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DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
001	Memorandum	Homeownership Agenda and Increasing Minority Homeownership - To: POTUS - From: Aquiles F. Suarez	4	06/13/2002	P5;
002	Power Point	The Housing GSEs are Huge	3	07/05/2007	P5;
003	Newspaper	Homeownership ethos and subprimes; The Washington Times	1	06/26/2007	P5;
004	Note	[Notes] - From: POTUS	1	N.D.	P5;

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FOLDER TITLE:

Housing and Interconnected Financial Markets Policy: A Timeline (2001 - 2008)

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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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HOUSING AND INTERCONNECTED FINANCIAL MARKETS POLICY

A TIMELINE (2001–2008)

DOMESTIC POLICY COUNCIL

THE WHITE HOUSE

WASHINGTON

December 4, 2008

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: Karl Zinsmeister

FROM: Chris Papagianis and Vishal Amin

SUBJECT: Timeline of Housing and Interconnected Financial Markets Policy

Homeownership lies at the heart of the American Dream, and over the past seven years, the President has used both the bully pulpit and a series of new programs to promote responsible homeownership overall, and to close the minority homeownership gap. Simultaneously, the President has pushed financial education programs and greater clarity and transparency in mortgage closing documents to ensure consumers are well-informed. The Administration and senior Administration officials have also called on Congress to give the government more tools to manage systemic economic risk through major reforms at the two huge Government Sponsored Enterprises (GSEs) that guarantee nearly half of all U.S. mortgages - Fannie Mae and Freddie Mac.

Creating an Ownership Society

From the beginning of 2001 the Bush Administration worked to promote responsible homeownership in America. By increasing funding to the Department of Housing and Urban Development (HUD), and by working in a variety of ways to build and sustain neighborhoods in inner-cities and rural communities. President Bush stressed the importance of working with private sector organizations, like Habitat for Humanity, to help more Americans realize the dream of homeownership.

As the Administration worked to promote both minority and low-income family homeownership, the President also stressed the need for financial education. In 2002, he stated that "Consumers need to know their rights and responsibilities as home buyers. Education is the best protection for families against abusive and unscrupulous lenders. Financial education and housing counseling can help protect home buyers against abuses, greatly improve loan terms they are offered, and help families get through tough times with their homes intact."¹

In June 2002, the President issued *America's Homeownership Challenge* to the real estate and mortgage finance industries to encourage them to join the effort to close the gap that exists between the homeownership rates of minorities and non-minorities. This report outlined key steps to expand opportunities for all Americans to own a home. Though overall homeownership was at an all time high

¹ President focuses on Home-Ownership in Radio Address (6/15/2002 - <http://www.whitehouse.gov/news/releases/2002/06/20020615.html>)

of nearly 68 percent, there was a clear and persistent homeownership gap with minorities. To remedy this gap, the President put forward a comprehensive agenda to help increase the number of minority homeowners by at least 5.5 million before the end of the decade. To help tear down the barriers to minority homeownership, he proposed \$200 million annually for the American Dream Downpayment Initiative (ADDI), which has helped roughly 40,000 low-income families a year with their downpayment and closing costs. Though we continue to propose ADDI funding, Congress has failed to fully fund our request. In 2008 ADDI received \$10 million and our proposal in the FY2009 budget was for \$50 million. The Fund provides financial grants to local governments to help first-time home buyers who qualify to make the down payment on their home, in a responsible way.

He also proposed the Single-Family Affordable Housing Tax Credit, to provide approximately \$2.4 billion to encourage the production of 200,000 affordable homes for sale to low and moderate income families. The tax credit proposal was not enacted by Congress. The FY2003 budget tripled funding for organizations, such as Habitat for Humanity, that help families help themselves become homeowners through sweat equity and volunteerism in their communities.

The Administration wanted to empower homebuyers by simplifying the home buying process so consumers can better understand and benefit from cost savings. In July 2002, HUD proposed reforms to RESPA (Real Estate Settlement Procedures Act) to provide homeowners with the information that they need to make an informed decision when looking for a home mortgage. Congress and Industry reacted negatively to the proposal, even holding up the confirmation of HUD Secretary Alphonso Jackson. The regulation was postponed. HUD worked to improve the rule by holding stakeholder meetings around the country, and re-proposed the rule in 2007. In wake of the problems in the housing market, HUD decided to re-propose its reform to RESPA in 2008 to ensure that these common sense reforms are put place to help consumers, regardless of industry opposition. HUD completed the RESPA reform rule in November 2008.

The Administration also proposed expanding financial education efforts so that families can understand what they need to do to become homeowners. HUD's housing-counseling program has provided nearly \$250 million in grants since 2001. From \$24 million in 2001, funding more than doubled to a proposed \$65 million in 2009. HUD provides these services through approximately 1,700 public and private nonprofit organizations, on a competitive basis. The 2009 Budget proposal would help educate approximately 950,000 families to make better housing decisions. The 2008 Omnibus Appropriations Bill included \$300 million for the Neighborhood Reinvestment Corporation. This funding was distributed to housing counseling agencies to assist troubled homeowners in retaining their homes by modifying or restructuring their mortgages to prevent foreclosure.

A key part of this Administration's housing message was embodied in the principle of expanding opportunities through an ownership society. "...if you own something, you have a vital stake in the future of our country. The more ownership there is in America, the more vitality there is in America, and the more people have a vital stake in the future of this country."² Responsible homeownership was a part of the much broader ownership society message that President Bush carried throughout the campaign in 2004.

² President George W. Bush (June 17, 2004 - <http://www.whitehouse.gov/news/releases/2004/08/20040809-9.html>)

In the 2004 State of the Union Address President Bush stated that new home construction was the highest in almost 20 years, and home ownership rates had reached the highest ever.³ Under this Administration's leadership, the overall U.S. homeownership rate in the Q2 2004 was at an all time high of 69.2 percent. Minority homeownership set a new record of 51 percent in the Q2 2004, up 2.1 percentage points from 2003. In 2005, nearly half of all African Americans owned their own home.⁴

Calls for GSE Reform

Just as this Administration looked to help support individual homeowners, it also pushed Congress to take steps to protect the overall housing finance system in the long-term. Since the beginning of President Bush's first term, his Administration has continually and vigorously warned of the systemic risk posed by the GSEs and the need for a stronger regulator. He and his senior advisors have not only warned of the systemic consequences of financial turmoil at a housing GSE, but also put forward plans to reduce the risk of failures at Fannie Mae or Freddie Mac. Unfortunately, these warnings went unheeded, as repeated attempts to reform the supervision of these entities were thwarted by the legislative maneuvering of those who saw no problem.

In February 2001, the Administration's first budget contained a warning of the systemic risk of Fannie Mae and Freddie Mac, noting that the size of the two housing GSEs was "a potential problem". The same warning of systemic risk was contained in the following two budgets. In September 2003, Treasury Secretary John Snow testified before the House Financial Services Committee calling for a stronger regulator for Fannie and Freddie that could set more prudent capital requirements. In the following months, the Administration communicated with Congress and the public about why regulatory reform was so essential. These warnings and calls for reform were repeated in each Budget released for the past four years. The President and Administration officials continued to plead for Congress to pass GSE reform to reduce this risk at every opportunity. At times, Administration reform efforts were met with derisive replies that called systemic risk an artificial issue⁵ or accused the Administration of exaggerating the problems. In the first half of 2008, alone, the President publicly called for GSE reform seventeen times.

A Housing Bubble Grows, Bursts, and Begins to Spread to the Larger Economy

As the number of Americans owning or looking to own their own home began to increase, so did the opportunities for unscrupulous lenders to take advantage of novice buyers. Lax lending standards also led to an increase in subprime adjustable rate mortgages (ARM) or no documentation ("no doc") loans. The increase in new homebuyers and lax lending standards resulted in many individuals taking on

³ "Americans took those dollars and put them to work, driving this economy forward. The pace of economic growth in the third quarter of 2003 was the fastest in nearly 20 years; new home construction, the highest in almost 20 years; home ownership rates, the highest ever. Manufacturing activity is increasing. Inflation is low. Interest rates are low. Exports are growing. Productivity is high, and jobs are on the rise." (State of the Union Address (1/20/2004 - <http://www.whitehouse.gov/news/releases/2004/01/20040120-7.html>)

⁴ President Discusses Education, Entrepreneurship & Home Ownership at Indiana Black Expo (7/14/2005 - <http://www.whitehouse.gov/news/releases/2005/07/20050714-4.html>)

⁵ 'I think it is an artificial issue created by the administration,' he said in a speech at a Mortgage Bankers Association conference. 'People tend to pay their mortgages. I don't think we are in any remote danger here. This focus on receivership, I think, is intended to create fears that aren't there.' (Rep. Barney Frank, "Frank: GSE Failure a Phony Issue," American Banker, April 21, 2004)

mortgages that they could not afford, which led to an increase in the number of families unable to keep up with their monthly mortgage payments, resulting in many homes going into foreclosures.

In 2006, it started to become clear that this bubble was no longer sustainable. In the primary market, cheap credit for high-risk borrowers went hand in hand with a range of new products that made it easier for riskier borrowers to buy a house (e.g., subprime adjustable rate mortgages and option ARMs) and with a weakening of lending standards (e.g., less careful attention to the ability of the borrower to pay off a mortgage). In the secondary mortgage market, mortgages were often bundled into packages and sold as complex new products, wherein the holders did not have an accurate way to assess the underlying risk. In many cases, these mortgage products were perceived as less risky than they actually were. In addition, serious overbuilding was occurring in overheated housing markets, resulting in growing glut of unsold homes.

This cycle became complicated with the rapid rise of house prices over the past decade, fueled by cheap credit, excesses in the mortgage market, and excessive optimism with respect to future house value appreciation. The housing bubble that was created disguised the flaws in the system. If a primary lender makes an irresponsible loan to a high risk borrower, and then sells the mortgage to a third party, no one will feel any pain as long as the housing market keeps rising. A rising market permits the risky borrower to re-sell at a profit or to refinance. Thus, as long as the housing bubble kept expanding, the flaws of the system were less visible to credit rating agencies, regulators, and other market participants. In 2006, it became clear that housing supply was exceeding demand and as home prices fell many borrowers found themselves in the position of having the current value of their home being less than the their mortgage. Many of these “upside-down” borrowers found it easier to walk away from their home than continuing to pay their mortgage, helping fuel the downward cycle in home prices.

As risky mortgages were securitized, sold, and sold again, those risks became impossible to track, and these securities became impossible to value. So even though 85% of mortgage holders were making their payments, the diffusion of that riskiest 15% made all mortgage-backed securities suspect, and eventually in the eyes of the market, valueless. Banks were stuck with illiquid assets that they could not sell, and this contagion made financial institutions unwilling to lend and unable to borrow. The major investment banks were typically leveraged 25:1, meaning that even a 4% decline in their asset values could put them underwater. At the same time, many relied on short-term funding for liquidity, and long-term investments for profitable returns. If you constantly rely on short-term liquidity to fund your long-term investments, you are vulnerable to a sudden contraction in credit availability. This is what happened when mortgage-based assets depreciated because more homeowners were falling behind on their mortgage payments. Falling home prices made it even more difficult to value these assets, and uncertainty started to spread to other asset classes and credit markets.

The Administration Responds

Though the Administration had taken strong steps starting in 2001 to improve financial education, increase consumer awareness through housing counseling and call for fundamental reforms, it became clear that more needed to be done to help the number of homeowners struggling to keep up with higher mortgage payments. And so in April 2006, the President sent Congress an FHA (Federal Housing Administration) modernization bill that would increase access to FHA-insured loans by making

downpayment requirements more flexible; allowing FHA to insure bigger mortgages in high-cost states; and expanding FHA's authority to price insurance fairly, with risk-based premiums. This would make FHA a more attractive option. It would help to preserve homeownership for responsible borrowers, and ensure that a safe and responsible financing option is available. Congress failed to pass this package, and waited until 2008 to take the proposal seriously.

While Congress delayed sending him an FHA modernization bill, the Administration took immediate actions to help struggling homeowners. In September 2007 HUD launched the FHASecure initiative, which made the agency's traditional underwriting standard a bit more flexible to allow mildly delinquent borrowers to qualify. The program was expanded again in April 2008. In total, FHASecure is expected to help more than a half million families by the end of the year.⁶

Another step this Administration took was to help facilitate the creation of the HOPE NOW Alliance. The HOPE NOW Alliance was launched in October 2007 and includes 27 mortgage lenders, representing 90 percent of the subprime market and a large majority of the prime market. In December 2007, the American Securitization Forum (ASF) issued a streamlined foreclosure and loss avoidance framework that servicers can use to help subprime adjustable rate mortgage (ARM) borrowers who may not be able to afford their interest rate resets and for whom a loan modification may help them avoid foreclosure. Alliance members have committed an unprecedented amount of private sector money to counseling – representing a new level of commitment by the industry. The Alliance helps distressed homeowners in several ways, including providing professional counseling to help homeowners refinance into a new mortgage or receive a loan modification. During this time a homeowner can work out options with their lender. It is clear that these programs are working, and Industry has helped over 2 million homeowners avoid foreclosure through either a repayment plan or a loan modification. On November 11, 2008, Fannie Mae, Freddie Mac and HOPE Now announced a new streamlined mortgage modification program designed to cut payments for hundreds of thousands of homeowners facing foreclosure. Under the new program, mortgage servicers will work with delinquent borrowers to reduce monthly payments to 38% of their income. This program is different from the ASF program announced in December 2007, in that it applies to all mortgages, including both subprime and prime, and ARM and fixed rate mortgages.

In December 2007, the President signed the Mortgage Debt Relief Act, which protects families from higher taxes when they refinance their home. The Act creates a three-year window for homeowners to refinance their mortgage and pay no taxes on any debt forgiveness they receive. This provides another incentive for borrowers and lenders to work together to solve debt problems.

In November 2008, HUD published its RESPA reform regulation that now requires lenders to provide a standard, easy-to-read summary of the key elements of every mortgage agreement. This regulation will ensure that home buyers are given complete, accurate, and understandable information about loans, including, for instance, the possibility that some monthly payments can rise dramatically over time. RESPA reform will help reduce the likelihood of today's lending problems happening again in the future.

⁶ 500,000 estimate from August 2007 through December 2008. In addition, only a few of these families (approximately 4,000) were borrowers with a missed payment.

At the end of July 2008, more than two years after the Administration submitted an FHA modernization package to Congress, a bill passed both Houses and was sent to the President's desk. The Housing and Economic Recovery Act of 2008 was the largest, and perhaps most important, housing bill to pass in decades. Most importantly, the bill included strong GSE reform that created a new regulator to manage the Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac. Additionally, the Housing Act established the Hope for Homeowners program to help distressed borrowers avoid foreclosure, by allowing mortgages to be refinanced and backed by FHA insurance, in exchange for the lender meeting certain requirements like writing down the principal of the loan. The Act also included \$4 billion for Community Development Block Grants (CDBG). In October 2008, HUD distributed these neighborhood stabilization grants to assist States and local communities in their efforts to respond to the effects of high foreclosures.

On September 7, 2008, the Federal Housing Finance Agency (FHFA), the new regulator of Fannie Mae and Freddie Mac, determined that these two housing mortgage companies could not continue to operate safely and soundly, and that they posed an unacceptable risk to the broader financial system and our economy. Using some of the new authorities granted under the HERA bill, FHFA later placed the companies in conservatorship and appointed new leaders. While conservatorship can provide necessary stability over a period of months, a long-term plan to reestablish the link between mortgage lenders and financial markets is critical to the future of the mortgage market. But any plan for the long-term structure of the GSEs should make sure that it: promotes the efficient functioning of the mortgage market, even during periods of system-wide financial stress; minimizes systemic risk, which likely implies that government support should be explicit or absent; and, protects the taxpayer.

The Need for Longer-Term Reform

The recent actions by Treasury and the Federal Reserve, have sought to address these financial market stresses while providing protections for taxpayers. The financial rescue package, passed in October, created critically important authorities and financial capacity to stabilize our financial system. The package provided Treasury with up to \$700 billion to purchase troubled assets, specifically illiquid mortgages and mortgage backed securities. But, in consultation with the Federal Reserve, Treasury has determined that the most timely and effective step to improve credit market conditions is to use the money to strengthen bank balance sheets through direct purchases of equity in banks. They determined that the global market crisis was so broad and so severe that powerful steps needed to be taken to stabilize our financial system and get credit flowing again. On October 20, 2008 Secretary Paulson announced a capital injection program through which Treasury has made \$250 billion in capital available to U.S. financial institutions in exchange for preferred stock. The Federal Reserve has taken bold steps to increase liquidity in the markets, and along with Treasury they have worked together on a case-by-case basis – addressing problems at Fannie Mae and Freddie Mac, working with market participants to prepare for the failure of Lehman Brothers, and lending to AIG so it can sell some of its assets in an orderly manner.

In the longer term, the next Administration will have to make sure that regulatory and policy corrections are made to prevent this type of downturn in the future. Over the past few years, regulation did not keep pace with innovation in financial products, and early in 2008 the Treasury Department published a regulatory reform blueprint to help jumpstart this debate. This blueprint addresses the fact that several market oversight bodies (such as credit rating agencies) failed to adequately price investment risk and

some entities (notably the GSEs) were allowed to become too large and too interconnected with the health of other participants in financial markets. The blueprint provided recommendations for an improved financial regulatory structure, one that strengthens consumer protections, improves tools for market stability and enhances financial innovation.

HOUSING (2001-2008)

TAB

2001

Feb. 6

(1)

National Consumer Protection Week

Proclamation: National Consumer Protection Week – Encouraging Americans to take advantage of government resources to learn more about how to protect themselves against fraudulent and abusive lending practices.

Jun. 5:

(2)

President Bush Speaks to Habitat for Humanity Supporters

Remarks by the President to Habitat for Humanity Supporters – President Bush noted National Homeownership Week by volunteering with a local Habitat for Humanity work crew in Tampa, Florida.

Jun. 9:

(3)

Radio Address by the President to the Nation

President Bush noted National Homeownership Week. Discussed the ways his Administration is working to promote homeownership, and the work being done to build and sustain neighborhoods in inner cities and rural communities across America.

2002

Mar. 20:

(4)

Statement by the President

Statement by the President – Statement commending Chairman Oxley and Congressman Green for introducing H.R. 3995, the “Housing Affordability for America Act of 2002.” The President stated that he is committed to increasing housing opportunities for all Americans, including increasing opportunities for minority families to become homeowners.

Jun. 4:

(5)

National Homeownership Month, 2002

A Home Of Your Own: Expanding Opportunities for All Americans

President Bush proclaims June 2002 National Homeownership Month. He reaffirms his commitment to allow all Americans an equal opportunity to become homeowners.

Jun. 13:

(6)

Memorandum for the President re: Homeownership Agenda and Increasing Minority Homeownership

This memo updates the President on proposed initiatives and legislation regarding his homeownership agenda; it also discusses his goal to increase minority homeownership by at least 5.5 million families before the end of the decade.

Jun. 15: (7)

President Focuses on Home-Ownership in Radio Address

Jun. 17: (8)

President Calls for Expanding Opportunities to Home Ownership

Fact Sheet: President Bush Calls for Expanding Opportunities to Homeownership

The President discusses his goals to increase minority homeownership in America. He has issued "America's Homeownership Challenge", where the President would like to increase minority homeowners by at least 5.5 million families by 2010. His plan has four main components: 1) Providing down payment assistance, 2) Increasing the supply of affordable homes, 3) Increasing support for self-help homeownership programs, 4) Simplifying the home buying process and increasing education.

Jun. 18: (9)

President Reiterates Goal on Homeownership

Oct. 15: (10)

President Hosts Conference on Minority Homeownership

President Bush outlines the major difficulties that minorities face when trying to become homeowners. The President reiterates his goals to increase minority homeownership in America.

2003

Jun. 13: (11)

National Homeownership Month, 2003

President Bush proclaims June 2003 as National Homeownership Month. He restates the Administration's commitment to assist minority and first-time home buyers in the home buying process.

