

## Summary of Housing Stimulus Legislation

- The housing stimulus bill approved by Congress and signed into law by President Bush is meant to address the housing downturn and to bolster the faltering economy.
- The key elements of the new law are:
  1. **A temporary first-time home buyer tax credit.** The tax credit will stimulate home buying, reduce excess supply in housing markets and shore up home prices.
  2. **FHA modernization and expansion.** A revitalized FHA will have greater flexibility to respond to the needs of borrowers, enable more working families to become home owners and play an important role in the mortgage markets. To address the foreclosure crisis, the FHA is given additional authority to insure up to \$300 billion of mortgages to refinance loans headed for foreclosure.
  3. **GSE (government-sponsored enterprise) reform.** The law reforms the regulation of Fannie Mae and Freddie Mac and permanently increases the conforming loan limit to help buyers in high-cost markets. To reassure financial and global markets, the government will temporarily expand its line of credit to Fannie and Freddie and permit the U.S. Treasury to purchase an equity stake in the companies through the end of 2009.
  4. **Mortgage Revenue Bond Program.** The measure gives states the ability to issue an additional \$11 billion in mortgage revenue bonds, which will help strapped borrowers seeking to refinance their home loans.
  5. **Low Income Housing Tax Credit.** Enhancing this program will expand the supply of much-needed affordable rental housing.
- The full text of the bill (H.R. 3221) can be viewed at <http://thomas.loc.gov/>

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