

WASHINGTON – The House of Representatives today approved a comprehensive housing package that will help inject additional money into the mortgage market, allowing banks to lend to new homebuyers with good credit and existing homeowners who need to refinance their current mortgages.

This legislation will also grant the U.S. Treasury the option of authorizing an emergency line of credit increase for Fannie Mae and Freddie Mac and allow the U.S. Treasury to purchase preferred stock in the organizations if necessary to stabilize the mortgage industry.

U.S. Rep. Harry Mitchell today voted for H.R. 3221, the American Housing Rescue and Foreclosure Prevention Act of 2008, which was approved by a bipartisan 272 to 152 vote.

“Too many Arizona homeowners are struggling,” Mitchell said. “While not perfect, this legislation will help create an opportunity for many Arizonans to refinance their mortgages, and will make sure that those with good credit will have the liquidity in the market necessary to get a home loan.”

Arizona now ranks third in the nation for foreclosures, nearly double the national average. [Source: Marketwatch, July 10, 2008].

According to Jay Butler, Director of Real Estate Studies at Arizona State University, East Valley homeowners have been hit hard. “During June, 40 percent of Mesa's recorded home sales were foreclosures, 27 percent of Chandler's were foreclosures and 20 percent of Tempe's were foreclosures.” [Source: The Arizona Republic, June 23, 2008]

Today, Mitchell made the following statement:

“Madam Speaker, I rise today to express concerns about H.R. 3221, the American Housing Rescue and Foreclosure Prevention Act of 2008.

Arizona has been hit hard by the current banking and housing crisis and currently ranks third in the nation in foreclosures. Coupled with rising energy and food costs, my constituents are painfully aware of the tough economic times we are in.

I proudly voted for H.R. 3221 when it was originally considered by the House on May 8, 2008.

This comprehensive housing legislation would provide critical reform to the regulatory agencies to which the government sponsored enterprises, like Fannie Mae and Freddie Mac, report. That bill would also provide relief to homeowners by permanently allowing Fannie Mae and Freddie Mac to purchase larger loans, which would provide mortgage market liquidity for refinancing and the purchasing of homes in foreclosure.

A strong, independent regulator is important to ensuring that Fannie Mae and Freddie Mac remain accountable for excessive risk or undercapitalization. The current regulatory structure is terribly inadequate and I feel it is important that this new regulator be empowered as soon as possible.

I am pleased to see that the legislation we are considering today includes assistance for first-time homebuyers and property tax relief for current homeowners. The \$7,500 credit for first-time homebuyers is like an interest-free 15-year loan that will ensure that homebuyers without the traditional down payment capital are able to purchase their first home, expanding homeownership in the United States.

The standard deduction for property taxes, included in this bill, of \$500 for single filers and \$1,000 for joint filers is important to make sure that homeowners suffering from rising inflation get relief in paying their property taxes, which have gone up in Maricopa County and across the nation.

This bill would also allow the Federal Housing Administration (FHA) to insure larger mortgages. By insuring mortgages, this agency serves an important function by lowering

interest rates, thus making buying a home more affordable. The bill also allows FHA to lower monthly payments for borrowers that pay their loan payments on-time for the loan's first five years.

These provisions, and many more in the bill, will all provide important relief to homeowners, bolster the struggling housing market, and re-establish confidence in the banking industry that the U.S. government is acting quickly to address the most immediate concerns.

However, I am troubled by the inclusion of an unlimited U.S. Treasury credit line for Fannie Mae and Freddie Mac, and including the authority for the U.S. Treasury to purchase stock in these private companies. I am concerned that this new authority will set a dangerous precedent and provide impetus for other private financial institutions to ignore risk in the future.

This may also have serious implications for the federal budget deficit and the growing national debt, which will increase the statutory limit to \$10.6 trillion from \$9.8 trillion and \$1.2 trillion above the current national debt.

Although, I think it is important to restore confidence in Fannie Mae and Freddie Mac, who guarantee roughly half of the mortgage debt in this country, I strongly believe that the Treasury Department must carefully consider the implications of using the authority provided in this bill.

I voted against the rule providing for consideration of this bill because it does not afford us an opportunity for a separate debate and vote on this new authority. Given that opportunity, I would have encouraged my colleagues to take a closer look at the need for this authority at the present time. As I am now faced with an imperfect package, I cannot, in good conscience, oppose a measure that would provide so much urgently needed relief to my constituents, homeowners, and soon-to-be homeowners across Arizona.

I yield back the balance of my time.”