2004

Mar. 14: (12)

*Memo for the President re: Background Information on Homeownership and the Spring Avenue Development
The President is informed that his Homeownership Initiative is seeing results, and is ahead of schedule.
President Bush is given the background of an affordable housing community which is located in the suburbs of Philadelphia. This development is representative of communities being built around the country.*

Mar. 25: (13)

*Memo for the President re: Background Information on Homeownership for New Mexico and Arizona
President Bush is told that his Homeownership Initiative is working ahead of schedule; it has achieved 28% of the goal in just 19% of the time. Also, for the first time ever, the majority of minority households are now homeowners. The President is also informed about some affordable housing programs in Arizona and New Mexico.*

Oct. 2: (14)

President's Remarks to the National Association of Home Builders

The President spoke about the progress that has been made in putting more Americans in homes. He stats that he wants people in every corner in America owning a home.

2005

May 25:

(15)

National Homeownership Month, 2005

President Bush proclaimed June 2005 as National Homeownership Month. He reaffirms his commitment in helping more Americans purchase homes.

Jul. 14:

(16)

President Discusses Education, Entrepreneurship & Home Ownership at Indiana Black Expo

In his speech, the President states that nearly half of all African Americans own their own homes. He expresses his desire to educate people about the home buying process, so as to not frighten them away from becoming first-time home buyers.

2006

April:

(XX)

President Bush first sent Congress an FHA modernization bill

The would increase access to FHA-insured loans by: lowering down payment requirements; allowing FHA to insure bigger mortgages in high-cost states; and, expanding FHA's authority to price insurance fairly, with risk based premiums;

May 24:

(17)

National Homeownership Month, 2006

President Bush proclaims June 2006 as National Homeownership Month.

Jul. 26:

(18)

President Pleased by House Passage of the "Expanding American Homeownership Act of 2006"

The President is pleased by the passage of the "Expanding American Homeownership Act of 2006" in the House. He encourages the Senate to join the House and pass the important piece of legislation.

Sept. 22:

(19)

President Signs S. 3534, the "Youth Build Transfer Act"

President Bush signed S. 3534 into law. The law transfers the YouthBuild program from the Department of Housing and Urban Development to the Department of Labor. The YouthBuild program supports education and training for disadvantaged youth in the construction of affordable housing.

2007

Jul. 5:

(20)

Slides on GSE's

Slides examine the size and financial operations of GSE's and other home mortgage lenders.

Jul. 10:

(21)

Information on the FHA and proposed reforms

Aug. 31:

(22)

President Bush Discusses Homeownership Financing

*President Bush The President and his Administration launched **FHA Secure** which expands the FHA's ability to offer refinancing to homeowners who have good credit but cannot afford current payments.*

Sept. 6:

(23)

Alphonso Jackson discusses Homeowner Assistance on "Ask the White House"

Alphonso Jackson, the Secretary of Housing and Urban Development, fields questions about the housing industry.

October 4:

(XX)

HUD announces housing counseling grants.

HUD announces \$44 million in housing counseling grants that will assist an estimated 700,000 homebuyers in making decisions that will help them to keep their homes.

October 10:

(XX)

Administration facilitates formation of the private-sector HOPE NOW Alliance.

*The President and his Administration facilitated the formation of the private-sector **HOPE NOW Alliance** – a group of lenders, investors, and mortgage counselors working to help Americans keep their homes. The members represent over 90% of subprime mortgage servicer. All Hope Now members are contacting all subprime borrowers with adjustable rate mortgages 120 days before their interest rate resets. A nationwide hotline (888-995-HOPE) was established and now receives more than 4,000 calls/day. In March, Hope Now announced that more than one million homeowners have been assisted by industry since July '07 (including loan modifications and formal repayment plans). The number of borrowers receiving help is now rising faster than the number entering foreclosure.*

Dec. 6:

(24)

President Bush Discusses Housing

The President discusses the problems facing the sub-prime mortgage industry. The President announces that Hope Now members have developed industry standards to bring systematic help to homeowners facing subprime loan interest rate resets. The standards help homeowners in one of three ways; refinancing into a new private mortgage; moving homeowners into an FHASecure loan; freezing their current interest rates for five years.

Dec. 20:

(25)

Fact Sheet: The Mortgage Forgiveness Debt Relief Act of 2007

President Bush Signs H.R. 3648, the Mortgage Forgiveness Debt Relief Act of 2007

The President signed The Mortgage Forgiveness Debt Relief Act of 2007 which will protect families from higher taxes when they refinance their homes. It creates three-year window for homeowners to refinance and pay no Federal taxes on any debt forgiveness

2008

February 12:

(XX)

Administration facilitates formation of the private-sector HOPE NOW Alliance.

*The Administration joined Hope Now members to announce **Project Lifeline**, which can “pause” the foreclosure process for 30 days so longer term solutions can be explored. Targets seriously delinquent homeowners (late 90 days or more) who are at greatest risk of losing their homes*

March 14: (XX)

HUD/FHA proposes reforms to the Real Estate Settlement Procedures Act (RESPA).
*FHA proposed reforms to the **Real Estate Settlement Procedures Act (RESPA)** to ensure home buyers receive a standard form disclosing details of a loan, adding transparency and enabling consumers to compare.*

Mar. 27: (26)

Memo to the President re: New Jersey Mortgage Counseling Event
This memo briefs the President on current mortgage counseling organizations and programs. HOPE NOW Alliance helps distressed homeowners in many ways, including: 1) helping people refinance into new private mortgages; 2) moving homeowners into an FHA Secure loan; or 3) freezing current interest rates for five years. President Bush's programs are beginning to work and many distressed homeowners have been aided.

Mar. 28: (27)

President Bush Discusses Housing, Economy
Fact Sheet: Taking Sensible, Decisive Action to Help Homeowners
The President speaks about free mortgage counseling that is being provided to distressed homeowners. HOPE NOW is a counseling organization that has aided many Americans resolve mortgage problems.

Apr. 10: (28)

Memo for the President: Number of Borrowers Helped by Hope Now
This memo informs the President that HOPE NOW has helped 1 million homeowners refinance their mortgages. By the end of 2008, it is projected that 300,000 will be aided through the FHA Secure program.

May 29: (29)

National Homeownership Month, 2008
The President proclaims June 2008 as National Homeownership Month.

May 31: (30)

President's Radio Address
The President urges the Senate to confirm the nomination of Steve Preston to be the next Secretary of Housing and Urban Development. He also urges congress to pass legislation to modernize the FHA, reform Fannie Mae and Freddie Mac, and to allow State housing agencies to issue tax-free bonds to refinance loans.

Jun. 6: (31)

President Bush Attends Swearing-In Ceremony for Secretary of Housing and Urban Development Steve Preston
Fact Sheet: A Clear Agenda for Overcoming Economic Challenges

Jul. 1: (32)

President Bush Participates in Roundtable on Housing Counseling
Fact Sheet: Helping Responsible Homeowners Across America

The President discusses difficulties homebuyers face when attempting to get mortgages and how mortgage counseling have helped to overcome those problems. He also urges Congress to pass housing legislation that modernizes the FHA and reforms GSE's.

Jul.13:

(33)

Statement by the Press Secretary

Secretary Paulson has been directed to work with Congress to stabilize our housing market. Congress is urged to work quickly to enact legislation.

Jul.29:

(34)

Statement by the Press Secretary

Discusses the progress the Administration has made to end chronic homelessness in America. The President will continue to direct his Administration to make measurable progress on the streets and in the shelters of our communities to build on this momentum.

Jul.30:

(35)

President Bush Signs the Housing and Economic Recovery Act of 2008 into Law

On Wednesday, July 30, 2008, the President signed into law: The Housing and Economic Recovery Act of 2008, which authorizes the Department of the Treasury to purchase obligations of housing Government Sponsored Enterprises (GSEs); reforms the regulatory supervision of the housing GSEs; provides reform of the Federal Housing Administration; provides homeownership assistance and reforms to mitigate recent increases in foreclosures; and contains housing-related tax incentives and other tax provisions.

Sept. 7:

(36)

Statement by the President

The Federal Housing Finance Agency, the regulator of Fannie Mae and Freddie Mac, determined that these housing mortgage companies cannot continue to operate safely. Actions are being taken to prevent a disruption of our financial system.

National Consumer Protection Week
By the President of the United States of America
A Proclamation

More Americans than ever are realizing the American dream of homeownership. At the same time, an increasing number of homeowners are living the nightmare of overwhelming debt and home foreclosure resulting from fraudulent lending practices. Subprime lending -- the extension of high-rate, high-fee loans to people considered to be high-risk borrowers -- has grown substantially in recent years. Unfortunately, fraudulent and abusive lending practices have also grown.

High-cost lending is not limited to home mortgages. Check cashing outlets, payday loan companies, rent-to-own stores, subprime auto lenders, and pawn shops are additional examples of high-cost lenders.

While it is crucial that as many consumers as possible have access to credit, their access must not be hindered by unlawful lending practices. Federal law enforcement agencies have increased their enforcement activities to stop lenders who engage in fraudulent and abusive lending practices. In addition, Federal agencies and consumer groups have implemented aggressive education campaigns to help consumers learn how to safeguard the equity in their homes.

Consumers can protect themselves from loan fraud by taking some commonsense precautions, including comparison shopping among several lenders, negotiating, and resisting, indeed refusing to yield to, pressure to sign any loan papers they don't understand. Nonprofit credit and housing counseling services are available to help consumers manage their credit and make decisions about loans and loan terms.

To help protect consumers, the Federal Trade Commission, the National Association of Consumer Agency Administrators, the U.S. Postal Service, the U.S. Postal Inspection Service, the National Association of Attorneys General, the Department of Justice, and private consumer organizations have joined forces to inform Americans about their rights as borrowers, about the responsibilities of lenders, and about protecting their assets. This information is available in writing, by telephone, and online.

I encourage all Americans to take advantage of this opportunity to learn more about how to protect themselves against fraudulent and abusive lending practices. By becoming wise and well-informed consumers, we can reduce the incidence of fraud and deception in the marketplace.

NOW, THEREFORE, I, GEORGE W. BUSH, President of the United States of America, by virtue of the authority vested in me by the Constitution and the laws of the United States, do hereby proclaim February 5 through February 10, 2001, as National Consumer Protection Week. I call upon government officials, industry leaders, consumer advocates, the media, and the American people to participate in programs helping citizens to be responsible and wise consumers.

IN WITNESS WHEREOF, I have hereunto set my hand this fifth day of February, in the year of our Lord two thousand one, and of the Independence of the United States of America the two hundred and twenty-fifth.

GEORGE W. BUSH

###

Remarks by the President to Habitat for Humanity Supporters

3722 Wiggins Leaf Street
Tampa, Florida

9:15 A.M. EDT

THE PRESIDENT: Thank you very much. Mel, thank you very much. I'm so honored Mel agreed to become the Cabinet Secretary of HUD. He brings a fresh look and a true spirit of compassion to the job -- plus, he's a Floridian. (Laughter.) He's going to make a big difference.

It's great to be here with the Lieutenant Governor. Tell Governor Bush, I hope he slept-in well. (Laughter.) Here the rest of us are out working for a better Florida and a better America. (Laughter.)

I'm so honored to be here with members of the congressional delegation: Davis, Miller, Putnam and Young. Thank you, congressmen, for being here, and I look forward to flying back to Washington with you today. Millard, it is an honor to be here with you. I talk about soldiers and the armies of compassion. Millard is the general and Corporal Bush reported for duty today. (Laughter.)

I did run into Sergeant Doris Meyer. (Laughter and applause.) I can barely lift my arm. (Laughter.) What a great, great honor it was to be here with Roger and the leadership of Habitat for this part of the state and all the volunteers -- people who work hard, sweat hard and end up the day with a beautiful smile on your face.

I really wish I could spend more time building. It is one of these moments of life where you realize there is something greater than yourself in life, and that you get the joy of helping somebody help themselves. Johana, thank you and your family for allowing for this invasion of your privacy. But it is important for America to see the fact that, one, you'll own a home and, two, that you're willing to work for it. And, as importantly, there are hundreds of other Americans who are willing to stand side-by-side with you so that you can enjoy one of the great benefits of America -- owning your own property, having a piece of the future of America, so that your future and the future of your ninos is very hopeful.

And that's what America is about. This is the land of hope and promise and opportunity. And, as importantly, it is a land of compassionate people. I like to tell people that I wish I knew the law that I could sign that would make people love one another. That's not the government, that comes from something much greater than people, as you all know. This is a land of faith and compassion. It is a land of thousands and hundreds of people who ask the question when they wake up, what can I do to love my neighbor.

That is not a government function. That doesn't happen because of government, and you and I know that. And that's why it is so important for our nation to recognize the promise and power of faith in America. And that's why our government should not fear working side-by-side with faith-based organizations. Quite the opposite. We ought to fund faith-based organizations so that they can do their duty and love and compassion.

Oh, there are some in our society who are skeptical about funding faith. I hear it all the time in the halls of Congress -- we can't fund faith-based organizations. If that's the case, are they willing to eliminate the line item for programs such as Habitat for Humanity in the budget? I say they shouldn't. As a matter of fact, I'm submitting a budget next year that triples the amount of money available for programs such as Habitat for Humanity. (Applause.)

Should we eliminate college scholarships where a child can go to a faith-based university? Should we say Medicaid or Medicare recipients can't take their federal money to a religious hospital? To the skeptics of faith in our society, I say, come to Habitat Humanity building sites; listen to the opening prayer, so eloquently delivered today by a fellow Methodist; listen to the words that are said, that inspire people to take an extra step to help a neighbor in need.

No, those who worry about faith in our society, and government's willingness to stand side-by-side with faith, don't understand the power of faith and the promise of faith and the hope of faith. And if this nation expects to fulfill its promise, we ought to welcome faith-based and community based programs, all throughout America, encourage them to flourish, ask others to come and join, call upon mentors who are willing to put their arm around a child in need, welcome faith-based programs into our prisons, who understand that when you change a heart, you change a man or a woman's life.

No, this is a fabulous nation, because of our people, and the compassion buried in the hearts and souls of the American people. And it's such a huge honor to come to a site of love, and a site of compassion, and a site of care, to work side-by-side with fellow Americans on kind of a hot day -- (laughter) -- with one thing in mind, to help Johana and, therefore, help our society and help America continue to be the greatest country on the face of the earth.

I'm so honored to be here, thankful for the chance to work. And thank you all so very much for what you do. God bless. (Applause.)

#

Radio Address by the President to the Nation

THE PRESIDENT: Good morning. This week I marked National Homeownership Week by volunteering with a local Habitat for Humanity work crew in Tampa, Florida. I was privileged to work with local volunteers to help build a home for Johana Rodriguez and her family.

Like all Habitat families, Ms. Rodriguez contributed her own hard work to her home's construction. And she takes great pride in the fact that she'll soon fulfill the American Dream of being a homeowner. More Americans than ever before are experiencing that dream. But it still eludes too many people. For instance, while the rate of homeownership amongst all Americans is nearly 68 percent, the rate among African-American and Hispanic families is under 50 percent.

These numbers are troubling because homeownership lies at the heart of the American Dream. It is a key to upward mobility for low and middle income Americans. It is an anchor for families and a source of stability for communities. It serves as the foundation of many people's financial security. And it is a source of pride for people who have worked hard to provide for their families.

We need to do more to promote homeownership in America. And my administration is proposing a number of ways to do just that. Our 2002 budget dedicates more than \$30 billion to the Department of Housing and Urban Development. This is an increase of almost \$2 billion over current funding levels. We are working in a variety of ways to build and sustain neighborhoods in inner-cities and rural communities across America.

One particular program, the American Dream Downpayment Fund, will provide \$200 million in downpayment assistance to help 130,000 low-income families buy homes. In addition, my administration announced earlier this week a program to allow people who receive low income rental assistance to bundle a year's worth of payments and use the money for a downpayment, or to make monthly payments on a new mortgage.

We're also proposing a \$1.7 billion tax credit to support the rehabilitation or new construction of up to 100,000 homes over five year period. And this week, I was proud to sign a bipartisan tax relief bill, that will let Americans keep more of their hard earned money, money they can use to help purchase a new home or pay the mortgage of an existing home.

Government can play a helpful role, but so must many others. My administration is dedicated to helping the private sector organizations, like Habitat for Humanity, that build homes and lift lives. HUD's Self-help Ownership Opportunity program provides seed money to groups like Habitat, to purchase land for homes and build streets and utilities in local neighborhoods. Next year's budget will propose tripling the program's funds, to expand its reach.

If you have an opportunity to help Habitat for Humanity, or other organizations working to make the American Dream a reality for more families, I hope you do so. Government funding can help. But Habitat relies on volunteers to accomplish the bulk of its mission. And I can tell you, from personal experience, there's no better way to feel like you're making a difference than to put hammer to nail and help people realize their dreams.

Thank you for listening.

#

Statement by the President

On Introduction of Oxley/Roukema/Green Housing Legislation H.R. 3995 "Housing Affordability for America Act of 2002":

I commend Chairman Oxley, Housing Subcommittee Chairwoman Roukema, and Congressman Green, for introducing H.R. 3995, the "Housing Affordability for America Act of 2002" and look forward to working with them on the bill in the legislative process. Increasing housing opportunities for all Americans is a high priority for my Administration. In particular, I am committed to increasing the opportunities for minority families to become homeowners.

The purchase of a home is a unique commitment that benefits the homeowner and the community, and ultimately the nation. My budget contains proposals designed to increase homeownership and affordable housing opportunities. Through their hard work on the Housing Affordability for America Act of 2002, Chairman Oxley, Chairwoman Roukema, and Congressman Green have joined in this worthy effort.

###

National Homeownership Month, 2002

By the President of the United States of America
A Proclamation

Homeownership is an important part of the American Dream. As President, I am committed to helping many more Americans achieve that dream. A home provides shelter and a safe place where families can prosper and children can thrive. For many Americans, their home is an important financial investment, and it can be a source of great personal pride and an important part of community stability.

Homeownership encourages personal responsibility and the values necessary for strong families. Where homeownership flourishes, neighborhoods are more stable, residents are more civic-minded, schools are better, and crime rates decline. Thanks to the resources available in our Nation, more Americans own homes today than at any time in our history. However, among African American and Hispanic families, fewer than half are home-owners. My Administration is working to provide all families with the tools and information they need to accumulate wealth and overcome barriers to homeownership.

The Department of Housing and Urban Development is partnering with State and local governments, community groups, and the private sector to make the most effective use of Federal funds. Through a combination of down payment assistance, tax incentives, and education about the process and responsibilities of homeownership, we are helping thousands of Americans buy homes and pursue a better quality of life.

During National Homeownership Month, I encourage all Americans to learn more about financial management and to explore homeownership opportunities in their communities. By taking this important step, individuals and families help safeguard their financial futures and contribute to the strength of our Nation.

NOW, THEREFORE, I, GEORGE W. BUSH, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim June 2002 as National Homeownership Month. I call upon the people of the United States to join me in recognizing the importance of providing all our citizens a chance to achieve the American Dream.

IN WITNESS WHEREOF, I have hereunto set my hand this fourth day of June, in the year of our Lord two thousand two, and of the Independence of the United States of America the two hundred and twenty-sixth.

GEORGE W. BUSH

###

A HOME OF YOUR OWN

EXPANDING OPPORTUNITIES
FOR ALL AMERICANS

PRESIDENT GEORGE W. BUSH
J U N E 2 0 0 2



EXECUTIVE SUMMARY

Buying a home is the biggest single investment most people will make in their lives. Homeownership is a cornerstone of America's healthy, vibrant communities, and benefits individual families by helping them build stability and long term financial security. But sadly, homeownership is out of reach for many Americans – especially for minority families. For millions of these families, homeownership is a distant, unreachable dream.

President Bush has a comprehensive agenda to help increase the number of minority homeowners by at least 5.5 million before the end of the decade.

While the overall homeownership rate has reached an all time high of nearly 68 percent, the statistics show a clear and persistent homeownership gap:

- ☑ Despite increases in minority homeownership during the decade of the 1990s, large persistent gaps between non-Hispanic whites and minorities remain and have narrowed only slightly;
- ☑ According to HUD, in 1994 the minority homeownership rate was 26.8 percent below the rate for white households;
- ☑ The African-American homeownership rate was 27.5 percentage points below the white rate, and the Hispanic rate was 28.8 percentage points below the white rate;
- ☑ The second quarter Census data for 2002 shows that non-Hispanic whites have a 74.3% homeownership rate, while African-Americans have a 48% rate and Hispanics a 47.6% rate; and
- ☑ Asian-Americans and other races have a 53.7% homeownership rate.

