence in the financial and housing market and ensure the safe and sound operation of these enterprises. These GSEs are central to the housing market and the economy as a whole, as they are the largest sources of mortgage finance in the United States-buying more than two-thirds of new mortgages in the first three months of 2008. While recognizing this necessity, this legislation will also protect taxpayers by requiring that taxpayers are paid back before shareholders, adding restrictions on executive compensation, and strengthening oversight by putting an independent new regulator in charge. These measures will help safeguard the interests of the American taxpayer and ensure the availability of affordable home loans, while also strengthening the regulation of Fannie Mae and Freddie Mac and raising the GSE loan limit.

Our priority as a community must be to get the economy moving, provide opportunities to succeed, and to restore the United States as a global leader. H.R. 3221 is a comprehensive response and will make a real difference for families and communities. And ending the foreclosure crisis -- ensuring that families have access to safe and stable housing -- is vital to the recovery of the American economy.

We need this legislation to get this country back on the right track. I urge my colleagues to support this legislation and move our housing policy in a new direction.