

Taking Decisive Action To Keep Our Economy Growing

President Bush And His Administration Working To Help Struggling Homeowners And The Economy

Today, the Bureau of Labor Statistics released new jobs figures for March. Although the unemployment rate rose to 5.1 percent, it remains below the averages for the past three decades. Nonfarm payroll employment decreased by 80,000 jobs. While these numbers are disappointing, they are not entirely unexpected. We have been anticipating that the early part of 2008 will be the weakest part of the year. Disruptions in the housing and financial markets have had an impact on the broader economy, and it will take time to work through these challenges. The President believes the government can respect the principles of the free market while also taking sensible, focused action to help Americans deal with these challenges.

- **President Bush acted quickly to respond to the economic slowdown with a bipartisan economic growth package, which is expected to start taking effect this quarter.** This package will support consumer and business spending while adjustments continue in the housing and credit markets. These rebate payments – which households will start to receive in early May – will inject more money into our economy, support job creation, and boost economic growth. The package also includes incentives for businesses to make investments in new equipment this year. These incentives are already in place and are starting to have an impact. The growth package was carefully calibrated and is large enough to promote short-run growth in our economy without jeopardizing our long-term budget objectives.

The Administration Is Taking Targeted Action To Help Struggling Homeowners Get Through This Difficult Time

The President launched *FHASecure*, which has enabled the Federal Housing Administration (FHA) to help more than 140,000 families refinance their homes. *FHASecure* expands the FHA's ability to offer refinancing by giving it the flexibility to work with homeowners who have good credit histories but cannot afford increased payments resulting from a rate reset. FHA expects this program to have helped more than 300,000 families in total by the end of the year.

- **The Administration is exploring new ways *FHASecure* can help more qualified homeowners.**

The President and his Administration 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 struggling homeowners in distress and to help homeowners refinance into a new mortgage or receive a modification. HOPE NOW membership now covers over 90 percent of the subprime mortgage market.

- **HOPE NOW announced that since July more than one million struggling homeowners received a work-out – either a loan modification or a repayment plan that helped them avoid foreclosure.**
- **In February, HOPE NOW announced the Project Lifeline initiative, which is helping more Americans keep their homes by giving servicers a new tool to reach out to seriously delinquent homeowners.** Project Lifeline offers, where appropriate, to "pause" the foreclosure process for 30 days while other longer-term solutions are explored.

In March, the Department of Housing and Urban Development (HUD) proposed a new standardized mortgage disclosure form to help homebuyers better understand loans and compare costs by updating and adding transparency to the 30-year-old Real Estate Settlement Procedures Act (RESPA). The new form would require all mortgage terms and settlement charges to be displayed in a standard summary, and it is expected to empower homebuyers to save an average of \$500 to \$700 in closing costs, while reducing the likelihood of consumers taking on loans they cannot afford.

President Bush signed the Mortgage Forgiveness Debt Relief Act of 2007, which will help Americans avoid foreclosure by protecting families from higher taxes when they refinance their home mortgages. This Act created a three-year window for homeowners to refinance their mortgage and pay no Federal taxes on any debt forgiveness they receive.

President Bush Calls On Congress To Further Reduce Economic Uncertainty By Passing Responsible Legislation

The President remains deeply concerned about the economy and strongly believes that any government policies must be responsible. Government actions often have far-reaching and unintended consequences. Any time the government intervenes in the market, it must do so with clear purpose and great care. Many recently proposed sweeping solutions involving an expanded role for the government would only serve to make a complicated problem even worse and would end up hurting far more Americans than they would help.

- **President Bush continues to call on Congress to quickly pass responsible legislation modernizing the Federal Housing Administration.** A modernized FHA that is granted appropriate pricing flexibility and freed from the millstone of risky loans resulting from opportunistic ventures posing as charities could help thousands of additional homeowners by the end of this year, and passage of this bill is the appropriate next step to help bring stability to the housing market for years to come. Two years ago, the President first sent his FHA modernization bill to the Hill – now is the time for Congress to act and ensure that this program, created during the New Deal, remains a good deal in the 21st century.
- **Congress should pass legislation that helps at-risk homeowners by permitting cities and States to issue tax-exempt bonds for refinancing existing home loans and by increasing existing bond caps.** Under current law, tax-exempt bonds are only for first-time homebuyers and cannot be issued for refinancing.
- **Congress should also act to strengthen the regulation of Freddie Mac and Fannie Mae to ensure they are adequately capitalized and focus on their important housing mission.**
- **Congress should not increase taxes on any American.** If Congress allows the President's tax relief to expire, every income tax payer will face a rate increase.
 - For a single mom with two children and \$30,000 in earnings, taxes would go up by 67 percent.
 - An elderly couple with \$40,000 in income would see their taxes go up by 156 percent.
 - Twenty-seven million small business owners would see taxes increase by nearly 20 percent – or about \$4,000 on average.

The President Calls On Congress To Help Sustain Economic Growth By Approving Pending Free Trade Agreements

Approving the free trade agreements with Colombia, Panama, and South Korea will contribute to U.S. economic growth by increasing exports. Exports now account for a larger share of our GDP than at any other time in history, and jobs supported by goods exports pay wages 13 to 18 percent higher than the national average.

- **The Administration is working closely with Congress to seek a path to bring the U.S.-Colombia agreement up for approval.** President Bush calls on Congress to bring legislation to implement the Colombia agreement to the floor for approval and to send this legislation to the President's desk to be signed into law. This agreement is too important to be delayed any longer.
- **The U.S.-Colombia free trade agreement will level the playing field for U.S. companies that export to Colombia.** Over 90 percent of U.S. imports from Colombia already enter our country duty-free under U.S. trade preference programs, while more than 97 percent of U.S. exports to Colombia are subject to a tariff. Once implemented, the agreement will immediately eliminate tariffs on more than 80 percent of American exports of industrial and consumer goods, and it will provide significant new duty-free access for American agricultural commodities.
- **The U.S.-Colombia free trade agreement will also strengthen our national security by sending a clear message to a key democratic ally.** This trade agreement will bring new economic opportunities to Colombia's citizens and will reinforce democracy by supporting a country whose courageous leader is fighting corruption, increasing transparency, combating violence and impunity, and fostering accountability and rule of law. Since 2002, kidnappings have dropped 83 percent, terrorist attacks have dropped 76 percent, and murders have dropped 40 percent.

The President has asked Congress to reauthorize and reform trade adjustment assistance, so we can help displaced workers learn new skills and find new jobs.