A new report from the Department of Housing and Urban Development (HUD) – which analyzed the most recent homeownership data from the U.S. Census Bureau – highlights the many barriers that prevent minority families from owning their own home. The barriers include:

- ☑ A lack of inventory of affordable single-family housing available for sale in many areas where a majority of residents are minority families;
- ☑ A need for downpayment assistance, which affects minority families to a greater extent than non-Hispanic whites because they have less accumulated wealth that can be used to help children with downpayments;
- ☑ A lack of access to affordable mortgage credit;
- ☑ A lack of understanding of the homebuying process;
- ☑ Weak credit histories, often arising from a poor understanding of financial matters and where financial counseling is required;
- ☑ A lack of information about available homeownership programs in the community; and
- ☑ Language difficulties or cultural differences.

It doesn't have to be this way. The President's agenda will help tear down the barriers to homeownership that stand in the way of our nation's African-American, Hispanic and other minority families by:

- ◆ **Providing Downpayment Assistance.** The single biggest barrier to homeownership is accumulating funds for a downpayment. The President has proposed \$200 million annually for the American Dream Downpayment Fund to help roughly 40,000 families a year with their downpayment and closing costs.
- ◆ **Increasing the Supply of Affordable Homes.** The President wants to dramatically increase the supply of homes available to low and moderate income families. The President has proposed the Single-Family Affordable Housing Tax Credit, which will provide approximately \$2.4 billion to encourage the production of 200,000 affordable homes for sale to low and moderate income families.
- ◆ **Increasing Support for Self-Help Homeownership Programs.** The President's budget triples funding for organizations, such as Habitat for Humanity, that help families help themselves become homeowners through sweat equity and volunteerism in their communities.
- ◆ **Simplifying the Home Buying Process & Increasing Education.** When buying a home today a buyer faces a confusing and complicated process. The President and HUD want to empower homebuyers by simplifying the home buying process so consumers can better understand and benefit from cost savings. The President also wants to expand financial education efforts so that families can understand what they need to do to become homeowners.

The President also believes that government alone can't close America's homeownership gap. It is critical that our government challenge the private sector to take concrete steps to tear down the barriers to homeownership that face minority families. The President is issuing "America's Homeownership Challenge" to the real estate and mortgage finance industries to join in his effort to increase the number of minority homeowners by 5.5 million families by the end of the decade. Many organizations have already responded to the President's challenge by committing to:

- ☑ Substantially increase by at least \$440 billion, the financial commitment made by the government sponsored enterprises involved in the secondary mortgage market, specifically targeted toward the minority market;
- ☑ Launching twenty-five different local initiatives across the nation, geared toward eliminating the specific homeownership barriers faced by minority families in those communities;
- ☑ Raising \$750 million in below-market-rate investments by 2007, which will work in collaboration with local homeownership initiatives and be targeted to heavily minority program areas;
- ☑ Pursuing strategic partnerships in 20 top housing markets between homebuilders, lenders, local officials, and community leaders to develop approaches that address the local challenges to building homes for minority families living in urban centers;
- ☑ Establishing faith-based housing partnerships between the participants and at least 100 churches, mosques, synagogues, and other faith-based institutions;

- ☒ Aggressively developing new mortgage products so that conventional market alternatives are available to combat the predatory loan products that are disproportionately targeted to minorities;
- ☒ Creating new mortgage products to meet the unique needs of recent immigrants;
- ☒ Dramatically expanding financial education efforts for minorities, providing financial counseling to at least 380,000 minority families, and taking measures at the local level to reduce predatory lending; and
- ☒ Establishing multilingual, consumer-oriented internet Web sites designed to help minorities overcome barriers to homeownership, including creation of a central data bank of affordable housing programs made available to real estate agents when working with clients.

BACKGROUND

"[H]omeownership lies at the heart of the American Dream. It is a key to upward mobility for low- and middle-income Americans. It is an anchor for families and a source of stability for communities. It serves as the foundation of many people's financial security. And it is a source of pride for people who have worked hard to provide for their families."

President George Bush
June 2001

From our Nation's earliest days, homeownership has embodied core American values of individual freedom and self-reliance. Expanding homeownership has been longstanding national policy, dating to the time President Abraham Lincoln signed the Homestead Act. The reasons for this are clear: homeownership benefits individual families by helping them build economic security, and it fosters healthy, vibrant communities.

- **Good for Families:** Owning a home provides a sense of security and allows families to build wealth. A home is the largest financial investment most American families will ever make, and it allows families to build financial security as the equity in its home increases. Moreover, a home is a tangible asset that provides a family with borrowing power to finance important needs, such as the education of children.
- **Good for Communities:** Homeowners work to maintain the value of their investment, which translates into a greater concern for neighborhoods and surrounding communities. A family that owns its home is more likely to upgrade the property, to take pride in its neighborhood, and to feel invested in the community. When citizens become homeowners, they become stakeholders as well. By increasing the ranks of stakeholders, communities not only enjoy increased stability but also benefit from a new spirit of revitalization.

The United States is fortunate to have become a nation composed primarily of homeowners. The overall homeownership rate has reached an all time high of nearly 68 percent, thanks to a variety of factors. Strong economic growth, fueled by low interest rates, encouraged millions of Americans to purchase homes for the first time. The mortgage-finance system of the United States, characterized by the benchmark 30-year mortgage, remains the envy of the world. The Federal Housing Administration provides millions of American families with a pathway to homeownership that might not otherwise be available, and lenders are developing creative mortgage products to increase homeownership opportunities.

Yet this overall homeownership rate does not mean that expanding homeownership opportunities should no longer be a national priority. Despite this success, the reality is that homeownership opportunities are not available to everyone. For example, while minority homeownership rates have in fact increased, Hispanics and African-Americans still lag behind the homeownership rate

of non-Hispanic whites by more than 25 percentage points, and Asian-Americans by more than 20 percentage points:

Homeownership Rates¹:

Non-Hispanic whites	74.3%
African-Americans	48.0%
Hispanic-Americans	47.6%
Asian-Americans	53.7%
(and other races)	

The Department of Housing and Urban Development (HUD) has identified a number of barriers to homeownership. One important factor is a lack of inventory of affordable single-family housing available for sale in many areas where a majority of residents are minority families. This is particularly true in many of America's central cities – urban centers where the housing stock, which is primarily rental property, has deteriorated. According to HUD, the overall homeownership rate for central cities is only 51.5 percent.

A need for downpayment assistance is another very significant barrier. When compared to non-Hispanic white families, many minority families simply lack the accumulated wealth that can provide for downpayment and closing costs. Oftentimes, intergenerational wealth transfers from parents to children serve to boost homeownership.² For most Americans, the most significant component of personal wealth (and consequently a determinant of subsequent ability to help children become homeowners) is the value of their own home. Homeownership is a vehicle to building wealth and assets, which in turn become instruments for homeownership among future generations.

Other barriers include (1) a lack of understanding of the homebuying process; (2) a lack of access to affordable mortgage credit; (3) weak credit histories, often arising from a poor understanding of financial matters and where financial counseling is required; and (4) a lack of information about available homeownership programs in the community. Because of this general lack of financial education, many of these families are subject to predatory practices by some unscrupulous lenders who charge exorbitant fees and make loans with a high likelihood of foreclosure. Language and cultural differences can present significant obstacles, particularly among recent immigrants. Finally, the homebuying process itself is confusing, cumbersome, and unnecessarily costly.

¹ Homeownership rates are as of first quarter, 2002, as reported by the U.S. Census Bureau. The homeownership rate cited for Asian-Americans is the U.S. Census bureau number for "Other Race, total."

² Harvard's Joint Center for Housing Studies noted in their 2001 report, for example, that "[b]ecause white households have more accumulated wealth than minority households, they can make substantial financial gifts to their children. Nearly 17 percent of white households have received assets from their parents, compared with only 5 percent of minority households."

The Administration is committed to ensuring that homeownership opportunities are available to all Americans and to policies that would help more families open the doors of homeownership. This is central to the Administration's efforts to help families advance economically by rewarding work through lower taxes, helping families accumulate assets they can leave to their children, and allowing families to build long-term wealth. Vigorous enforcement of existing fair housing laws and all anti-discrimination statutes is a fundamental part of increasing minority homeownership. The Administration is committed to and will be active in pursuing such efforts to fight discrimination in housing.

Yet the Federal government and the American taxpayer should not undertake this effort alone. The real estate and mortgage finance industries have benefited greatly from government policies that supported greater homeownership. They share an interest in ensuring that all families have access to the American Dream. The government-sponsored corporations created to increase the liquidity of mortgage markets, so more capital would be available for mortgage loans, are supposed to lead the market in reaching underserved populations. While these corporations have increased their commitments to these efforts, they lag behind private lenders in this regard, according to government studies. The Administration will revisit the regulatory goals for these corporations' purchases of affordable housing loans, which are set to expire in 2003. The federal government should demand more and should hold such publicly-chartered corporations accountable for better performance. Similarly, many realtors and homebuilders have undertaken outreach efforts geared to increasing access to minority families. We applaud these efforts, but more needs to be done.

In order to expand homeownership opportunities to all Americans, the Administration's agenda includes the following key elements:

- Innovative financing measures designed to expand opportunity, including (1) a single-family affordable tax credit to encourage the production of affordable homes for sale to low- and moderate-income families; (2) a program to assist families with downpayment needs; and (3) increased support for self-help homeownership programs such as Habitat for Humanity;
- Mobilizing the private real estate and mortgage-finance sector, along with the non-profit sector involved in community development and low-income homeownership, to undertake a concerted, collaborative effort -- "America's Homeownership Challenge" -- to eliminate barriers to homeownership and increase minority homeownership by at least 5.5 million families by the end of the decade, through increased financial and organizational commitments; and
- Modernizing, clarifying, and streamlining the homebuying process, so consumers benefit from cost savings and receive timely, accurate information that is reflected at closing, and expanding financial education efforts that can help put families on the pathway to homeownership.

CHAPTER 1

EXPANDING THE DREAM: INNOVATIVE FINANCING MEASURES TO PROMOTE HOMEOWNERSHIP

- *A Single-Family Affordable Housing Tax Credit will encourage the production of single-family homes for sale in areas where affordable homeownership opportunities are scarce.*
- *The American Dream Downpayment Fund will help Americans overcome one of the greatest hurdles to homeownership: high downpayments that can put a home out of reach.*
- *A tripling of funding for the Self-Help Homeownership Opportunity Program, which helps community-based social service providers turn low-income families into homeowners by relying on "sweat equity" in return for assistance.*

Single-Family Affordable Housing Tax Credit

In many distressed neighborhoods, particularly in our Nation's inner cities, there is a lack of affordable housing units available for sale to residents. In these areas, new construction of residential property intended for sale to the residents is rarely ever undertaken because the costs would exceed the market value of the resulting unit. Existing structures in these areas often need extensive repair or renovation before they are suitable for decent owner-occupied housing, but potential homebuilders or developers will not undertake renovation or rehabilitation of these properties for the same reason -- costs often exceed the price at which the housing units could be sold. As a consequence, lots remain empty and existing properties remain vacant and dilapidated, contributing to neighborhood blight. Moreover, many low- and moderate-income rental families in these areas are locked out of buying homes in neighboring markets because of high prices. Until the gap between development costs in these areas and market prices is lessened or eliminated, homeownership will be an unfulfilled dream for these families.

Current law provides tax credits to owners of qualified low-income rental units through the Low-Income Housing Tax Credit, but a similar tax credit for purposes of expanding homeownership opportunities for low and moderate-income persons does not exist. A tax credit made available to developers of new or rehabilitated, affordable single-family housing in distressed neighborhoods, for the production of homes for low- and moderate-income homebuyers, would achieve two goals: (1) create or increase homeownership opportunities in distressed neighborhoods, and (2) revitalize these neighborhoods through increased homeownership.

In order to expand homeownership opportunities and revitalize distressed communities, the Administration proposes a new Single Family Affordable Housing Tax Credit for developers of single-family affordable housing.

The Single-Family Housing Tax Credit will have the following essential elements:

- Beginning in FY 2003, tax credit authority for a State (including U.S. possessions) would be in the amount of \$1.75 per resident;
- The amount available would be indexed for inflation beginning in 2004;
- State or local housing credit agencies would award the credits;
- Eligible housing units would be those constituting a project for the development of single-family housing in census tracts with median incomes of 80 percent or less of area median income;
- Units in condominiums and cooperatives could qualify as single-family housing;

The taxpayer (developer or investor partnership) owning the housing unit immediately prior to the date of sale to a qualified buyer would be eligible to claim these credits over a five-year period. Developers would not get credits unless the housing unit was sold within a one-year period beginning on the date a certificate of occupancy is issued for the unit.³

The Administration's tax initiative would provide nearly \$2.4 billion for the production of single-family affordable housing units over the next five years and would result in an estimated 200,000 new units available for homeownership.

The American Dream Downpayment Fund

Accumulating the funds needed by low- and moderate-income families for a downpayment on a home and the closing costs related to the transaction is often the single greatest barrier to homeownership. In order to help these families overcome this threshold problem, the Administration has proposed the American Dream Downpayment Fund.

The American Dream Downpayment Fund builds upon an existing program – the HOME program, which helps communities across the country expand the supply of decent, affordable housing. Through the existing flexibility of the HOME program, grants will be awarded to state and local governments to assist eligible families with closing costs and downpayments. Opportunities for low- and moderate-income families looking to purchase their first homes will multiply.

Funded at \$200 million in fiscal year 2003, this Administration initiative will focus on helping low-income families who are also first-time homebuyers. To participate, recipients must have annual incomes that do not exceed 80 percent of the area median income. Based on current experience in the HOME program, it is anticipated that the initiative will help 40,000 families

³ Eligible homebuyers would have incomes at or below 80 percent of the applicable median family income (70 percent for families with less than three members).

annually, with an average subsidy of \$5,000. By opening the door to homeownership to more families, the Administration hopes to stabilize some troubled neighborhoods and revitalize others.

The Self-Help Homeownership Opportunity (SHOP) Program

Through the Self-Help Homeownership Opportunity Program (SHOP), the Administration partners with non-profit organizations that offer homeownership opportunities to families willing to contribute their own "sweat equity." Grants provided by the Federal government to these organizations enables them to acquire land and improve infrastructure in order to build new homes. An example of such an organization is Habitat for Humanity, which uses volunteers to build homes for others. These groups leverage the money they receive from the federal government with support from other sources, enabling government funds to have a much larger impact than otherwise possible. The program is an excellent example of government maximizing its resources by working with private-sector partners.

The SHOP program revolutionizes the concept of government assistance by offering not only money, but also supporting community values that promote long-term self-sufficiency. These are neighbors helping other neighbors, brought together by a strong commitment to community. The Administration strongly supports these efforts, and has proposed to triple the funding available for such groups. The best opportunity for easing human suffering is to tackle it from within – by Americans breaking through racial, ethnic, and economic barriers and coming together as neighbors concerned for one another and the health of our communities. Through SHOP and other initiatives, the Administration is tapping into the reservoir of compassion that exists in our communities.

CHAPTER 2

MOBILIZING THE PRIVATE SECTOR: AMERICA'S HOMEOWNERSHIP CHALLENGE

- *Establish a national goal of at least 5.5 million new minority homeowners before the end of the decade.*
- *Challenge the private sector real estate and mortgage finance industries to dramatically increase their efforts to reduce the barriers to homeownership faced by minority families and to work with the nonprofit sector in a concerted effort to achieve this goal through national and local partnerships.*
- *Convene a White House Conference on Increasing Minority Homeownership, to highlight the homeownership barriers faced by minorities and develop proposed solutions.*

The strength of our Nation lies in the diversity of our people and our communities. This diversity extends beyond heritage or ethnicity, however. It also encompasses a diversity of local markets. Factors affecting real estate and, more importantly, homeownership, are greatly affected by local conditions. The various barriers to homeownership differ by locality. Hispanics living in the Bronx face a different set of obstacles and require different solutions than those living in Miami, or in San Antonio.

While minority homeownership rates increased in the 1990s due to a variety of favorable circumstances (including record-low interest rates and a strong economy), these increases are cause for celebration, not complacency. The Administration is intent on fostering a climate conducive to homeownership growth, and dismantling and eliminating the barriers faced by minority families is an integral part of this effort. As long as these barriers exist, homeownership levels for minority families will not be where they should be. Yet because of the variety of needs and differences between our communities, a "one size fits all" approach or government program alone is unlikely to have a sufficiently widespread impact.

The Administration also hopes to expand homeownership opportunities by focusing the energy and creativity of the private sector real estate and mortgage-finance industries, as well as the nonprofit sector, on this important goal. A national campaign that mobilizes thousands of homebuilders, realtors, and lenders, as well as the nonprofit groups involved in community revitalization and financial education efforts, to tear down barriers to homeownership, will have a profound impact. Such an effort is more likely to give rise to approaches tailored to local conditions and driven by local action.

To that end, the Administration has issued "America's Homeownership Challenge" to homebuilders, realtors, nonprofits, and government-sponsored enterprises that purchase the mortgages made by lenders, to unite in a concerted, multifaceted and collaborative effort to dismantle barriers to homeownership in each community and increase the number of minority homeowners by at least 5.5 million families by the end of this decade. This broad-based effort

will (1) harness the capital and expertise of major private sector financial institutions, (2) involve minority advocacy groups in key roles to guide industry efforts, and (3) complement the legislative and regulatory initiatives put forth by the Administration to achieve this goal.

Although long-range projections of homeownership growth rates can prove unreliable, under almost any projection scenario, adding 5.5 million families to the number of minority homeowners by the end of this decade would be a substantial achievement that could be accomplished only with great effort.

As an initial response to President Bush's challenge, a number of national organizations involved in homeownership have agreed to commit specific resources, devote organizational energy, and begin taking concrete actions to reduce barriers and achieve this goal. Some of the measures to be taken include:

- A substantial increase of at least \$440 billion in the financial commitment made by the government-sponsored enterprises involved in the secondary mortgage market, specifically targeted toward the minority market;
- Twenty-five different local initiatives to be undertaken across the nation, geared toward eliminating the specific homeownership barriers faced by minority families in those communities;
- A commitment to raise \$750 million in below-market-rate investments by 2007, which will work in collaboration with local homeownership initiatives and be targeted to heavily minority program areas;
- Pursuing strategic partnerships in 20 top housing markets between homebuilders, lenders, local officials, and community leaders to develop approaches that address the local challenges to building homes for minority families living in urban centers;
- Establishing of faith-based housing partnerships between the participants and at least 100 churches, mosques, synagogues, and other faith-based institutions;
- Aggressively developing new mortgage products so that conventional market alternatives are available to combat the predatory loan products that are disproportionately targeted to minorities;
- Creating new mortgage products to meet the unique needs of recent immigrants;
- Dramatically expanding financial education efforts for minorities, providing financial counseling to at least 380,000 minority families, and taking measures at the local level to reduce predatory lending; and
- Establishing multilingual, consumer-oriented internet Web sites designed to help minorities overcome barriers to homeownership, including creation of a central data bank

of affordable housing programs made available to real estate agents when working with clients.

These are simply beginning efforts in what is meant to be an ongoing challenge to the private sector. To continue finding new strategies to expand opportunities, and in order to maintain a strong focus on this goal, the White House will convene a conference on increasing minority homeownership, both as a forum for continued discussion of how best to tear down the barriers to homeownership and to promote successful strategies that expand opportunities.

Accountability and results will be expected and measured. The entities will voluntarily report to the Secretary of Housing and Urban Development annually on the progress of each of their initiatives. The Secretary will track the overall progress made in these areas and report annually to the President.

The Administration expects that this concerted national effort will result in greater production and rehabilitation of affordable homes where the existing supply is inadequate, increased innovation in mortgage products, more effective marketing and outreach to minority communities, and increased attention to financial education.

CHAPTER 3

EMPOWERING THE HOMEBUYER: SIMPLIFYING THE HOMEBUYING PROCESS, REDUCING COSTS, AND PROMOTING FINANCIAL EDUCATION

- *Modernize and simplify the homebuying process so that it is less complicated for the purchaser, reduces barriers to homeownership by promoting cost savings, and empowers the consumer with the ability to guarantee the costs charged at closing.*
- *Promote financial education through housing counseling and other efforts.*

Modernizing the Homebuying Process

Today, consumers have certain protections when they make most purchases – basic information about what they are buying, how much it costs, and where the money is going. These protections are too often missing when it comes to buying a home. At closing, too many families sit down only to discover unexpected fees that can add hundreds, if not thousands, of dollars to the cost of their loans. They are not clearly told who is getting their money or what services they are receiving in return. And because these changes may be thrust upon the buyer at the last moment, the buyer often has no realistic opportunity to determine whether these extra costs are at all reasonable. On the spot, the purchaser is forced to make an impossible choice: either hand over the extra cash and sign, or lose the house. The legislation mandating the information to be afforded consumers in connection with their home purchase, the Real Estate Settlement Procedures Act (“RESPA”) dates back to 1974, and often fails to address the onerous paperwork required to buy a home.

