

Washington, DC - Congressman Maurice Hinchey (D-NY) today helped the House pass two pieces of legislation designed to improve home values and assist Americans who are struggling with the housing and credit crises and are in danger of losing their homes. The congressman voted for the American Housing Rescue and Foreclosure Prevention Act of 2008 and the Neighborhood Stabilization Act of 2008, which both received bipartisan support.

"These bills will help provide some relief for those people in jeopardy of losing their homes and will also help to strengthen communities across the country to prevent homes from losing their value any further," Hinchey said. "The housing crisis is not only resulting in millions of foreclosures across the country, but is contributing to the decline of property values -- the foundation of the middle class' wealth. When a neighbor's home is foreclosed, the value of our own home takes a hit. That's why the legislation we passed today will help local communities rehabilitate foreclosed homes so they don't further drive down other non-foreclosed homes in the area."

The housing crisis is having a significant impact in New York where one in four home loans made in 2005 and 2006 were sub-prime. One in 32 homeowners is projected to lose their homes to foreclosure over the next two years. Homeowners who do not lose their homes have also been hurt by the crisis. The Pew Charitable Trusts estimates that 52 percent of all New York homeowners will feel the ripple effects of the housing crisis. On average, affected homeowners are expected to lose \$18,334 in property value. The crisis could also cost state and local tax bases \$65 billion.

The American Housing Rescue and Foreclosure Prevention Act of 2008 will provide mortgage refinancing assistance, which will help keep families from losing their homes and protect neighboring home values. The plan also expands programs run by the Federal Housing Administration (FHA) that will allow borrowers in danger of losing their home to refinance into lower-cost, government-insured mortgages they can afford to repay.

The plan is not a bailout and requires both homeowners and lenders to take responsibility. In order to qualify for refinancing and new government backed mortgages, lenders and mortgage investors will be required to take a loss and borrowers must share any profit from the resale of a refinanced home with the government. Additionally, the new plan is open only to owner-occupied homes. Speculators, investors and vacation/second-home owners are not eligible.

The House also passed the Neighborhood Stabilization Act of 2008, which provides \$15 billion in loans and grants to states to acquire vacant, foreclosed homes. The legislation will allow local

communities to rehabilitate foreclosed properties, which currently drive down surrounding home properties, and place these homes back on the market.