

## Summary of H.R. 3221

### **The American Housing Rescue and Foreclosure Prevention Act:**

#### **Amendment 1:FHA Housing Stabilization and Homeownership Retention Act (H.R. 5830)**

- Provides mortgage refinancing assistance to keep families from losing their homes, protect neighboring home values, and help stabilize the housing market.
- Expands the FHA program so many borrowers in danger of losing their home can refinance into lower-cost government -insured mortgages they can afford to repay. This legislation will help troubled borrowers avoid foreclosure while minimizing taxpayer exposure.
- Only primary residences are eligible: NO speculators, investment properties, second or third homes will be refinanced.
- Protects taxpayers by requiring lenders and homeowners to take responsibility. This is not a bailout; in order to participate, lenders and mortgage investors must take significant losses by reducing the loan principal. In exchange for an FHA guarantee on the mortgage, borrowers must share any profit from the resale of a refinanced home with the government.
- Contains important protections for taxpayers' dollars, including higher refinancing fees that establish a new FHA reserve to cover possible losses from defaults on these government-backed mortgages.
- Provides \$230 million for financial counseling to help families stay in their homes.

#### **FHA Modernization (H.R. 1852/S. 2338)**

- Expands affordable mortgage loan opportunities for families (many of whom would otherwise turn to subprime lenders) and for seniors through expanded access to reverse mortgages through Federal Housing Administration reform
- This measure passed the House in September. (Expanding American Homeownership Act of 2007, H.R.1852)

#### **GSE Reform (H.R. 1427)**

- Strengthens regulation of Fannie Mae and Freddie Mac, and the Federal Home Loan Bank system.
- Raises the GSE loan limits for single family homes in high cost areas, so that these entities can purchase more loans in higher cost areas (thereby lowering interest rates for new homes and refinancings in those areas).
- Expands liquidity in the mortgage markets by buying loans already made, freeing up money for new mortgages and refinances.
- Creates a new Fund to boost the nation's stock of affordable rental housing.

#### **Encouraging Mortgage Modifications/Castle Bill (H.R. 5579)**

- Mortgage servicers are concerned about the threat of investor lawsuits if they help families in danger of losing their homes with loan modifications that reduce monthly mortgage payments through lower interest rates, reduced principal amounts or other changes in loan terms.
- To speed loan modifications and keep more families in their homes, this package includes HR 5579 to provide mortgage servicers with clarity and certainty for their actions, and protection from such lawsuits for specified loan modifications.

### **Preserving the American Dream for Our Nation's Veterans**

- Increases VA Home Loan limit, as was done in the stimulus package, for high-cost housing areas so that veterans have more homeownership opportunities.

### **Amendment 2-- Tax Provisions to Expand Refinancing Opportunities and Spur Home Buying (H.R. 5720):**

This amendment provides \$11 billion in tax benefits, including tax credits to first-time homebuyers, a real property tax deduction for non-itemizers, an additional \$10 billion in mortgage revenue bonds for states, and improves access to low-income housing.

- 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. The credit will begin to phase out for taxpayers with adjusted gross income in excess of \$70,000 (\$140,000 in the case of a joint return).
- Provides taxpayers that claim the standard deduction with up to an additional \$350 (\$700 for a joint return) standard deduction for property taxes in 2008.
- Temporary increase in mortgage revenue bond authority to allow for the issuance of an additional \$10 billion of tax-exempt bonds to refinance subprime loans, provide loans to first-time homebuyers and to finance the construction of low-income rental housing.
- Temporary increase in low-income housing tax credit and simplification of the credit to help put builders to work to create new options for families seeking affordable housing alternatives.
- Helps returning soldiers avoid foreclosure by lengthening the time a lender must wait before starting foreclosure, from three months to one year after a soldier returns from service.
- Would not add to the national debt. The cost of this bill is offset with a tax compliance provision included in the President's Budget and by delaying the effective date of a tax benefit for multinational companies that has not yet taken effect.

### **Amendment 3-- Miller/LaTourette**

- This amendment protects the right of states and cities to regulate the foreclosure process and the treatment of foreclosed property -- by clarifying that this act, the National Bank Act, and the Home Owner's Loan Act do not preempt State foreclosure laws for national banks or federally chartered thrifts.
- Exempting national banks and thrifts from foreclosure law would deprive the states and cities of the right to require that foreclosures must follow certain procedures, including notice to the people foreclosed, and that foreclosed property be safely maintained.

- Many in the industry and in the Bush administration argue that national banks should be exempted from these rules. There is no reason that national banks and federal thrifts should be treated differently from all other mortgage holders when it comes to how to foreclose and how to maintain foreclosed property.

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**H.R.3221**

**Title:** A bill to provide needed housing reform and for other purposes.

**Sponsor:** [Rep Pelosi, Nancy](#) [CA-8] (introduced 7/30/2007) [Cosponsors](#) (18)

**Related Bills:**

[H.RES.615](#), [H.RES.1175](#), [H.R.6](#), [H.R.364](#), [H.R.2304](#), [H.R.2313](#), [H.R.2337](#), [H.R.2389](#), [H.R.2420](#),  
[H.R.2635](#), [H.R.2701](#), [H.R.2773](#), [H.R.2774](#), [H.R.2776](#), [H.R.2847](#), [H.R.3220](#), [S.2636](#)

**Latest Major Action:** 5/8/2008 Resolving differences -- House actions. Status: On motion to agree to the Senate amendment with House amendment No. 3 Agreed to by recorded vote: 256 - 160 (Roll No. 303).