If we are to expand the ranks of America’s homeowners, then we must address the challenge of simplifying the homebuying experience to make it less confusing, the paperwork demands less time-consuming, and the mortgage process itself less expensive. The current system does not provide sufficient clarity for lenders or borrowers as to which fees are appropriate or the time at which disclosure of these fees must occur. It does not promote competition so that cost savings can be realized. In short, the current homebuying process is antiquated and unfit for a modern information economy intended to empower the consumer.

The Administration is committed to providing a better way for Americans. Full disclosure of all settlement costs, up front, before homebuyers have to pay fees to a broker or lender should be an element of the process. The guiding principles of the Administration’s approach are that consumers get simpler, clearer, and earlier disclosure, and that they are given a meaningful opportunity to shop for the best mortgage for their needs. The process should be made speedier, structured so as to encourage cost savings, and provide the homebuyer with greater certainty of the costs they will bear at closing.

Empowering Consumers Through Education

In order to expand homeownership, we must also ensure that those who purchase a home are better able to avoid circumstances that might result in foreclosure. An educated homebuyer is the best defense against abusive lending practices, known as predatory lending, that have too often been used by unscrupulous lenders. Borrowers need to be aware that, while most individuals in housing-related industries are professionals who serve their clients well, there are those who will pressure them to accept loans with exorbitant fees or terms that could cause the borrower to default and lose their home. The buyer needs to be prepared for these situations, and the best defense is knowledge. With the proper financial education, borrowers will be better able to identify inappropriate or even illegal terms and are more likely to have the courage necessary to turn down loans with such terms. Informed borrowers are less likely to invest in overpriced or damaged homes, accept exceedingly high interest rates, or lose their homes.

One of the best ways to avoid future problems and promote homeownership is to educate families about the process and responsibilities of homeownership. Housing counseling services can also help low- to moderate-income renters improve their access to affordable housing by improving their ability to budget for needed home expenses and regular rent payments, enhancing their housing conditions, and helping them to avoid rental delinquency. These counseling services have been proven to be extremely important in helping families purchase a home and keep it in times of financial stress. With appropriate advice, families coping with financial difficulties are more likely to survive tough times with their homes intact.

The Administration has proposed increasing funding for comprehensive housing counseling, including such services as pre-purchase, default, and renter counseling to potential homeowners and tenants, by \$15 million for FY 2003, for a total of \$35 million. These housing counseling grants will help take the uncertainty out of homebuying for thousands of Americans, empowering them to avoid predatory lending, make more informed home purchases, and understand the lending process more clearly. Expanding the Administration's housing counseling program will ensure that Americans who want to buy homes have a road map to ownership, and that those who already live in their homes are able to keep them.

Of course, a bank account, a credit record, and a firm understanding of household finances are all necessary steps toward homeownership. Accordingly, the Administration is taking additional steps to ensure that financial education efforts are expanded:

- The Department of the Treasury is leading an interagency effort to coordinate and expand financial education initiatives from the federal government. Treasury has recently established The Office of Financial Education (OFE) to generate and coordinate financial education efforts. OFE will work with the many private sector organizations that provide financial education programs.
- "Bank on Your Schools" is a Treasury-sponsored partnership between schools and financial institutions that encourages financial institutions to open student-run branches in schools. This will give youths from low- and moderate-income areas hands-on experience running a

bank or credit union. The Department of the Treasury and the Department of Education will work to promote the integration of financial education in the schools.

- The Federal Deposit Insurance Corporation is offering a financial education initiative called "Money Smart." The program is a training curriculum that helps consumers of any age gain a better understanding of banking products and services, savings, and the importance of good credit. The Money Smart program includes instructor-led training modules covering basic financial topics. It is free to those interested in sponsoring financial education workshops. Since July 2001, the FDIC has announced plans to deliver the program nationwide by working with organizations like the Neighborhood Reinvestment Corporation and Operation Hope, Inc. and the Office of the White House Initiative on Asian Americans and Pacific Islanders. The FDIC has also partnered with the Department of Labor (DOL) to deliver financial education through DOL's Welfare-to-Work and Workforce Investment Act programs. The DOL's 800 One Stop Centers provide a national network for delivering financial education. Financial institutions have also been encouraged to participate because doing so results in positive consideration under the Community Reinvestment Act.
- The Treasury Department is administering a new grant program called "First Accounts." First Accounts helps "unbanked" low- and moderate-income individuals to a "banked" status with an insured financial institution. The federal government funds the private sector provision of low-cost accounts at insured depositories, access to automated teller machines, and financial education for unbanked low- and moderate-income individuals. In this way the federal government hopes to increase the pool of potential homeowners. The awardees will provide financial literacy training, offer insured accounts, develop low- or no-cost products and services, and increase access to financial services through installation of automated teller machines. The projects are focused on a wide variety of unbanked people, e.g., youth, new entrants to the workforce, recent immigrants, residents of low-income communities, residents in rural areas, Native Americans living on reservations, people living in public housing, families using childcare facilities. Awardees pledge that the funded demonstration projects will result in more than 35,000 unbanked people moving to a banked status with an insured depository institution.

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Homeownership Agenda and Increasing Minority Homeownership - To: POTUS - From: Aquiles F. Suarez	4	06/13/2002	P5;

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COLLECTION:

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Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:

Housing and Interconnected Financial Markets Policy: A Timeline (2001 - 2008)

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RESTRICTION CODES

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- P1 National Security Classified Information [(a)(1) of the PRA]**
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]**
- P3 Release would violate a Federal statute [(a)(3) of the PRA]**
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- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]**
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President Focuses on Home-Ownership in Radio Address

Radio Address by the President to the Nation

THE PRESIDENT: Good morning. Owning a home lies at the heart of the American dream. A home is a foundation for families and a source of stability for communities. It serves as the foundation of many Americans' financial security. Yet today, while nearly three-quarters of all white Americans own their homes, less than half of all African Americans and Hispanic Americans are homeowners. We must begin to close this homeownership gap by dismantling the barriers that prevent minorities from owning a piece of the American dream.

The single greatest hurdle to first time homeownership is a high down payment requirement that can put a home out of reach. So my administration is proposing the American Dream Down Payment Fund. When a low-income family is qualified to buy a home, but comes up short on the down payment, the American Dream Down Payment Fund will help provide the needed funds. We estimate that this fund will open the door to homeownership for 40,000 low-income families annually.

A second obstacle to minority homeownership is a lack of affordable housing. To encourage the production of single-family homes for sale in neighborhoods where affordable housing is scarce, my administration is proposing a single-family affordable housing credit. Over the next five years, this will provide developers nearly \$2.4 billion in tax credits for building affordable single-family housing in distressed areas. These credits will make 200,000 new homes available over its first five years to low-income purchasers.

A third major obstacle to minority homeownership is the complexity and difficulty of the purchasing process. So we're stepping up our efforts to better educate first-time home buyers. Consumers need to know their rights and responsibilities as home buyers. Education is the best protection for families against abusive and unscrupulous lenders. Financial education and housing counseling can help protect home buyers against abuses, greatly improve the loan terms they are offered, and help families get through tough times with their homes intact.

Through these important initiatives, we can help thousands of American families live the kinds of lives they had once only dreamed about. But government action isn't enough. We need to energize and engage the private sector, as well. That is why I have challenged the real estate industry leaders to join with the government, with non-profit organizations, and with private sector financial institutions in a major nationwide effort to increase minority homeownership.

My approach to broadening homeownership focuses on empowering people to help themselves, and to help one another. These important initiatives will accomplish their purpose because Americans, working together and taking responsibility for one another, will make this great country even greater.

The strength of America lies in the honor and the character and goodwill of its people. When we tap into that strength, we discover there is no problem that cannot be solved in this wonderful land of liberty.

Thank you for listening.

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President Calls for Expanding Opportunities to Home Ownership

Remarks by the President on Homeownership

St. Paul AME Church

Atlanta, Georgia

11:10 A.M. EDT

THE PRESIDENT: Thank you all very much for that wonderful Atlanta welcome. It's nice to be back in this incredibly important community.

You know, our nation faces a lot of huge challenges. Right now, we've got 60,000 troops fighting terrorism so that we can be free, all of us can be free. I appreciate so very much the resolve and unity and determination of this great land. I appreciate our military for their sacrifices. We're also doing everything we can to secure the homeland, to make sure that those who hate us won't take innocent life again.

And as we work for a more secure world, we've got to work for a better world, too. (Applause.) And that means as we work on our security from possible attacks by terrorists, we also work on economic security. The two securities go hand in hand. Anybody who wants a job who can't find one means we've got a problem. In Washington, they talk statistics all the time, and that's important -- people who count numbers need to make a living, too. (Laughter and applause.)

But my attitude is, if somebody can't find work and they want to work, we've got to continue to work on expanding the job base. And part of economic security is owning your own home. (Applause.) Part of being a secure America is to encourage homeownership. So somebody can say, this is my home, welcome to my home.

Now, we've got a problem here in America that we have to address. Too many American families, too many minorities do not own a home. There is a home ownership gap in America. The difference between Anglo America and African American and Hispanic home ownership is too big. (Applause.) And we've got to focus the attention on this nation to address this.

And it starts with setting a goal. And so by the year 2010, we must increase minority home owners by at least 5.5 million. In order to close the homeownership gap, we've got to set a big goal for America, and focus our attention and resources on that goal. (Applause.)

And I picked a good man to help realize that goal, in Mel Martinez. I don't know if you know Mel's story, but -- (applause) -- it's an interesting story. Mel was born in Cuba. (Applause.) Yes. Mel brought his cousins with him. (Laughter.) All two of them, anyway. (Laughter and applause.)

But Mel's mother and daddy -- Mel's mother and dad put him on an airplane to come to America when he was a young boy, because they didn't want his son growing up in a country that wasn't free. Think about that, think about the courage of a mom or a dad, and their love for freedom -- love freedom so much, they had put their child in the hands of loving Americans, and mom and dad eventually came. And here he now sits, as a member of the President's Cabinet. What a great country we have. (Applause.)

My point is, Mel understands what it means to dream, and then to work to realize the dreams. I've also picked a fine friend of mine from Texas, named Alphonso Jackson, to serve as the Deputy of HUD. And where are you, Alphonso? There he is; I appreciate you. (Applause.) These are can-do people. So when we set a goal, they understand their job is to work toward that goal.

I also want to thank the Mayor of Atlanta, Georgia, Shirley Franklin, thank you for coming Madam Mayor. (Applause.) Much of the success of this program is going to depend -- depends upon the ability for the federal government to work with state and local governments. And I know the Mayor has got a strong commitment to housing for all people, and to end the ownership gap. Madam Mayor, thanks for coming.

I appreciate as well Johnny Isakson and John Linder, members of the Georgia congressional delegation for coming today. Thank you all for being here. (Applause.) I want to thank Franklin Raines, of Fannie Mae and Leland Brendsel of Freddie Mac. Thank you all for coming. (Applause.)

Today I had the pleasure of seeing an entrepreneur's work first-hand. An Atlanta citizen who also dreamt a dream, and that is to develop a piece of blighted property, so others could benefit from her vision and hard work. Masharn Wilson is here. (Applause.) She is a President and CEO -- Masharn is the President and CEO of her own company. Part of the economic security is not only owning a home, part of it is if you have the entrepreneurial instincts is to own your own business, as well. (Applause.) So I want to appreciate you, Masharn. I appreciate your hard work.

And one other person I want to announce is a fellow named Darryl Hicks. Where are you, Darryl?

MR. HICKS: Right here.

THE PRESIDENT: There you are. Darryl Hicks is here. I want to -- Darryl is -- one of the things I remind our fellow citizens, if you're interested in defeating evil, do some good. You see, we're going to fight with our military, but we can also fight with our hearts. And a country which has been under attack can respond by loving your neighbor like you'd like to be loved yourself.

And this man right here is a fellow -- Darryl Hicks -- who works for Habitat for Humanity programs. He's interested in lending his heart and his talents to helping a neighbor in need. America can be changed one heart, one soul, one conscience at a time, so long as we are willing to love a neighbor like we'd like to be loved ourselves. (Applause.)

I want to thank you, Darryl. I want to thank Darryl for being a soldier in the army of compassion. And I also want to thank Reverend Dr. Thomas Bess for opening up this beautiful church. You know, one of my passions is the faith-based initiative. It is important that Congress not fear faith-based programs, but welcome faith-based programs, so we can help change people's lives. (Applause.)

I find it most interesting that we would be talking about how we help people in a church. After all, that's why churches exist.

AUDIENCE: Mm-hmm.

THE PRESIDENT: And so I am -- I want to thank the church staff for opening up this beautiful facility to the army which follows me around. (Laughter.)

I do believe in the American Dream. I believe there is such a thing as the American Dream. And I believe those of us who have been given positions of responsibility must do everything we can to spotlight the dream and to make sure the dream shines in all neighborhoods, all throughout our country. Owning a home is a part of that dream, it just is. Right here in America if you own your own home, you're realizing the American Dream.

You know, today I went to the -- to some of the home -- met some of the homeowners in this newly built homes and all you've got to do is shake their hand and listen to their stories and watch the pride that they exhibit when they show you the kitchen and the stairs -- so people like Ken Beatty, who is an environmentalist; or Al Smith, a probation officer; or Geary Jefferson a data base administrator; or Darrin West, an Atlanta police officer, Tamika Henry -- Tomika Henry Cole.

These are all people that I've met; they've come over here today. They showed me their home. They didn't show me somebody else's home, they showed me their home. And they are so proud to own their home and I want to thank them for their hospitality, because it helps the American people really understand what it means.

And what we've got to do is to figure out how to make sure these stories are repeated over and over and over again in America. Three-quarters of white America owns their homes. Less than 50 percent of African Americans are part of the homeownership in America. And less than 50 percent of the Hispanics who live here in this country own their home. And that has got to change for the good of the country. It just does. (Applause.)

And so here are some of the ways to address the issue. First, the single greatest barrier to first time homeownership is a high downpayment. It is really hard for many, many, low income families to make the high downpayment. And so that's why I propose and urge Congress to fully fund the American Dream Downpayment Fund. This will use money, taxpayers' money to help a qualified, low income buyer make a downpayment. And that's important.

One of the barriers to homeownership is the inability to make a downpayment. And if one of the goals is to increase homeownership, it makes sense to help people pay that downpayment. We believe that the amount of money in our budget, fully approved by Congress, will help 40,000 families every year realize the dream of owning a home. (Applause.) Part of the

success of Park Place is that the city of Atlanta already does this. And we want to make the plan more robust. We want to make it more full all across America.

Secondly, there is a lack of affordable housing in certain neighborhoods. Too many neighborhoods, especially in inner city America, lack affordable housing units. How can you promote homeownership if people can't afford a home?

And so what I've done is propose what we call a Single Family Affordable Housing Tax Credit, to encourage the development of affordable housing in neighborhoods where housing is scarce. (Applause.) Over five years, the initiative amounts to \$2.4 billion in tax credits. And that will help. It will help a lot to build homes where people can -- where when fully implemented, people will be able to say, I own my home.

A third major barrier is the complexity and difficulty of the home buying process. There's a lot of fine print on these forms. And it bothers people, it makes them nervous. And so therefore, what Mel has agreed to do, and Alphonso Jackson has agreed to do is to streamline the process, make the rules simpler, so everybody understands what they are -- makes the closing much less complicated.

We certainly don't want there to be a fine print preventing people from owning their home. We can change the print, and we've got to. We've got to be wise about how we deal with the closing documents and all the regulations, but also wise about how we help people understand what it means to own their home and the obligations and the opportunities.

And so, therefore, education is a critical component of increasing ownership throughout America. Financial education, housing counseling, how to help people understand that there are unscrupulous lenders. And so one of the things we're going to do is we're going to promote education, the education of owning a home, the education of buying a home throughout our society. And we want to fully implement the Section 8 housing program, homeownership program. The program will provide vouchers that first-time home buyers can use to help pay their mortgage or apply to their downpayment.

Many of the partners today, many of the people here today, many of the business leaders here today are creating a market for the mortgages where Section 8 vouchers are a source of the payment. And that's good -- see, it's an underpinning of capital. It helps move capital to where we want capital to go.

And so these are important initiatives that we can do at the federal government. And the federal government, obviously, has to play an important role, and we will. We will. I mean, when I lay out a goal, I mean it. But we also have got to bring others into the process, most particularly the real estate industry. After all, the real estate industry benefits when people are encouraged to buy homes. It's in their self interest that we encourage people to buy homes. (Applause.)

And so one of the things that I'm going to talk about a little bit today is how to create a sustained commitment by the private sector that will have a powerful impact. First of all, we want to make sure that we help work to expand capital available to buyers, and as I mentioned, overcome the barriers that I've delineated, as well as provide the education component. In other words, this is not just a federal responsibility.

That's why I've challenged the industry leaders all across the country to get after it for this goal, to stay focused, to make sure that we achieve a more secure America, by achieving the goal of 5.5 million new minority home owners. I call it America's home ownership challenge.

And let me talk about some of the progress which we have made to date, as an example for others to follow. First of all, government sponsored corporations that help create our mortgage system -- I introduced two of the leaders here today -- they call those people Fannie May and Freddie Mac, as well as the federal home loan banks, will increase their commitment to minority markets by more than \$440 billion. (Applause.) I want to thank Leland and Franklin for that commitment. It's a commitment that conforms to their charters, as well, and also conforms to their hearts.

This means they will purchase more loans made by banks after Americans, Hispanics and other minorities, which will encourage homeownership. Freddie Mac will launch 25 initiatives to eliminate homeownership barriers. Under one of these, consumers with poor credit will be able to get a mortgage with an interest rate that automatically goes down after a period of consistent payments. (Applause.)

Fannie Mae will establish 100 partnerships with faith-based organizations that will provide home buyer education and help increase homeownership for their congregations. I love the partnership. (Applause.)

The Enterprise Foundation and the local initiative support corporation will increase efforts to build and rehabilitate more homes in inner cities at affordable prices by working with local community development corporations.

In my home state of Texas, Enterprise helped turn the once decaying ideal neighborhood of Dallas into a vibrant community, by building homes that were sold to residents at affordable prices. The National Association of Home Builders will team up with local officials, home builder associations and community groups in 20 of our nation's largest housing markets, to focus on how to eliminate barriers, and encourage homeownership.

The Neighborhood Reinvestment Corporation will dramatically expand financial and home buyer education efforts to 380,000 minority families. The Neighborhood Housing Services of America will raise \$750 million to promote homeownership initiatives in many communities. We're beginning to use the Internet better, so that realtors all across the country will be able to call up programs all designed to help minority home buyers understand what's available, what's possible, and what to avoid. The National Realtors Association will create a central data bank of affordable housing programs, which will be made available to agents, real estate agents, to help people.

So these are some of the beginnings of a national effort. And I want to thank all those who are responsible for the organizations I just named for lending your talents to this important effort for America. You know, one of the things Presidents can do, is they can call the old conference. So I'm going to call one -- (laughter) -- just to make sure people understand, not only are we serious, but to let them check in. If they've signed up and said they're going to help, this will give everybody a chance to say, here's what I've done to help. It's what we call accountability. (Applause.)

And so this fall, we're going to have a White House conference. It is a White House conference specifically designed to address the homeownership gap. It is a White House conference that will not only say, what have you done to date, have you got any new ideas that we can share with others as well. I'm serious about this. This is a very important initiative for all of America. See, it is a chance for us to empower people. We're not going to talk about empowering government, we're talking about empowering people, so they have got choices over their lives. (Applause.)

I want to go back to where I started. I believe out of the evil done to America will come incredible good. I believe that as sure as I'm standing here. I believe we can achieve peace. I believe that we can address hopelessness and despair where hopelessness and despair exist. And listen, I understand that in this great country, there are too many people who say, this American Dream, what does that mean; my eyes are shut to the American Dream, I don't see the dream. And we'd better make sure, for the good of the country, that the dream is vibrant and alive.

