Housing and Economic Recovery Act of 2008

(Public Law 110-289, effective July 30, 2008)

Key Provisions:

Neighborhood Stabilization Program

Administered through the U.S. Department of Housing and Urban Development (HUD), the Neighborhood Stabilization Program (NSP) will provide grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. For information on eligibility requirements and permissible uses, visit **www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg**.

Hope for Homeowners

The program will refinance mortgages for borrowers—owner occupants only—who are having difficulty making their payments, but can afford a new loan insured by HUD's Federal Housing Administration (FHA). The program offers 30-year fixed rate mortgages and government insurance to lenders who voluntarily reduce mortgages for at-risk homeowners to at least 90 percent of the property's current value. The HOPE for Homeowners program ends on September 30, 2011. For more information, call (800) 225-5342 or visit **www.hud.gov/hopeforhomeowners**.

The "Federal Housing Finance Regulatory Reform Act of 2008"

This act modernizes the regulation of the housing government-sponsored enterprises—Fannie Mae and Freddie Mac (the enterprises) and the Federal Home Loan Banks (FHLBs)—and expands the housing mission of these GSEs. The new, independent regulator for the enterprises and the FHLBs is the Federal Housing Finance Board (FHFB), an independent federal body created as the successor regulatory agency resulting from the statutory merger of the Federal Housing Finance Board (FHFB) and the Office of Federal Housing Enterprise Oversight (OFHEO). Read more about FHFB at **www.fhfb.gov**.

Emergency Economic Stabilization Act of 2008

(Public Law 110-343, effective October 3, 2008)

The Emergency Economic Stabilization Act of 2008 (EESA) authorizes the U.S. Secretary of the Treasury to spend up to $700 billion for the purchase of failing bank assets, including mortgage-backed securities, through the Trouble Asset Relief Program (TARP). EESA also requires the Treasury to modify troubled loans. For information related to EESA, visit **www.treasury.gov/initiatives/eesa**.

Photo: Courtesy of Federal Reserve Board of Governors

"Some critics of the CRA contend that by encouraging banking institutions to help meet the credit needs of lower-income borrowers and areas, the law pushed banking institutions to undertake high risk mortgage and lending. We have not yet seen empirical evidence to support these claims, nor has it been our experience in implementing the law over the past 30 years that the CRA has contributed to the erosion of safe and sound lending practices."

– Randall S. Kroszner
Governor, Federal Reserve Board

http://www.federalreserve.gov/newsevents/speech/kroszner20081203a.htm