**Note:** On 4/10/2008, [H.R.3221](#) passed the Senate with amended title: To provide needed housing reform and for other purposes. Previously [H.R. 3221](#) was the New Direction for Energy Independence, National Security, and Consumer Protection **Act**. Omnibus energy legislation was enacted in [H.R.6](#), which became Public Law 110-140 on 12/19/2007.

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**MAJOR ACTIONS:**

7/30/2007 Introduced in House

8/4/2007 Passed/agreed to in House: On passage Passed by recorded vote: 241 - 172 ([Roll no. 832](#)).

4/10/2008 Passed/agreed to in Senate: Passed Senate with an amendment and an amendment to the Title by Yea-Nay Vote. 84 - 12. [Record Vote Number: 96](#).

5/8/2008 Resolving differences -- House actions: On motion to agree to the Senate amendment with House amendment No. 1 Agreed to by the Yeas and Nays: 266 - 154 ([Roll No. 301](#)).

5/8/2008 Resolving differences -- House actions: On motion to agree to the Senate amendment with House amendment No. 2 Agreed to by recorded vote: 322 - 94 ([Roll No. 302](#)).

5/8/2008 Resolving differences -- House actions: On motion to agree to the Senate amendment with House amendment No. 3 Agreed to by recorded vote: 256 - 160 ([Roll No. 303](#)).

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**Summary of the Neighborhood Stabilization Act of 2008, H.R. 5818**  
**(As passed by the House)**

The bill would establish a \$15 billion, HUD-administered loan and grant program for the purchase and rehabilitation of owner-vacated, foreclosed homes with the goal of stabilizing and occupying them as soon as possible. \$7.5 billion of the funds would be for loans, and the other \$7.5 billion would be for grants.

Each State's loan and grant authority is based on the State's percentage of nationwide foreclosures over the last four calendar quarters and the number of subprime loans delinquent over 90 days, adjusted to account for the State's relative median home price, except that the median home price factor may increase any state's share by no more than 25 percent. In the event of a surplus, States at the limit will receive a preference for any excess funds. States then allocate funds to government entities or for profit and nonprofit organizations for the purchase, rehabilitation, and resale of homeownership housing and the purchase, rehabilitation, and operation of rental housing. Qualified metropolitan cities and urban counties receive a direct allocation of loan and grant authority from HUD. States must use a portion of the loan and grant authority for eligible activities in rural areas proportionate to the identified need in those areas.

Loans are non-recourse and zero-interest to finance acquisition and rehabilitation costs. The federal government would be paid back from resale or, in the case of rental properties, refinance proceeds. Loans for homeownership properties must be repaid within three years. For rental properties, the maximum loan term is five years. In addition, the federal government would receive up to 50 percent of any appreciation a property owner realizes at resale.

Grant funds may be used for property taxes and insurance during the pre-occupancy phase; operating costs, such as property management fees; and administrative and planning costs. Grants may also cover incidental costs involved in acquiring qualified foreclosed housing, such as reasonable closing costs; rehabilitation costs; and, in limited circumstances, demolition of deteriorated or unsafe housing.

Homes purchased for resale must be sold to families with incomes that do not exceed 140 percent of local area median income (AMI). Properties purchased for rental must serve families having incomes at or below local AMI. Allocation recipients are required to give first priority preference for housing veterans, members of the Armed Forces on active duty, members of the National Guard and Armed Forces reserves, school teachers, and emergency responders. Allocation recipients are also required to give preference to activities serving the lowest income families for the longest period and homeowners whose mortgages have been foreclosed. Allocation recipients may establish preferences for housing workforce and homeless persons.

At least 50 percent of the grant money must be targeted to house families at or below 50 percent of local AMI, and not less than half of this money must target families at or below 30 percent of local AMI. Under specified circumstances, HUD may establish an alternative percentage of less than 50 percent to serve families at or below 30 percent of local AMI. The bill would also explicitly prohibit discrimination against voucher holders and provide eviction protections for tenants in foreclosed properties acquired with funds made available under the bill.

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**H.R.5818**

**Title:** To authorize the Secretary of Housing and Urban Development to make loans to States to acquire foreclosed housing and to make grants to States for related costs.

**Sponsor:** [Rep Waters, Maxine](#) [CA-35] (introduced 4/16/2008)      [Cosponsors](#) (27)

**Related Bills:** [H.RES.1174](#)

**Latest Major Action:** 5/12/2008 Referred to Senate committee. Status: Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

**House Reports:** [110-616](#)

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**MAJOR ACTIONS:**

4/16/2008 Introduced in House

5/1/2008 Reported (Amended) by the Committee on Financial Services. H. Rept. [110-616](#).

5/8/2008 Passed/agreed to in House: On passage Passed by recorded vote: 239 - 188 ([Roll no. 299](#)).

5/12/2008 Referred to Senate committee: Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

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