It starts with having great education systems for every single child. (Applause.) It means that we unleash the faith-based programs to help change people's hearts, which will help change their lives. (Applause.) It means we use the mighty muscle of the federal government in combination with state and local governments to encourage owning your own home. That's what that means. And it means -- it means that each of us, each of us, have a responsibility in the great country to put something greater than ourselves -- to promote something greater than ourselves.

And to me, that something greater than yourself is to love a neighbor like you'd like to be loved yourself. In order to change America and to make sure the great American Dream shines in every community, every community, we must unleash the compassion and kindness of the greatest nation on the face of the earth.

I'm honored to be here today. I want to thank you for your interest. God bless you all, and God bless America. (Applause.)

###

Fact Sheet: President Bush Calls for Expanding Opportunities to Homeownership

Today's Presidential Action

- Today, President Bush announced a new goal to help **increase the number of minority homeowners by at least 5.5 million before the end of the decade**. The President's aggressive housing agenda will help dismantle the barriers to homeownership by **providing down payment assistance, increasing the supply of affordable homes, increasing support for self-help homeownership programs, and simplifying the home buying process & increasing education**. The President also issued "**America's Homeownership Challenge**" to the real estate and mortgage finance industries to join in his effort to increase the number of minority homeowners by taking concrete steps to tear down the barriers to homeownership that face minority families.

Background on the President's Homeownership Agenda

Buying a home is the biggest single investment most people will make in their lives. Homeownership is a cornerstone of America's healthy, vibrant communities, and benefits individual families by helping them build stability and long term financial security. **But sadly, homeownership is out of reach for many Americans -- especially for minority families.** For millions of these families, homeownership is a distant, unreachable dream.

President Bush has a comprehensive agenda to help **increase the number of minority homeowners by at least 5.5 million before the end of the decade**.

While the overall homeownership rate has reached an all time high of nearly 68 percent, the statistics show a clear and persistent homeownership gap:

- Despite increases in minority homeownership during the decade of the 1990s, large persistent gaps between non-Hispanic whites and minorities remain and have narrowed only slightly;
- According to HUD, in 1994 the minority homeownership rate was 26.8 percent below the rate for white households;
- The African-American homeownership rate was 27.5 percentage points below the white rate, and the Hispanic rate was 28.8 percentage points below the white rate;
- The second quarter Census data for 2002 shows that non-Hispanic whites have a 74.3% homeownership rate, while African-Americans have a 48% rate and Hispanics a 47.6% rate; and
- Asian-Americans and other races have a 53.7% homeownership rate.

A new report from the Department of Housing and Urban Development (HUD) -- which analyzed the most recent homeownership data from the U.S. Census Bureau -- highlights the many barriers that prevent minority families from owning their own home. The barriers include:

- A lack of inventory of affordable single-family housing available for sale in many areas where a majority of residents are minority families;
- A need for down payment assistance, which affects minority families to a greater extent than non-Hispanic whites because they have less accumulated wealth that can be used to help children with down payments;
- A lack of access to affordable mortgage credit;
- A lack of understanding of the homebuying process;
- Weak credit histories, often arising from a poor understanding of financial matters and where financial counseling is required;
- A lack of information about available homeownership programs in the community; and

- Language difficulties or cultural differences.

It doesn't have to be this way. The President's agenda will help tear down the barriers to homeownership that stand in the way of our nation's African-American, Hispanic and other minority families by:

- **Providing Downpayment Assistance.** The single biggest barrier to homeownership is accumulating funds for a down payment. The President has proposed \$200 million annually for the American Dream Downpayment Fund to help roughly 40,000 families a year with their down payment and closing costs.
- **Increasing the Supply of Affordable Homes.** The President wants to dramatically increase the supply of homes available to low and moderate income families. The President has proposed the Single-Family Affordable Housing Tax Credit, which will provide approximately \$2.4 billion to encourage the production of 200,000 affordable homes for sale to low and moderate income families.
- **Increasing Support for Self-Help Homeownership Programs.** The President's budget triples funding for organizations, such as Habitat for Humanity, that help families help themselves become homeowners through sweat equity and volunteerism in their communities.
- **Simplifying the Home Buying Process & Increasing Education.** When buying a home today a buyer faces a confusing and complicated process. The President and HUD want to empower homebuyers by simplifying the home buying process so consumers can better understand and benefit from cost savings. The President also wants to expand financial education efforts so that families can understand what they need to do to become homeowners.

The President also believes that government alone can't close America's homeownership gap. It is critical that our government challenge the private sector to take concrete steps to tear down the barriers to homeownership that face minority families. The President is issuing "**America's Homeownership Challenge**" to the real estate and mortgage finance industries to join in his effort to increase the number of minority homeowners by 5.5 million families by the end of the decade. Many organizations have already responded to the President's challenge by committing to:

- Substantially increase by at least \$440 billion, the financial commitment made by the government sponsored enterprises involved in the secondary mortgage market, specifically targeted toward the minority market;
- Launching twenty-five different local initiatives across the nation, geared toward eliminating the specific homeownership barriers faced by minority families in those communities;
- Raising \$750 million in below-market-rate investments by 2007, which will work in collaboration with local homeownership initiatives and be targeted to heavily minority program areas;
- Pursuing strategic partnerships in 20 top housing markets between homebuilders, lenders, local officials, and community leaders to develop approaches that address the local challenges to building homes for minority families living in urban centers;
- Establishing faith-based housing partnerships between the participants and at least 100 churches, mosques, synagogues, and other faith-based institutions;
- Aggressively developing new mortgage products so that conventional market alternatives are available to combat the predatory loan products that are disproportionately targeted to minorities;
- Creating new mortgage products to meet the unique needs of recent immigrants;
- Dramatically expanding financial education efforts for minorities, providing financial counseling to at least 380,000 minority families, and taking measures at the local level to reduce predatory lending; and
- Establishing multilingual, consumer-oriented internet Web sites designed to help minorities overcome barriers to homeownership, including creation of a central data bank of affordable housing programs made available to real estate agents when working with clients.

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President Reiterates Goal on Homeownership

Remarks by the President on Homeownership
Department of Housing and Urban Development
Washington, D.C.

10:30 A.M. EDT

THE PRESIDENT: Well, thank you all very much for that kind welcome. I'm here for a couple of reasons. First, I want to thank you all for your service to the greatest nation on the face of the Earth. (Applause.) I'm here to celebrate National Homeownership Month, because I believe owning a home is an essential part of economic security. And I'm concerned about the security of America. (Applause.)

I had the pleasure on June the 12th of speaking to the last President who visited HUD. I wish number 41 a happy birthday. (Applause.) And I'm glad you've invited me here today, I really am. I first am really proud of Mel Martinez and Alphonso Jackson. I've known Mel for a while, I've known Alphonso for a long time. There was no question in my mind that these two fine Americans would do a great job in leading this important agency. (Applause.)

I want to thank all those who have assumed leadership roles, who have left your states and your friends to come and serve America. And that's important. Service to our country is an incredibly important part of being an American.

I want to thank all those who have worked here for a short time and long time, who will be here after we leave. I want to thank a man named Larry Thompson, who has worked here for -- where's Larry? (Applause.) Larry's been here for 30 years. And I want to -- appreciate your service, Larry, and thank you for setting such a fine example for many others inside this building who serve the country.

Let me first talk about how to make sure America is secure from a group of killers, people who hate -- you know what they hate? They hate the idea that somebody can go buy a home. They hate freedom; that's what they hate. They hate the fact that we worship freely. They don't like the thought of Christian, Jew and Muslim living side by side in peace. They don't like that at all. And therefore, they -- since they resent our freedoms, they feel like they should take out their resentment by destroying innocent lives. And this country will do everything we can possibly do to protect America. (Applause.)

And that's going to mean making sure our homeland is secure, and I appreciate the progress we're making on setting up a Department of Homeland Security. I know it's going to be hard for some in Congress to give up a little power here and there, but I think it's going to happen because people realize we're here to serve the American people, not here to serve a political party or turf in the United States Congress. (Applause.)

But the best way to secure the homeland is to hunt them down one by one. And I mean hunt them down one by one and bring them to justice, which is precisely what America will do. (Applause.)

I want to thank the choir for coming, the youngsters for being here. I just want you to know that, when we talk about war, we're really talking about peace. We want there to be peace. We want people to live in peace all around the world. I mean, our vision for peace extends beyond America. We believe in peace in South Asia. We believe in peace in the Middle East. We're going to be steadfast toward a vision that rejects terror and killing, and honors peace and hope.

I also want the young to know that this country, we don't conquer people, we liberate people -- because we hold true to our values of life and liberty and the pursuit of happiness. The security of our homeland, the need to make sure that America is safe and secure while we chase peace is my number one priority for the country.

But I've got another priority, as well. I not only want America to be safer and stronger, I want America to be better. (Applause.) I want America to be a better place. I worry about our economy, because there are people who can't find work who want to work. In this town, people look at numbers all the time -- you know, such and such a number dropped, or this number increased. What I worry about are hearts and souls. That's what I worry about. And if somebody is trying to find work who can't find work, we need to continue to expand our job base. (Applause.)

We also have got to understand, in this land of plenty, there are pockets of hopelessness and despair. You know, I mentioned the word American Dream in Atlanta. I also recognize that some people aren't sure that dream extends to them. Some people don't even know what the dream means. And our job -- our jobs, our collective jobs, is to make sure that notion of the American Dream extends into every single neighborhood around this country. (Applause.)

I know this isn't the right department when I talk about education, but education, making sure every child is educated and no child is left behind, is part of making sure the American Dream extends to every single neighborhood in America. (Applause.) And we're making progress in a practical way when it comes to educating children, because, you know what, for the first time the federal government says, if you receive money, you need to let us know whether the children are learning to read and write and add and subtract. And if they are, we'll praise the teachers and praise the parents and praise the administrators. But if not, if our children can't read and write and add and subtract, instead of just hoping something changes, we're going to use the accountability system to insist upon change, so every child has a chance to realize the dream in America. (Applause.)

But I believe owning something is a part of the American Dream, as well. I believe when somebody owns their own home, they're realizing the American Dream. They can say it's my home, it's nobody else's home. (Applause.) And we saw that yesterday in Atlanta, when we went to the new homes of the new homeowners. And I saw with pride firsthand, the man say, welcome to my home. He didn't say, welcome to government's home; he didn't say, welcome to my neighbor's home; he said, welcome to my home. I own the home, and you're welcome to come in the home, and I appreciate it. (Applause.) He was a proud man. He was proud that he owns the property. And I was proud for him. And I want that pride to extend all throughout our country.

One of the things that we've got to do is to address problems straight on and deal with them in a way that helps us meet goals. And so I want to talk about a couple of goals and -- one goal and a problem.

The goal is, everybody who wants to own a home has got a shot at doing so. The problem is we have what we call a homeownership gap in America. Three-quarters of Anglos own their homes, and yet less than 50 percent of African Americans and Hispanics own homes. That ownership gap signals that something might be wrong in the land of plenty. And we need to do something about it.

We are here in Washington, D.C. to address problems. So I've set this goal for the country. We want 5.5 million more homeowners by 2010 -- million more minority homeowners by 2010. (Applause.) Five-and-a-half million families by 2010 will own a home. That is our goal. It is a realistic goal. But it's going to mean we're going to have to work hard to achieve the goal, all of us. And by all of us, I mean not only the federal government, but the private sector, as well.

And so I want to, one, encourage you to do everything you can to work in a realistic, smart way to get this done. I repeat, we're here for a reason. And part of the reason is to make this dream extend everywhere.

I'm going to do my part by setting the goal, by reminding people of the goal, by heralding the goal, and by calling people into action, both the federal level, state level, local level, and in the private sector. (Applause.)

And so what are the barriers that we can deal with here in Washington? Well, probably the single barrier to first-time homeownership is high down payments. People take a look at the down payment, they say that's too high, I'm not buying. They may have the desire to buy, but they don't have the wherewithal to handle the down payment. We can deal with that. And so I've asked Congress to fully fund an American Dream down payment fund which will help a low-income family to qualify to buy, to buy. (Applause.)

We believe when this fund is fully funded and properly administered, which it will be under the Bush administration, that over 40,000 families a year -- 40,000 families a year -- will be able to realize the dream we want them to be able to realize, and that's owning their own home. (Applause.)

The second barrier to ownership is the lack of affordable housing. There are neighborhoods in America where you just can't find a house that's affordable to purchase, and we need to deal with that problem. The best way to do so, I think, is to set up a single family affordable housing tax credit to the tune of \$2.4 billion over the next five years to encourage affordable single family housing in inner-city America. (Applause.)

The third problem is the fact that the rules are too complex. People get discouraged by the fine print on the contracts. They take a look and say, well, I'm not so sure I want to sign this. There's too many words. (Laughter.) There's too many pitfalls. So one of the things that the Secretary is going to do is he's going to simplify the closing documents and all the documents that have to deal with homeownership.

It is essential that we make it easier for people to buy a home, not harder. And in order to do so, we've got to educate folks. Some of us take homeownership for granted, but there are people -- obviously, the home purchase is a significant, significant decision by our fellow Americans. We've got people who have newly arrived to our country, don't know the customs. We've got people in certain neighborhoods that just aren't really sure what it means to buy a home. And it seems like to us that it makes sense to have an outreach program, an education program that explains the whys and wherefores of buying a house, to make it easier for people to not only understand the legal implications and ramifications, but to make it easier to understand how to get a good loan.

There's some people out there that can fall prey to unscrupulous lenders, and we have an obligation to educate and to use our resource base to help people understand how to purchase a home and what -- where the good opportunities might exist for home purchasing.

Finally, we want to make sure the Section 8 homeownership program is fully implemented. This is a program that provides vouchers for first-time home buyers which they can use for down payments and/or mortgage payments. (Applause.)

So this is an ambitious start here at the federal level. And, again, I repeat, you all need to help us every way you can. But the private sector needs to help, too. They need to help, too. Of course, it's in their interest. If you're a realtor, it's in your interest that somebody be interested in buying a home. If you're a homebuilder, it's in your interest that somebody be interested in buying a home.

And so, therefore, I've called -- yesterday, I called upon the private sector to help us and help the home buyers. We need more capital in the private markets for first-time, low-income buyers. And I'm proud to report that Fannie Mae has heard the call and, as I understand, it's about \$440 billion over a period of time. They've used their influence to create that much capital available for the type of home buyer we're talking about here. It's in their charter; it now needs to be implemented. Freddie Mac is interested in helping. I appreciate both of those agencies providing the underpinnings of good capital.

There's a lot of faith-based programs that want to be involved with educating people about how to buy a home. And we're going to have an active outreach from HUD. (Applause.)

And so this ambitious goal is going to be met. I believe it will be, just so long as we keep focused, and remember that security at home is -- economic security at home is just an important part of -- as homeland security. And owning a home is part of that economic security. It's also a part of making sure that this country fulfills its great hope and vision.

See, I tell people -- and I believe this -- that out of the evil done to America will come some incredible good. (Applause.) You know, they thought they were attacking a country so weak and so feeble that we might file a lawsuit or two, and that's all we'd do. (Laughter.) That's what they thought. We're showing them the different face of America. We're showing them that we're plenty tough. When it comes to taking somebody trying to take away our freedoms, we're tough, and we're going to remain tough and steadfast. (Applause.)

But I also want people to see the deep compassion of America, as well. I want the world to see the other side of our character, which is the soft side, the decent side, the loving side. I want people to know that when we talk about dreams, we mean big dreams. And when we talk about a free society, we want a society in which every citizen has the chance to advance, not just a few.

And part of the cornerstone of America is the ability for somebody, regardless of where they're from, regardless of where they were born, to say, this is my home; I own this home, it is my piece of property, it is my part of the American experience. It is essential that we stay focused on the goal, and work hard to achieve that goal. And when it's all said and done, we can look back and say, because of my work, because of our collective work, America is a better place. Out of evil came incredible good.

Thank you all for coming by.

President Hosts Conference on Minority Homeownership

George Washington University
Washington, D.C.

1:55 P.M. EDT

THE PRESIDENT: Thank you, all. Thanks, for coming. Well, thanks for the warm welcome. Thank you for being here today. I appreciate your attendance to this very important conference. You see, we want everybody in America to own their own home. That's what we want. This is -- an ownership society is a compassionate society.

More and more people own their homes in America today. Two-thirds of all Americans own their homes, yet we have a problem here in America because fewer than half of the Hispanics and half the African Americans own the home. That's a homeownership gap. It's a -- it's a gap that we've got to work together to close for the good of our country, for the sake of a more hopeful future. We've got to work to knock down the barriers that have created a homeownership gap.

I set an ambitious goal. It's one that I believe we can achieve. It's a clear goal, that by the end of this decade we'll increase the number of minority homeowners by at least 5.5 million families. (Applause.)

Some may think that's a stretch. I don't think it is. I think it is realistic. I know we're going to have to work together to achieve it. But when we do our communities will be stronger and so will our economy. Achieving the goal is going to require some good policies out of Washington. And it's going to require a strong commitment from those of you involved in the housing industry.

Just by showing up at the conference, you show your commitment. And together, together we will work over the next decade to enable millions of our fellow Americans to own a piece of their own property, and that's their home.

I appreciate so very much the home owners who are with us today, the Arias family, newly arrived from Peru. They live in Baltimore. Thanks to the Association of Real Estate Brokers, the help of some good folks in Baltimore, they figured out how to purchase their own home. Imagine to be coming to our country without a home, with a simple dream. And now they're on stage here at this conference being one of the new home owners in the greatest land on the face of the Earth. I appreciate the Arias family coming. (Applause.)

We've got the Horton family from Little Rock, Arkansas, here today. Actually, it's not Little Rock; it's North Little Rock, Arkansas. I was corrected. (Laughter.) I appreciate so very much these good folks coming all the way up from the South. They were helped by HUD, they were helped by Freddie Mac. Obviously, they've got a young family. And when we start talking about owning a home, a smile spread right across the face of the dad that could have lit up the entire town of Washington, D.C. (Applause.) I appreciate you all coming. Thanks for coming. He had to make sure I knew that he was educated in Texas. (Laughter.)

Finally, Kim Berry from New York is here. She's a single mom. You're not going to believe this, but her son is 18 years old. (Laughter.) She barely looked like she was 18 to me. And being a single mom is the hardest job in America. And the idea of this fine American working hard to provide for her child, at the same time working hard to realize her dream, which is owning a home on Long Island, is really a special tribute to the character of this particular person and to the character of a lot of Americans. So we're honored to have you here, Kim, and thanks for being such a good mom and a fine American. (Applause.)

I told Mel Martinez I was serious about this initiative. We started talking about it and I said, well, you know, I'm the kind of fellow, I don't like to lay out a goal and don't mean it. I think it's not -- I don't think it's fair for the American people to be -- to have a President or anybody else, for that matter, lay out a goal and just kind of say it, but don't mean it. I mean it. And the good news is, Mel Martinez believes it and means it, as well. He's doing a fine job of running HUD, and I'm glad he has joined my Cabinet. (Applause.)

And I picked a pretty spunky deputy, as well, Alphonso Jackson -- my fellow Texan. (Applause.) I call him A.J.

I appreciate the Secretary of Agriculture being here. She's got a lot of money having to do with rural housing. I appreciate Ann's commitment to rural America. And I'm really proud of the job she's doing, as well, for the American people, serving in my Cabinet. Thanks for coming, Ann. (Applause.)

I've got some others in my administration, as I look around. I see Rosario Marin, who's the Treasurer of the United States. Rosario used to be a mayor. Thank you for coming, Madam Mayor. (Applause.) She understands how important housing is. I see other mayors around here, and I want to thank the mayors for coming. After all, it's in your interest that this project succeed.

I know we've got some folks from the faith-based community here. Luis Cortes, from Philadelphia is here; and my friend, Kirbyjon Caldwell, from Houston, Texas. Kirbyjon, I had breakfast with him this morning. He told me he was going to have to leave before my speech. He's a wise man, that Kirbyjon Caldwell. (Laughter.) But he has gone back home to Texas. I appreciate Margaret Spellings and her staff. Margaret is the Domestic Policy Advisor to the President, and I want to thank you for putting on this conference, Margaret.

All of us here in America should believe, and I think we do, that we should be, as I mentioned, a nation of owners. Owning something is freedom, as far as I'm concerned. It's part of a free society. And ownership of a home helps bring stability to neighborhoods. You own your home in a neighborhood, you have more interest in how your neighborhood feels, looks, whether it's safe or not. It brings pride to people, it's a part of an asset-based society. It helps people build up their own individual portfolio, provides an opportunity, if need be, for a mom or a dad to leave something to their child. It's a part of -- it's of being a -- it's a part of -- an important part of America.

Homeownership is also an important part of our economic vitality. If -- when we meet this project, this goal, according to our Secretary of Housing and Urban Development, we will have added an additional \$256 billion to the economy by encouraging 5.5 million new home owners in America; the activity -- the economic activity stimulated with the additional purchasers, the additional buyers, the additional demand will be upwards of \$256 billion. And that's important because it will help people find work.

Low interest rates, low inflation are very important foundations for economic growth. The idea of encouraging new homeownership and the money that will be circulated as a result of people purchasing homes will mean people are more likely to find a job in America. This project not only is good for the soul of the country, it's good for the pocketbook of the country, as well.

To open up the doors of homeownership there are some barriers, and I want to talk about four that need to be overcome. First, down payments. A lot of folks can't make a down payment. They may be qualified. They may desire to buy a home, but they don't have the money to make a down payment. I think if you were to talk to a lot of families that are desirous to have a home, they would tell you that the down payment is the hurdle that they can't cross. And one way to address that is to have the federal government participate.

And so we've called upon Congress to set up what's called the American Dream Down Payment Fund, which will provide financial grants to local governments to help first-time home buyers who qualify to make the down payment on their home. If a down payment is a problem, there's a way we can address that. And when Congress funds the program, this should help 200,000 new families over the next five years become first-time home buyers.

Secondly, affordable housing is a problem in many neighborhoods, particularly inner-city neighborhoods. You may -- we may have qualified home buyers, but if there's no home to buy, this initiative isn't going anywhere. And so one of the things that we're going to -- that I'm doing is proposing a single-family affordable housing credit to encourage the construction of single-family homes in neighborhoods where affordable housing is scarce. (Applause.)

Over the next five years the initiative will provide home builders and therefore home buyers with -- home builders with \$2 billion in tax credits to bring affordable homes and therefore provide an additional supply for home buyers. It's really important for us to understand that we can provide incentive for people to build homes where there's a lack of affordable housing.

And we've got to set priorities. And one of the key priorities is going to be inner-city America. Good schools and affordable housing will help revitalize our inner cities.

Another obstacle to minority homeownership is the lack of information. You know, getting into your own home can be complicated. It can be a difficult process. I had that very same problem. (Laughter and applause.)

Every home buyer has responsibilities and rights that need to be understood clearly. And yet, when you look at some of the contracts, there's a lot of small print. And you can imagine somebody newly arrived from Peru looking at all that print, and saying, I'm not sure I can possibly understand that. Why do I want to buy a home? There's an educational process that needs to go on, not only to explain the contract, explain obligation, but also to explain financing options, to help people understand the complexities of a homeownership market, and also at the same time to protect people from unscrupulous lenders, people who would take advantage of a good-hearted soul who is trying to realize their dream.

Homeownership education is critical. And so today, I'm pleased to announce that through Mel's office, we're going to distribute \$35 million in 2003 to more than 100 national, state and local organizations that promote homeownership through buyer education. (Applause.)

And, of course, one of the larger obstacles to minority homeownership is financing, is the ability to have their dream financed. Right now, we have a program that all of you are familiar with, maybe our fellow Americans are, and that's what they call a Section 8 housing program, that provides billions of dollars in vouchers to help low-income Americans with their rent. It encourages leasing. We think it's important that we use those vouchers, that federal money to help low-income Americans go from being somebody who leases to somebody who owns; that we use the Section 8 program to not only help with down payment, but to help with continuing monthly mortgage payments after they're into their new home. It is a -- it is a way to help us meet this dream of 5.5 million additional families owning their home.

I'm also going to encourage the lending industry to develop a mortgage market so that this script, these vouchers, can regularly be used as a source of payment to provide more capital to lenders, who can then help more families move from rental housing into houses of their own.

These are some of the barriers that home owners face, potential home owners face, and this is what we intend to do about it. But like in a lot of our life, government can't do everything. It's impossible to provide every aspect of a national strategy, particularly in this case. And that's why we need the help of private and nonprofit sectors in our country to help play a vital role in helping to meet the goal. Many of you here represent the nonprofit, as well as the private sectors of our economy and our country, and I want to thank you for your commitment.

Last June, I issued a challenge to everyone involved in the housing industry to help increase the number of minority families to be home owners. And what I'm talking about, I'm talking about your bankers and your brokers and developers, as well as members of faith-based community and community programs. And the response to the home owners challenge has been very strong and very gratifying. Twenty-two public and private partners have signed up to help meet our national goal. Partners in the mortgage finance industry are encouraging homeownership by purchasing more loans made by banks to African Americans, Hispanics and other minorities.

Representatives of the real estate and homebuilding industries, through their nationwide networks or affiliates, are committed to broadening homeownership. They made the commitment to help meet the national goal we set.

Freddie Mae -- Fannie Mae and Freddie Mac -- I see the heads who are here; I want to thank you all for coming -- (laughter) -- have committed to provide more money for lenders. They've committed to help meet the shortage of capital available for minority home buyers.

Fannie Mae recently announced a \$50 million program to develop 600 homes for the Cherokee Nation in Oklahoma. Franklin, I appreciate that commitment. They also announced \$12.7 million investment in a condominium project in Harlem. It's the beginnings of a series of initiatives to help meet the goal of 5.5 million families. Franklin told me at the meeting where we kicked this office, he said, I promise you we will help, and he has, like many others in this room have done.

Freddie Mac recently began 25 initiatives around the country to dismantle barriers and create greater opportunities for homeownership. One of the programs is designed to help deserving families who have bad credit histories to qualify for homeownership loans. Freddie Mac is also working with the Department of Defense to promote construction and financing for housing for men and women in the military.

There's all kinds of ways that we can work together to meet the goal. Corporate America has a responsibility to work to make America a compassionate place. Corporate America has responded. As an example -- only one of many examples -- the good folks at Sears and Roebuck have responded by making a five-year, \$100 million commitment to making homeownership and home maintenance possible for millions of Americans.

There have been other steps that are being taken to close the homeownership gap. And you've heard some of the stories here today, people much more eloquent than me, to talk about what's taking place on the front line of meeting this national goal.

The non-profit groups are bringing homeownership to some of our most troubled communities. And as you know, I'm a strong advocate of what I call the faith-based initiative. And the reason I am is because I understand the universal call to love a neighbor like you'd like to be loved yourself, and that includes helping somebody find a home.

One such example is the Enterprise Foundation, a national non-profit organization that provides assistance to grassroots homeownership organizations. Because of their work, as one example, 185 affordable homes will be available in the Baltimore neighborhood that was once so crime-ridden that people had written it off. Revitalizing neighborhoods is a real possibility if people put their mind to it. And at the same time, you're helping people own a home in America.

And the faith-based community is doing some fantastic work when it comes to encouraging homeownership, whether it be financial counseling, or job training or other outreach services, to help people understand what it takes to buy a home.

And then there's my friend Kirbyjon Caldwell. He not only provides counseling and job training, he actually decided to encourage a development of homes in the Houston area. People -- low-income people are going to be able to more afford a home in Texas because of Kirbyjon's vision and work. He's answered the call of faith to help people help themselves and to help them realize dreams.

The other thing Kirbyjon told me, which I really appreciate, is you don't have to have a lousy home for first-time home buyers. If you put your mind to it, the first-time home buyer, the low-income home buyer can have just as nice a house as anybody else. And I know Kirbyjon. He is what I call a social entrepreneur who is using his platform as a Methodist preacher to improve the neighborhood and the community in which he lives.

And so is Luis Cortes, who represents Nueva Esperanza in Philadelphia. I went to see Luis in the inner-city Philadelphia. Luis is -- at least he was -- he's probably still there -- in what one would call a tough neighborhood. There's a lot of abandoned buildings. And I mean, beautiful old structures just empty. Luis had a dream to revitalize his neighborhood, starting with a good charter school, one that would work, one that would teach kids how to read and write and add and subtract.

But he also understood that a homeownership program is incredibly important to revitalize this neighborhood that a lot of folks had already quit on. I suspect one day we'll all go back to Luis' neighborhood and we'll find first-time home owners there, and a good education system. And this will be the beginning of a -- of a neighborhood revitalization in that part of Philadelphia, because there was vision and drive and hope for our fellow citizens.

So I want to thank you all for coming. I want to thank you for your determination to help close the minority homeownership gap. It's an incredibly important initiative for this country. See, America is a good and generous country. It's a great place. Part of it was to make sure that the dream, the American Dream, the ability to come from anywhere in our society and say, I own this home, is a reality -- can be achievable for anybody, regardless of their status, regardless of their -- of whether or not they -- whether or not they think the dream is meant for them.

I mean, we can put light where there's darkness, and hope where there's despondency in this country. And part of it is working together as a nation to encourage folks to own their own home.

Again, I want to tell you, this is an initiative -- as Mel will tell you, it's an initiative that we take very seriously. We're going to stay on it until we're -- until we achieve the goal. And as we all achieve the goal, we can look back and say, America is a better place for our hard work, our efforts and our desires for our fellow Americans to realize the greatness of our country.

Thank you for coming. May God bless your vision. May God bless America. (Applause.)

###

National Homeownership Month, 2003

By the President of the United States of America
A Proclamation

Homeownership is more than just a symbol of the American Dream; it is an important part of our way of life. Core American values of individuality, thrift, responsibility, and self-reliance are embodied in homeownership. I am committed to helping more families know the security and sense of pride that comes with owning a home.

The Department of Housing and Urban Development is leading an Administration-wide effort to bring new tools and resources to would-be homeowners. We are providing financial assistance to qualified families through the American Dream Downpayment Fund, funding educational programs that stress financial literacy, and offering a compassionate hand to those who dream of moving from subsidized housing into homeownership. And through the Self-Help Homeownership Opportunity Program, my Administration partners with nonprofit organizations that offer homeownership opportunities to families willing to contribute their skills and labor to help build a home of their own. We are also proposing ways to make it easier to shop for a mortgage and to make mortgages available to more families through the Federal Housing Administration.

Today, the United States is fortunate in that our homeownership rate is at an all-time high, and low interest rates continue to encourage millions of Americans to become first-time homeowners. Although a record number of Americans own their own homes, we continue to see a gap between the homeownership rates of minorities and nonminorities. By a significant margin, minority families are less likely to own their own homes. Therefore, I have called upon the entire housing industry to join with my Administration to expand minority homeownership across the Nation. Our goal is to help at least 5.5 million minority families become homeowners by the end of this decade, and our Blueprint for the American Dream Partnership is taking bold steps to make this a reality.

Across our Nation, every citizen, regardless of race, creed, color, or place of birth, should have the opportunity to become a homeowner. Homeownership represents a pathway to pride and prosperity for many families, encourages values of responsibility and sacrifice, creates stability for neighborhoods and communities, and generates economic growth that helps strengthen the entire Nation.

NOW, THEREFORE, I, GEORGE W. BUSH, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim June 2003 as National Homeownership Month. I call upon the people of the United States to join me in recognizing the importance of offering every American the opportunity to realize their dream of homeownership and to help work towards making that dream a reality.

IN WITNESS WHEREOF, I have hereunto set my hand this thirteenth day of June, in the year of our Lord two thousand three, and of the Independence of the United States of America the two hundred and twenty-seventh.

GEORGE W. BUSH

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THE PRESIDENT
HAS SEEN

THE WHITE HOUSE

WASHINGTON

March 14, 2004

MEMORANDUM FOR THE PRESIDENT

THROUGH: MARGARET SPELLINGS

FROM: TERRELL HALASKA

SUBJECT: Background Information on Homeownership and the Spring Avenue
Development

I. Background on Homeownership Initiative

The homeownership initiative is designed to close the gap between non-minority and minority homeowners. You announced in June 2002 a goal of creating 5.5 million new minority homeowners by the end of the decade through a variety of proposals to assist low- and moderate-income families.

Your initiative is seeing real results. The latest census estimate of the number of minority homeowners is 1.53 million higher than it was when you launched this initiative. This is slightly ahead of schedule – achieving 28% of the goal in just 19% of the time. In the fourth quarter of 2003:

- For the first time ever, the majority of minority households are now homeowners.
- In the fourth quarter of 2003, the national homeownership rate set a new record of 68.6 percent, up 0.2 percentage points from the previous record of 68.4 percent.

Your initiative includes the following elements:

A. Housing Counseling. You have called for an increase in funding for comprehensive housing counseling, including such services as pre-purchase, default, and renter counseling to potential homeowners and tenants. Your FY 2005 budget request is \$45 million, an increase from \$40 million in FY 2004 and more than doubling the \$20 million level in FY 2001.

These HUD housing counseling grants help take the uncertainty out of home buying for thousands of Americans, empowering them to avoid predatory lending, make more informed home purchases, and understand the lending process more clearly. The HUD grants indirectly fund counseling activities provided by the Genesis Housing Corporation (the group represented in today's conversation).

B. Affordable Housing. A barrier for low- and moderate-income homebuyers is the availability of affordable housing. To address this need, you proposed a \$2.4 billion, 5-year Single-Family

Affordable Housing Tax Credit in your FY 2005 budget. The tax credit is for up to 50 percent of the project costs of rehabilitation and construction of affordable homes, provided they are offered to homebuyers with incomes of not more than 80 percent of area median income. The tax credit would eventually result in an additional 200,000 affordable single-family homes becoming available through construction or rehabilitation.

C. American Dream Downpayment Initiative. Another barrier to homeownership for low-income families is the downpayment. To address this issue, you proposed the American Dream Downpayment Initiative in June 2002 and signed the American Dream Downpayment Act into law on December 16, 2003. This fund authorizes \$200 million distributed by formula to state and local agencies to assist an estimated 40,000 low-income families with downpayment funds. You requested \$200 million for this program in your FY 2005 budget.

HUD has prepared an interim rule in order to implement this important new assistance for low-income, first-time homebuyers. A rulemaking was necessary to implement the provisions of the Act relating to the formula, level of subsidy, and other special provisions. The rule has completed Departmental clearance and review by the Office of Management and Budget and it was sent to Congress for its 15-day Congressional review period on Thursday, March 11. The Congressional review period will be completed by March 25 and if there are no issues raised by Congress, the rule could be published in the *Federal Register* by March 31. It would take effect 30 days later, April 30. On approximately April 30, HUD plans to distribute \$161.4 million to over 400 states and local agencies. Pennsylvania is slated to receive 4.01 percent of this funding or \$6,481,000.

D. Private Efforts for Minority Homeowners. When you launched the Homeownership initiative, you challenged the entire real estate and mortgage finance industry to help close the gap that exists between the homeownership rates of minorities and non-minorities. In response, more than two dozen industry leaders have made commitments to help achieve this goal. For example:

- ***JPMorgan Chase Bank***
Chase Home Finance, the mortgage division of JPMorgan Chase Bank, introduced the "Chase Dream Maker Commitment" initiative, a \$500 billion commitment through 2010. The goal is to provide increased home financing to minority borrowers and new immigrant families nationwide.
- ***Local Initiatives Support Corporation (LISC)***
LISC committed to help develop 40,000 additional homes worth approximately \$4 billion in at least 15-20 cities by 2010.
- ***Neighborhood Reinvestment Corporation (NRC)***
NRC committed to provide housing counseling assistance to more than 650,000 families over the next decade, 380,000 of whom will be minority households.

E. Regulatory Reform - America's Affordable Communities Initiative. A combination of Federal, State, and local regulation is having a negative impact on housing costs. These regulations affect low-income families disproportionately as the regulatory costs associated with building a home are about the same on a \$100,000 home as they are on a \$1,000,000 home. Homebuilders cite the regulatory burden as the barrier to affordable housing.

As part of your homeownership initiative, HUD launched the *America's Affordable Communities Initiative* to make homes more affordable through regulatory reform – at all levels of government. Through the initiative, HUD is:

- Providing incentives to local communities by awarding them bonus points in the competitive grant process if they reduce regulations and barriers to affordable homebuilding;
- Creating a web-based clearinghouse of community best practices to reduce regulatory barriers and increase affordable housing;
- Reviewing all HUD regulations, directives, and other public documents to determine if they would create a regulatory barrier; and
- Sending a brochure to nearly 25,000 local officials around the country describing common regulatory barriers, proposing potential solutions, and encouraging public forums to address these issues.

II. Background on the Spring Avenue Development in Ardmore, Pennsylvania

The Spring Avenue Development in Ardmore, PA, is located in Lower Merion Township. The heart of the "Main Line," the Township is a first-ring suburban community bordering the city of Philadelphia. Lower Merion is the largest of the 62 municipalities located within Montgomery County. The County government is run by three elected Commissioners. The Township's government is a council-manager structure governed by a 14-member elected Board of Commissioners.

The Township has 23,699 housing units of which 96.5% are occupied. 75.5% of the housing units are owner occupied. Affordable housing opportunities have become more limited across the Philadelphia metropolitan area. Many moderate- and median-income households now have difficulty securing affordable housing.

According to the 2000 Census, the Township's population is 59,850, 90.3% white, 4.5% black, 1.6% Hispanic, and 5.2 % other. Per capita income is \$55,526 compared to the state at \$20,880. 230 or 1.5% of families live below the poverty level. 18.5% of the population is over 65 years of age.

The Spring Avenue Development is the result of a partnership between two entities – the Lower Merion Affordable Housing Corporation and the Genesis Housing Corporation.

Lower Merion Affordable Housing Corporation. The Corporation has a ten-unit affordable housing development located in the Township. Phase I consists of six completed units located on Spring Avenue in Ardmore. All units were sold and occupied by December 2003. You will tour Phase I and visit Pearl Cerdan's home. Phase II is located on Spring and Simpson Avenues in Ardmore and construction of these next four units is scheduled to begin by the summer of 2004. Penny Wolk, who will be participating in the conversation, is in the process of buying a home in Phase II.

Although there will only be a total of ten units, Spring Avenue represents the type of affordable housing development that is being built all around the country. It provides lower-income families the opportunity to live and raise their children in more affluent communities. Both Penny and Pearl, who you will meet, talk about wanting to live in this community because it is a good place to raise their children and has good schools for the children to attend. All the schools in the area made AYP and receive little, if any, Title I money.

Genesis Housing Corporation. Genesis Housing Corporation is a non-profit community development corporation that assists in the development of affordable housing and education of consumers on housing and financial issues in Montgomery County.

Genesis Housing receives housing counseling funding from the Pennsylvania Housing Finance Agency – a state intermediary agency that HUD funds. In 2003, Genesis received approximately \$10,500; its housing counseling funding has doubled in the last three years. Genesis also receives from Montgomery County – another intermediary agency that receives HUD funding – approximately \$50,000 for operating expenses and about \$300,000 in Community Development Block Grant (CDBG) funding for acquisition and rehabilitation projects. (Note: The CDBG program at HUD provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. Funding for the CDBG program has been between \$4 billion and \$5 billion since 2001.)

THE WHITE HOUSE

WASHINGTON

March 25, 2004

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: MARGARET SPELLINGS

FROM: TERRELL HALASKA

SUBJECT: Background Information on Homeownership for New Mexico and Arizona

3/24/04
THE PRESIDENT HAS SEEN

Section I of this Memorandum discusses your Homeownership Initiative. Section II provides additional background information relevant to the Conversation on Homeownership in Arizona. Section III addresses other policy issues that – although not related to homeownership – may be raised by Doug McCarron in Arizona.

I. Background on Homeownership Initiative

Your homeownership initiative is designed to increase homeownership and close the gap between non-minority and minority homeowners. In June 2002, you announced a goal of creating 5.5 million new minority homeowners by the end of the decade through a variety of proposals to assist low- and moderate- income families.

A. Results to date.

Your homeownership initiative is producing real results:

- The latest (Q4 2003) census estimate of the number of minority homeowners is 1.53 million higher than it was when you launched this initiative. This is ahead of schedule – achieving 28% of the goal in just 19% of the time.
- For the first time ever, the majority of minority households are now homeowners (as of Q4 2003).
- In the fourth quarter of 2003, the national homeownership rate set a new record of 68.6 percent, up 0.2 percentage points from the previous record of 68.4 percent.
- According to the Census Bureau, February sales of new single-family homes increased 5.8 percent from the revised January 2004 level and 24.4 percent from February 2003. This is a very high level for sales of new homes – third highest ever. Eighteen of the past 19 months had sales paces over 1,000,000 (Seasonally Adjusted Annual Rate). Regionally, sales increased in two regions: 12.0 percent in the Northeast and 28.5 percent in the West (including Arizona and New Mexico), while decreasing 1.2 percent in the South and 10.6 percent in the Midwest.

B. Elements of your homeownership initiative.

Your homeownership initiative includes the following elements:

1. **Housing Counseling.** You have called for an increase in funding for comprehensive housing counseling, including such services as pre-purchase, default, and renter counseling to potential homeowners and tenants. Your FY 2005 budget request is \$45 million, an increase from \$40 million in FY 2004 and more than doubling the \$20 million level in FY 2001. These HUD housing counseling grants help take the uncertainty out of home buying for thousands of Americans, empowering them to avoid predatory lending, make more informed home purchases, and understand the lending process more clearly.

2. **Affordable Housing.** A notable barrier for low- and moderate-income homebuyers is the scarcity of affordable housing. To address this need, you proposed a \$2.54 billion, 5-year Single-Family Affordable Housing Tax Credit in your FY 2005 budget. The tax credit is for up to 50 percent of the project costs of rehabilitation and construction of affordable homes, provided they are offered to homebuyers with incomes of not more than 80 percent of area median income. The tax credit would eventually result in an additional 200,000 affordable single-family homes becoming available through construction or rehabilitation.

3. **American Dream Downpayment Initiative.** Another barrier to homeownership for low-income families is the downpayment. To address this issue, you proposed the American Dream Downpayment Initiative in June 2002 and signed the American Dream Downpayment Act into law on December 16, 2003. This fund authorizes \$200 million, distributed by formula to state and local agencies, to assist an estimated 40,000 low-income families with down payment funds. You requested \$200 million for this program in your FY 2005 budget.

HUD has prepared an interim rule in order to implement this important new assistance for low-income, first-time homebuyers. A rulemaking was necessary to implement the provisions of the Act relating to the formula, level of subsidy, and other special provisions. HUD plans to publish the rule in the Federal Register by March 31. It would take effect 30 days later, April 30. On approximately April 30, HUD plans to distribute \$161.4 million to over 400 state and local agencies. Agencies in New Mexico are slated to receive \$901,629. Agencies in Arizona will receive \$2,645,376.

4. **Zero Downpayment Initiative.** In this year's budget, you proposed the Zero Downpayment initiative. This proposal would eliminate the statutory requirement of a minimum three percent down payment for Federal Housing Administration (FHA)-insured single-family mortgages for first-time homebuyers. Preliminary projections indicate that the new FHA mortgage product would generate about 150,000 homebuyers in the first year alone. For those that choose to participate in the Zero Downpayment program, HUD would charge a modestly higher insurance premium, which would be phased down over several years, and would also require families to undergo pre-purchase housing counseling.

5. **Private Efforts for Minority Homeowners.** When you launched the Homeownership initiative, you challenged the entire real estate and mortgage finance industry to help close the gap that exists between the homeownership rates of minorities and non-minorities. In response, more than two dozen industry leaders (including the Government Sponsored Enterprises Fannie Mae and Freddie Mac) made commitments to help achieve this goal. For example:

- Chase Home Finance, the mortgage division of JPMorgan Chase Bank, introduced the "Chase Dream Maker Commitment" initiative, a \$500 billion commitment through 2010. The goal is to provide increased home financing to minority borrowers and new immigrant families nationwide.
- Local Initiatives Support Corporation (LISC) committed to help develop 40,000 additional homes (worth approximately \$4 billion) in at least 15-20 cities by 2010.
- Neighborhood Reinvestment Corporation (NRC) committed to provide housing counseling assistance to more than 650,000 families over the next decade, 380,000 of whom will be minority households.

6. **Regulatory Reform - America's Affordable Communities Initiative.** A combination of Federal, State, and local regulation is having a negative impact on housing costs. These regulations affect low-income families disproportionately, because the regulatory costs associated with building a home are about the same on a \$100,000 home as they are on a \$1,000,000 home. Homebuilders cite the regulatory burden as a major barrier to affordable housing. To address this issue, as part of your homeownership initiative, HUD launched the America's Affordable Communities Initiative to make homes more affordable through regulatory reform - at all levels of government. Through this initiative, HUD is:

- Providing incentives to local communities by awarding them bonus points in the competitive grant process if they reduce regulations and barriers to affordable homebuilding;
- Creating a web-based clearinghouse of community best practices to reduce regulatory barriers and increase affordable housing;
- Reviewing all HUD regulations, directives, and other public documents to determine if they would create a regulatory barrier; and
- Sending a brochure to nearly 25,000 local officials around the country describing common regulatory barriers, proposing potential solutions, and encouraging public forums to address these issues.

7. **RESPA Reform.** Acting Secretary Jackson wrote to OMB on March 22 to withdraw the rule that would have reformed the Real Estate Settlement Procedures Act (RESPA). The rule would have simplified the home buying process, and lowered costs at closing. Acting Secretary Jackson indicated that the Administration remains strongly committed to this reform, but due to significant concerns raised by members of Congress and outside groups, it was prudent to withdraw the rule at this time, listen to the suggestions and concerns of affected parties, and re-propose the rule at a later date.

8. **Rural Minority Homeownership.** In order to implement the President's commitment, Secretary Veneman pledged to increase minority participation in USDA homeownership programs by 10 percent by 2010. USDA is doing this by: doubling Self-Help

participants by 2010; conducting outreach to boost minority lenders; promoting credit counseling and homeownership education; and monitoring lending to ensure goals are reached.

Your FY 2005 budget supports rural homeownership at USDA with \$2.7 billion in home loan guarantees for low- to moderate-income rural residents and \$1.1 billion in direct loans for very low to low-income borrowers who are unable to secure a mortgage through a conventional lender. These loans are expected to provide 42,800 homeownership opportunities to rural families across America. The funding levels in these programs have fluctuated during the past three years due to changing costs of the loans, not any decreased commitment to the programs on the part of the Administration.

USDA Rural Development also administers a mutual Self- Help program, much like the program at HUD, which allows families to build their own homes and, in the process, create strong communities. Funding for this program has remained constant at \$34 million since FY 2001. While minorities make up just over 13 percent of the rural population, more than half of the Self-Help families are minorities. Presently, there are more than 130 local organizations working with Self-Help families in 40 states and territories. This includes seven non-profit groups and small towns in Arizona and a large group in New Mexico. USDA expects the groups in these two states to build nearly 500 homes under the current grant cycles.

C. Related proposal – Government Sponsored Enterprises (GSEs) Reform.

Fannie Mae and Freddie Mac are currently regulated by the Office of Federal Housing Enterprise Oversight (OFHEO). There is a growing consensus that OFHEO does not have the necessary resources to effectively regulate these companies. The Administration has been working to ensure that the GSEs regulatory regime is comparable – in stature, powers, and resources – to other financial regulators. The Administration's reform package builds upon the "three pillars" of financial services regulation: market discipline, supervision and examination, and capital requirements. Part of the Administration's proposal to reform the regulator includes a new enforceable goal encouraging the purchase of first-time homebuyer mortgages.

The National Association of Homebuilders, the group to which you will be speaking to in New Mexico, continues to oppose some of our key GSE reforms, despite several attempts over the past few weeks to work more closely with them.

II. Additional Background Information Relevant to Arizona Conversation.

A. Housing For Mesa, Inc. Two of the Conversation participants in Arizona – Monica Mims and Emily McElhaney – have become homeowners with the assistance of Housing for Mesa (HFM), a private, non-profit, community-based housing development organization. HFM provides comprehensive housing development and support services for low-income families, including new construction and rehab services, downpayment assistance, financial packaging, homebuyer education/counseling, new homeowner training, housing assistance outreach, and technical assistance.

Housing for Mesa was incorporated in 1988 and began its first time Homebuyers' program in January 1990. The program began with new construction of in-fill housing in Mesa's Washington Park neighborhood, one of the lowest income areas of the city. The ribbon was cut on the first two houses in 1990.

During the first three years of operation, production ranged from six to eight houses per year. When HFM expanded its acquisition/rehab program to encompass all of Mesa in mid-1992, production tripled. Today, HFM produces an average of 20 units of housing, provides education to 600 households, and counsels approximately 100 families per year.

HFM has received more than \$760,000 either directly or indirectly from HUD since FY 2002. The funds were provided primarily through the HOME program, which is described below.

B. The HOME Program. HUD's HOME program provides formula grants to States and localities that communities use – often in partnership with local nonprofit groups – to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental and downpayment assistance to low-income people. HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. HOME's flexibility empowers people and communities to design and implement strategies tailored to their own needs and priorities. Conversation participant Emily McElhaney and her husband Russell received \$9,000 of HOME funds for downpayment and closing costs through HFM.

Your FY 2005 budget request for the HOME program is \$2.084 billion, which includes a specific \$200 million request for the American Dream Downpayment Initiative. This program has grown from \$1.796 billion in FY 2001 to \$2.006 billion in FY 2004.

C. Section 8 Self Sufficiency Program. In HUD's "Section 8" program, very low income families can receive vouchers from local public housing agencies to be used toward rent payments at privately owned buildings. In a relatively new variant of the Section 8 program – the Section 8 Self Sufficiency Program – recipients of Section 8 funding can save a portion of their rent payments to be used toward a downpayment on a home. Some 375 public housing agencies have opted to make such assistance available for 1500 homeowners nationwide. Conversation participant Monica Mims benefited from the Section 8 Self Sufficiency Program – the program helped her save money for a downpayment and gave her access to HFM-provided housing counseling services.

III. Other Background Issues that May be Raised by a Participant in the Arizona Conversation.

One of the participants in the Arizona Conversation is Doug McCarron, who is General President of the United Brotherhood of Carpenters and Joiners of America. We understand from McCarron's staff that he may raise a few issues with you unrelated to homeownership including (a) the highway bill; (b) Davis Bacon; and (c) pension relief. We understand that the only issue he may hint at publicly is the need for a highway bill that translates into jobs for his union membership.

A. Highway Funding. The Administration proposed a surface transportation reauthorization bill (SAFETEA) on May 14, 2003. The Administration's bill matched spending to Highway Trust Fund revenues and does not require a tax increase. The FY 2005 budget has set the six-year bill total at \$256 billion. This level can be sustained within Highway Trust Fund revenues and does not jeopardize your goal of cutting the deficit in half in five years.

Our SAP supports an appropriate balance between investment in our infrastructure and the need for spending discipline, consistent with a funding level of \$256 billion. In addition, we articulated three principles: (1) transportation infrastructure spending should not rely on an increase in the gas tax or other Federal taxes; (2) transportation infrastructure spending should not be funded through bonding or other mechanisms that conceal the true cost to Federal taxpayers; and (3) highway spending should be financed from the Highway Trust Fund, not the General Fund of the Treasury.

Last month, the Senate passed a six-year bill which totals \$318 billion. Your senior advisors wrote that they would recommend a veto if the funding level is not brought down significantly. Yesterday, the House Transportation and Infrastructure Committee passed a \$275 billion highway and transit bill including a re-opener clause that will let Congress adjust funding levels in the measure as early as 2005.

McCarron will emphasize the need for a highway bill because it means jobs for his membership. We also support a highway bill, but emphasize the need for a six-year reauthorization that meets our principles.

B. Davis Bacon (DB). Under DB, when the Federal government is a party to a construction contract, certain wages must be paid to the workers. The Federal highway program, in which the Federal government reimburses states for highway and bridge construction, has been covered by DB since the 1950s. In recent years, as Congress has developed new innovative ways of funding highway projects, unions have fought hard to ensure that DB is applied to each innovative financing package. The pending highway bill contains two such proposals, and McCarron may ask that you support applying DB protections to these programs:

Private Activity Bonds – This would allow states to sell Federally tax-exempt bonds to fund highway projects. Because the Federal government only provides a tax benefit and is not a party to the construction contract, the Administration believes that DB does not apply. The Carpenters disagree with this.

State Infrastructure Banks (SIBs) – These are state-administered revolving funds seeded with Federal money and replenished with state funds that some states use to fund highway projects. DB opponents have argued that DB should only apply while the Federal seed money is in use. Once the Federal funds have been replaced with state repayments, DB should not apply. The current program applies DB to all SIB transactions, and the Administration did not propose to change this.

C. *Multi-Employer Pension Plans.* A highly technical bill, H.R. 3108, is now in conference, which would replace the statutory method of discounting pension liabilities that expired at the end of last year. Sponsors of underfunded pension plans, in both the single-employer and the multi-employer pension systems, are trying to get provisions in the bill that would relieve them of their near-term pension funding obligations. Earlier this year, White House senior policy advisors wrote that they would recommend a veto if provisions were attached that let employers off the hook for funding their pension obligations.

The push by multi-employer plans for relief is the largest single sticking point remaining. The Administration has repeated that we are serious about enforcing this veto threat and requiring sponsors of multi-employer plans to fund their plans. The multi-employer pension plan system is already badly underfunded, largely because of ineffective, lax rules. Our position has been that pension obligations are a binding commitment by employers to employees, and we will not worsen pension underfunding by loosening this obligation still further.

President's Remarks to the National Association of Home Builders

Greater Columbus Convention Center
Columbus, Ohio

10:01 A.M. EDT

THE PRESIDENT: Thank you all very much. Thank you all.

AUDIENCE: Four more years! Four more years! Four more years!

THE PRESIDENT: Thanks a lot. Thanks for the warm welcome. I appreciate being with the home builders from all across our country -- it's a good way to spend a Saturday morning. (Laughter.) I'm proud to be back in the state capital of Ohio. I don't know if you know this or not, but my great grandfather built a home right here in Columbus, on Roxbury Road. (Applause.) The home builder they hired did a good job. (Laughter.) The house still stands. (Laughter and applause.)

My grandfather was born in this city back in 1895, so I hope a month from now the Ohio voters will send a home boy back to Washington. (Applause.)

For millions of our citizens, the American Dream starts with owning a home. (Applause.) Home ownership gives people a sense of pride and independence and confidence for the future. When you work hard, like you've done, and there are good policies coming out of our nation's capital we're creating a home -- an ownership society in this country, where more Americans than ever will be able to open up their door where they live and say, welcome to my house, welcome to my piece of property. (Applause.)

I was in Florida this week. And I've been there quite often because of the hurricanes, and I want to thank you for the good work that the home builders are doing for the people of that state. Home builders have collected donations of cash and building materials for families that have lost so much. They've established an online disaster contractor network to help put homeowners in touch with licensed contractors and with government officials who can help those people that have been hurt by these storms.

The federal government is also doing its part, along with state and local authorities. Florida has been through a terrible time. And so have many communities here in Ohio, that have suffered severe flooding caused by the hurricanes. We've issued disaster declarations for 20 counties in Ohio, making residents whose homes have been damaged or destroyed eligible for assistance. In Florida, Ohio, and other storm-damaged -- ravaged states, we will not rest until life is back to normal, the damage repaired, and the homes are rebuilt. (Applause.)

Laura sends her best. (Applause.) When I asked her to marry me, she was a public school librarian in Texas. (Applause.) There you are. Just wanted to see if any of the home-state folks are here. (Laughter.) I know Conine is here. (Laughter.) She said: Fine, I'll marry you, just so long as I never have to give a political speech. (Laughter.) I said, okay. (Laughter.) Fortunately, she didn't hold me to that promise. The American people are learning what I know: She's a compassionate, decent, strong First Lady for our country. (Applause.)

I want to thank -- I want to thank Bobby Rayburn and Annette for their invitation and their leadership of this important group. I appreciate the board of directors who are here today. I want to thank the guests who are here today.

I'm traveling today with Senator Mike DeWine, from the state of Ohio, who is a fine United States Senator. I appreciate you coming, Mike. (Applause.) Congressman Dave Hobson and Carolyn are with us today. Thank you for coming, Congressman, I appreciate you being here. (Applause.) Congressman Pat Tibieri is here. Thank you for coming, Pat, I'm proud you're here. (Applause.) He brought his mother, Rina, with him.

Yesterday I was in New Hampshire speaking, and mother showed up. (Laughter.) Just wanted to make sure she could continue giving me some instructions. (Laughter.) Tibieri, my only advice to you is do what I do, and that's listen to your mother. (Laughter.) I appreciate your dad, Joe, being here, and your sister.

I want to thank the Lieutenant Governor from this state being here, Jenette Bradley. And happy birthday to you, Governor. I appreciate it. (Applause.) Betty Montgomery, the state auditor is here. I know there's other local officials and state officials. We all appreciate you being here today.

Today when I landed at the airport, I met Karen Kindron. You've probably never heard of Karen, but let me tell you about her. She is an active volunteer in what's called Rebuilding Together of Columbus. She is a soldier in the army of compassion. She is the kind of person who's heard the universal call to love a neighbor. She represents the true strength of America, which is the hearts and souls of our citizens. The program for which she volunteers helps low-

income, elderly and disabled homeowners. They help them obtain services such as weatherization and repair work. Since founded in 1988, over 2 million volunteers have rehabilitated 87,000 homes and facilities. America can change one heart and one soul at a time for the better because of the volunteers all across our country who are making a difference. (Applause.)

And I want to thank Karen. Where are you, Karen? She's somewhere. Anyway, she's here and I thank her for setting such a good example. Thank you, Karen, appreciate it. (Applause.)

We're nearing an historic national election in 31 days -- who's counting? (Laughter.) Americans will go to the polls to determine the direction of this great nation for the next four years. I'm looking forward to these final weeks of the campaign. I really am. I like to get out amongst the people. And I'm going to tell you where I stand, and what I believe, and where I'll lead this nation. (Applause.)

I believe it is the job of a President to confront problems, not pass them on to future Presidents and future generations. (Applause.) And in the last four years, we have faced some problems. We faced a recession, corporate scandal. We passed tough laws now to make it abundantly clear, we will not tolerate dishonesty in the boardrooms of America. (Applause.)

We faced a terrorist attack and war. Because we confronted these challenges with focus and resolve, our nation is on the path to a better future. If America shows weakness or uncertainty in this decade, the world will drift toward tragedy. This is not going to happen on my watch. (Applause.)

We're going after the terrorists. We will hunt them down where they plot and plan, and we're making progress. Today, more than three-quarters of al Qaeda's key members and associates have been brought to justice. (Applause.) I have the solemn duty to protect the homeland, and we'll do everything we can here at home to protect you. But the best way to protect the homeland is to stay on the offensive, fighting the terrorists overseas so we do not have to face them here in America. (Applause.)

But I understand this: to make sure our children and grandchildren grow up in a hopeful, peaceful world, this country must continue to spread freedom and liberty. Freedom in Afghanistan -- 10 million citizens in that country that was once ruled by the barbarians, the Taliban, have registered to vote, 41 percent of whom are women, in the upcoming presidential elections. Freedom is on the march. (Applause.)

We'll continue to work for a free society in Iraq. It's hard work there. You know it's hard, and I know it's hard. It's hard for a reason -- because the terrorists fear freedom. Liberty will transform societies. Some day, an American President will be sitting down with a duly elected leader of Iraq talking about the peace, and our children and grandchildren will be able to grow up in a more peaceful world. In the long-run, our interests are served by spreading freedom and liberty, and, therefore, spreading peace.

There are clear differences in this campaign. In the debate Thursday night, my opponent continued his pattern of confusing contradictions on Iraq. After voting for the war, after saying my decision to remove Saddam Hussein from power was the right decision, he now says it was all a mistake. Then he was asked if our troops were dying for a mistake. He said, no. You can't have it both ways. You can't say it's a mistake and not a mistake. You can't be for getting rid of Saddam Hussein when things look good, and against it when times are hard. You can't claim terrorists are pouring across the border into Iraq, yet at the same time try to claim that Iraq is somehow a diversion from the war against terrorism. A President cannot keep changing his mind, a President must be consistent, a President must speak clearly, and a President must mean what he says. (Applause.)

In the debate -- in the debate, Senator Kerry also said something revealing when he laid out the Kerry doctrine. He said -- he said that America has to pass a global test before we can use American troops to defend ourselves.

AUDIENCE: Booo!

THE PRESIDENT: That's what he said. (Laughter.) Think about this, Senator Kerry's approach to foreign policy would give foreign governments veto power over our national security decisions. I have a different view. (Applause.) When our country is in danger, the President's job is not to take an international poll. The President's job is to defend America. (Applause.) I'll continue to work every day with our friends and allies for the sake of freedom and peace. But our national security decisions will be made in the Oval Office, not in foreign capitals. (Applause.) We have hard work ahead to do our duty. But by being steadfast and resolved, we will prevail. (Applause.)

And as we defend our great country we will continue strengthening our nation here at home. To grow this economy and unleash the spirit of enterprise, to overcome the obstacles I described earlier, we passed the largest tax relief in a generation. (Applause.) And that tax relief has made a big difference for a lot of you all. See, many home builders are small businesses. Many home builders are -- represent the great entrepreneurial spirit of America. Among the members of the National Association of Home Builders, 63 percent of you are either subchapter-S or sole proprietorships, which means you pay your taxes at the individual income tax rate. (Applause.) Just like a lot of other small businesses in America do.

And so when we passed tax relief by cutting rates on everybody who pay taxes, we helped our small businesses; we helped our -- our home builders. We helped you with resources to build or grow and expand and hire more workers. By cutting taxes on dividends and capital gains, we encouraged savings and investment, which is crucial to your industry. Tax relief left more money in the hands of American workers so they could save, spend, invest and help drive this economy forward.

The economic recovery plan of ours is working. The results are clear for all to see. Over the past year, America has added 1.7 million jobs. We've added 107,000 manufacturing jobs since January. The national unemployment rate is down to 5.4 percent, nearly a full point below the rate in the summer of 2003, and below the average of the 1970s, 1980s, and the 1990s. (Applause.)

Inflation is low. Mortgage and interest rates are near historic lows. Our economy is growing at rates as fast as any in nearly 20 years, spreading opportunity and prosperity across this country. And the home builders of America have helped lead the recovery in America. (Applause.)

The tax relief has helped many be able to put money down to buy a home. As well, my administration has worked to expand home ownership in other ways. Last December, I signed the American Dream Down Payment Act, which will help thousands of low-income families afford the down payment and closing costs on their first home. We want people in every corner of America owning a home. (Applause.)

We've doubled funding for education and counseling services to help first-time home buyers navigate the lending process, understand the fine print, and avoid predatory lenders. Home ownership rates are an all-time high in America, nearly 70 percent. I love that statistic. (Laughter.) Think about that. More and more people own a home in America. More and more people have a chance to realize the great dream of our country. Minority home ownership is at record levels, as well. In 2002, I set a clear goal, 5.5 million new minority homeowners by the end of the decade. And in just two years, more than 1.6 million minorities have become homeowners. (Applause.)

America is a stronger country every single time a family moves into a house of their own. (Applause.) The fundamental question in this campaign is how do we make the -- the recovery lasting -- to lasting prosperity. To create more jobs in America, to make sure people can find work, America must be the best place in the world to do business. (Applause.) That means less regulations on the entrepreneurs. (Applause.) To create jobs here, Congress needs to pass my energy plan. It's a plan that encourages conservation and renewable sources, but it's a plan that uses technology so we can burn coal and explore for natural gas. To make sure our economy remains strong and people can find work in America, we must become less dependent on foreign sources of energy. (Applause.)

To make sure this economy remains strong, we've got to reject economic isolationism. We have opened up our markets for products from overseas, and that's good for the consumer. If a person has more choices, he or she is likely to get the product they want at better quality and lower price. That's how the marketplace works. So I'm saying to other countries like China and elsewhere, treat us the way we treat you. Open up your markets for our farmers, ranchers and entrepreneurs. We can compete with anybody, anytime, anywhere, so long as the rules are fair. (Applause.)

To make sure that jobs exist here in America people can find work, we've got to protect our small business owners and workers from the junk lawsuits that threaten jobs across America. (Applause.) I don't think you can be pro-home builder, pro-small business, pro-entrepreneur and pro-trial lawyer at the same time. (Applause.) I think you have to choose. My opponent made a choice: He put a trial lawyer on the ticket. I made my choice: I'm for legal reform to make sure this economy continues forward. (Applause.)

I've worked with Congress to create opportunity zones, which will provide extra tax relief and regulatory relief and other incentives for businesses to help our communities that have lost manufacturing and textile and other jobs to get back on their feet. We'll keep this economy growing until prosperity reaches every corner of America.

And I've set another great goal, and that's to build an ownership society, where everyone has a chance to own a home and a retirement account or health care plan, and to gain a permanent stake in the American Dream. I believe expanded ownership is necessary for a lot of reasons, and one of the main reasons is because the times in which we live and work are changing dramatically. Think about our society today, compared to the society of our grandparents and parents. The workers of our parents' and grandparents' generation typically had only one job, one skill, one career, often with one company that provided health care and a pension. Today, people are changing jobs and careers quite often, and the workforce has changed. Women work inside the house and now outside the house. Yet, the fundamental systems of government -- the health care plans, the pension plans, the tax code, the worker training programs -- were designed for yesterday, not for tomorrow.

I'm running for office to help people be able to realize their dreams by changing the fundamental systems of government. And in times of change, I understand that ownership brings stability to our neighborhoods and security to our families. In changing times, it helps if you own something. It helps bring security to you. By paying a mortgage instead of rent, by putting money into your own retirement plan, you're storing up wealth for your family. And that nest egg grows in value and you can pass it on to your children and grandchildren.

To build an ownership society, we'll help even more Americans buy homes. Some families are more than able to pay a mortgage, but just don't have the savings to put money down. We'll continue to help them realize their dreams with a down payment. So I'm asking Congress to pass my Zero Down Payment Initiative. We should remove the 3 percent down payment rule for first time home buyers with FHA-insured mortgages. (Applause.) This change could help as many as 150,000 people become homeowners in the first year alone.

To help low- to moderate-income rural families purchase homes, I've requested \$2.7 billion in loan guarantees, and \$1.1 billion for direct loans to low-income borrowers that can't get bank loans. These initiatives will help thousands in rural communities across America achieve the dream of home ownership. Adding more qualified buyers won't accomplish much if there are no affordable homes to buy. My administration has set a goal of 7 million more affordable homes in the next 10 years. To help reach that goal, I've asked Congress to pass the single family housing affordable tax credit to help you build between 40 and 50 thousand new affordable homes every year. (Applause.)

I understand that the regulatory barriers at the federal, state, and local levels can add as much as 35 percent of the cost to the homes. In order to make sure there's more affordable homes, we must remove the regulatory barriers on our home builders. (Applause.)

I understand -- I understand there's a need for sensible regulation, but when you have overlapping regulations that send confusing signals, when you have the federal government, the state government, the local governments creating obstacles for home building, it is time to reduce those regulations. (Applause.)

Finally, I believe that the mortgage interest deduction enables more Americans to achieve the goal of home ownership. It is an important part of our tax code. (Applause.)

To build an ownership society, we should help our fellow citizens get health care, especially coverage for themselves. More than one-half of the uninsured in America are small business employees and their families. To make sure they get help, we must allow small firms to join together through association health plans so they can purchase insurance for their employees at the same discounts that big businesses are able to do so. (Applause.)

And I appreciate -- I appreciate your home builders -- the home builders for supporting this initiative. We will offer a tax credit to encourage small businesses and their employees to set up health savings accounts. We'll provide help -- direct help for low-income Americans to purchase health savings accounts. Health savings accounts -- and I urge you to look into them

- give workers the security of insurance against major illness, the opportunity to save tax-free for routine health expenses, and the freedom of knowing that you own your own account that you can take with you wherever you -- whenever you change jobs. (Applause.)

And finally, in order to make sure -- another practical commonsense way to make sure health care is available and affordable, is to stop these frivolous lawsuits that are running good docs out of business and running up the cost of your health care. (Applause.) By making this medical liability issue a significant part of the campaign, by talking about every single stop, by reminding people about what these lawsuits do to -- to their health care, I am confident that in the next four years, we'll get medical liability reform out of the United States Senate and the House of Representatives. (Applause.)

In all we do to improve health care, we'll make sure the decisions are made by doctors and patients, not by bureaucrats in the nation's capital. (Applause.)

To build an ownership society, we've got to reform and strengthen our retirement system. I remember campaigning in 2000 and people tell me where they saw the TV ad they were running that said if George W. gets elected, our seniors aren't going to get their Social Security checks. So I'm going around the country reminding the seniors they got their checks. (Laughter.)

With the baby boomer generation approaching retirement, many of our children and grandchildren understandably worry whether Social Security will be there when they need it. Social Security is in good shape for our seniors and Social Security is in good shape for baby boomers like me. But we need to worry about our children and grandchildren. And so I believe we ought to strengthen Social Security by allowing younger workers to save some of their taxes in a personal account, a nest egg they can call their own that the government cannot take away. (Applause.)

In all these proposals, we seek to provide not just a government program, but a path to greater opportunity and more freedom and more control over your own life. And here, as on so many other issues, there's a big difference between my opponent and me. Senator Kerry voted against tax deductible health savings accounts. He voted against expanding personal retirement savings accounts. He opposes our proposals to strengthen Social Security by allowing younger workers to put some of their taxes into personal accounts that they control. He opposes our plan to allow small businesses to join together to purchase health insurance at the discounts available to big companies. There's a pattern here. (Laughter.) On just about every proposal to empower the individual instead of government, my opponent has voted "no."

A few weeks ago, Senator Kerry gave a speech in Detroit to lay out his economic agenda. Not once in that speech did he mention expanding ownership, not a word on how we would help more Americans own their own homes or stocks or savings accounts. Instead, his agenda focuses on expanding the scope and power of the government. He has decided to put his faith in the wisdom of the government. I will always put my faith in the wisdom of the American people. (Applause.)

Senator Kerry -- Senator Kerry has spent almost 20 years in the federal government, and he's concluded that it just isn't big enough. (Laughter.) On the campaign trail, he has proposed more than \$2 trillion in new federal spending so far. (Laughter.) And that's a lot, even for a senator from Massachusetts. (Laughter.) And he said -- they asked him, well, how are you going to pay for it? He said, by raising taxes on the rich; by raising taxes on the wealthiest 2 percent of the population. We've heard that rhetoric before, "raising taxes on the rich." There's one problem with that, that the tax increase would bring only in about \$600 billion of revenue. And he wants to spend more than \$2 trillion, so there's a tax gap. And guess who gets to fill the tax gap? Yes, you do. That's what happens. People make wild promises, and they can't pay for it, and then they're going to raise your taxes to pay for it.

He also doesn't understand when he says, tax the so-called, "rich," he's raising the taxes on the small business owners of America. My opponent's plan would raise taxes on over 900,000 small business owners, the subchapter-S corporations, the sole proprietorships, people just like you. Small businesses are the engine of job creation in our country. Small businesses create seven out of every 10 new jobs. It makes no sense to tax the job creators as our economy is getting stronger. (Applause.) We should not punish free enterprise. We ought to encourage free enterprise in America. (Applause.)

Now, I've got a plan to help this country move forward. I believe tax -- the tax relief we passed ought to be made permanent. (Applause.) I've got a practical way to make sure Americans get health coverage without empowering the federal government. We got a clear view of how to make sure Social Security fulfills its promise to our younger folks. We're going to help more families find dignity and independence in a home they call their own. We're going to build an ownership society where everyone has a stake in the success of America and everyone has a chance to realize the great promise of our country.

And you're helping people realizing that success. It must be a fantastic feeling to be a part of the American Dream. It must be great to see -- (applause) -- it must be magnificent to see somebody walk in to their home and feel the pride of ownership, the fantastic feeling of saying to a son or daughter: Here's your room; here's our piece of property.

I want to thank you, very much, for what you're doing. I want to thank you for helping pull our economy through some tough times and helping this nation get on that hopeful path for a bright future. I appreciate your hard work, I appreciate your optimism, I appreciate your love for America.

May God bless you, and may God continue to bless our country. Thank you all. (Applause.)

National Homeownership Month, 2005

A Proclamation by the President of the United States of America

For millions of individuals and families, the American Dream starts with owning a home. When families move into a home of their own, they gain independence and confidence, and their faith in the future grows. The spread of ownership and opportunity helps give our citizens a vital stake in the future of America and the chance to realize the great promise of our country.

From the earliest days of our Nation, homeownership has embodied the core American values of individual freedom, personal responsibility, and self-reliance. A home provides children with a safe environment in which to grow and learn. A home is also a tangible asset that provides owners with borrowing power and allows our citizens to build wealth that they can pass on to their children and grandchildren.

The benefits of homeownership extend to our communities. Families who own their own homes have a strong interest in maintaining the value of their investments, the safety of their neighborhoods, and the quality of their schools. Homeownership is also a bedrock of the American economy, helping to increase jobs, boost demand for goods and services, and build prosperity.

More Americans than ever own their own homes, but we must continue to work hard so that every family has an opportunity to realize the American Dream. In 2002, I announced a goal to add 5.5 million new minority homeowners by the end of the decade. Since then, we have added 2.3 million new minority households. My Administration has also set a goal of adding 7 million new affordable homes to the market within the next 10 years. In my FY 2006 budget, I proposed a single family housing tax credit and two mortgage programs -- the Zero Downpayment mortgage and the Payment Incentives program -- to help more families achieve homeownership. In 2003, I signed the American Dream Downpayment Act, and I have proposed more than \$200 million to continue the American Dream Downpayment Initiative to provide downpayment assistance to thousands of American families. By promoting initiatives such as financial literacy, tax incentives for building affordable homes, voucher programs, and Individual Development Accounts, we are strengthening our communities and improving citizens' lives.

NOW, THEREFORE, I, GEORGE W. BUSH, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim June 2005 as National Homeownership Month. I call upon the people of the United States to observe this month with appropriate ceremonies and activities recognizing the importance of homeownership.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-fifth day of May, in the year of our Lord two thousand five, and of the Independence of the United States of America the two hundred and twenty-ninth.

GEORGE W. BUSH

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President Discusses Education, Entrepreneurship & Home Ownership at Indiana Black Expo

RCA Dome

Indianapolis, Indiana

THE PRESIDENT: Thank you all very much. Thanks for the warm welcome. I appreciate it. It is an honor to be here. Thanks for having me. I can't tell you how thrilled I am to be here with the men and women of the Indiana Black Expo, as you celebrate your 35th anniversary.

You know, I was reading about this organization -- it is a -- it shows the entrepreneurial spirit deep within the hearts of the founders of this organization and the people who are carrying on the proud tradition. I appreciate the fact that you provide scholarships, support programs that are transforming local communities, and as a result, you're lifting up thousands of citizens. I appreciate the example of leadership you set, and it's my honor to join you. Thanks for having me. (Applause.)

I was proud to be introduced by Governor Mitch Daniels. I knew he'd amount to something one of these days. (Laughter.) And I'm particularly thrilled to be with his wife, Cheri, the fine First Lady of the state of Indiana. (Applause.) Laura sends her love to both you and Mitch. She is, by the way, still on the continent of Africa. She'll be coming home tomorrow. She probably expected me to fix the dinner. (Laughter.) I hope she's not hungry. (Laughter.)

I want to thank Lieutenant Governor Becky Skillman for being here. I want to thank -- (applause.) I want to thank Congresswoman Julia Carson for being here today. (Applause.) It looks like they still remember you here, Julia. (Applause.) She was on Air Force One, and I went back to have a visit with her. Now, if you've never had a visit with Julia -- (laughter) -- she's got a lot of wisdom. (Laughter.) And she's not afraid to speak her mind. She kind of reminds me of my mother. (Applause.) Thanks for being here, thanks for coming down.

I want to thank the Mayor, Bart Peterson, of the city of Indianapolis for joining us today -- Mayor Peterson, appreciate, you. Thanks for coming. (Applause.) I thank Arvis Dawson and Joyce Rogers and Jim Cummings for this fantastic invitation to come. And I want to thank you for your leadership. Appreciate you all being here.

They tell me Quinn Buckner is here -- somewhere out there. There he is. I appreciate you coming. I'm old enough to remember -- (laughter) -- the good old days in Indiana. (Laughter.) Thanks for being here, Quinn. I'm honored you're here.

I appreciate the fact that Vernice Williams came out to the airport today. I don't know if you know Vernice or not, but I find it very interesting -- her story interesting and it's a good example for all of us to listen to. Vernice has been a volunteer with Black Expo for 35 years. In other words, once this association got started, she said, I want to volunteer to help. She's involved with the IBE Youth Corps program, all aimed at helping at-risk youth to achieve academic achievement, to instill in them the desire to excel. In other words, she's a soldier in the army of compassion. And I appreciate the example that Vernice has set. And if you want to serve your state and serve our nation, help somebody in need. (Applause.)

It's an honor to be here with so many charitable and civic leaders. You see, we share a belief in the founding promises of this nation, a sense of optimism about our future, the future for all citizens, African Americans. We believe in the power of the human spirit to lift communities and to change lives. Together, we're working to achieve a great national goal: making our country a place where opportunity and prosperity are within reach for all Americans.

I see an America where all our children are taught the basic skills they need to live up to their God-given potential. I see an America where every citizen owns a stake in the future of our country, and where a growing economy creates jobs and opportunity for everyone. I see an America where most troubled neighborhoods become safe places of kinship and community. I see an America where every person of every race has the opportunity to strive for a better future and to take part of the promise of America. That's what I see. And I believe the government has a role to play in helping people gain the tools they need to build lives of dignity and purpose. That's at the heart of what I call compassionate conservatism.

To ensure that the promise of America reaches all our citizens, we must begin with education. I don't believe you can succeed in America unless you get a good education. (Applause.) Our nation took an historic step toward that goal of making sure every child is educated three years ago, when Republicans and Democrats came together to pass the No Child Left Behind Act. The No Child Left Behind Act is based on this straightforward principle: We'll spend money, but we want to make sure we get results.

See, if you believe certain children can't read and write and can't possibly learn, then you don't care about results. But if you believe every child can read, and every child can learn to write and add and subtract, then you want to know, don't you? How can you solve a problem unless you measure? And so as a part of the No Child Left Behind Act, we raised the bar. We raised the standards, and we said to local school districts, show us. That's all we want to know. We want to know whether or not a child can read.

And we're making good progress as result of this new way of thinking. This morning the latest scores for the long-term National Assessment of Educational Progress were announced. See, this test is called the Nation's Report Card. It measures student achievement at age 9, 13, and 17, across the country with the same set of standards. In other words, we want to know how students are doing in California, Texas, and Indiana. So we measure on the same set of standards. You see, measurement helps us understand how we're doing. You can't guess when it comes to a child's life. You got to measure.

And the test results were released today. I'm proud to come here to talk about the new results. They're from the first long-term test by the way since the passage of the No Child Left Behind Act. Over the last five years, American children have made significant gains. Math scores for 13-year-olds have increased by five points. Math scores for 9-year-olds have increased by nine points. And reading scores for 9-year-olds jumped seven points. (Applause.) America's 13-year-olds have earned the highest math scores ever recorded. Nine-year-olds posted the best scores ever in reading and math.

What I'm telling you is across America more children are learning. And the success of young students is setting them on the path to a lifetime of achievement. And we're making big differences in the lives of African Americans. I say, we -- let me get this straight -- I'm talking about good teachers, and good principals, and engaged parents. This is not the federal government. It is the people at the local level who are making a huge difference in the lives of their students. (Applause.)

We've had an achievement gap in America and we need to do something about it. The No Child Left Behind Act is helping to do something about it. See, I refuse to accept this belief that certain people can't learn. I called it the soft bigotry of low expectations. Think about that phrase: It says if you lower the standards, you get lousy results. I believe you need to challenge that soft bigotry of low expectation. And we are. The Nation's Report Card shows that reading scores for African American 9-year-olds have jumped 14 points over the past five years. (Applause.) Math scores have jumped 13 points in the same period of time. These are the highest scores ever in the history of the test. The achievement gap is starting to close. And that's good for the future of America.

The gap between white and African American 9-year-olds in reading is the narrowest it's ever been in the history of the 30-year test. These results show that when performance is measured, and schools are held accountable, every child can succeed. That's what it shows. And we're making progress toward achieving a dream where every single child in America gets a good education, and not one child is left behind. (Applause.)

No Child Left Behind is making a difference in the elementary and middle schools, and I believe we need to expand this process to our high schools. Do you realize that according to the most recent data, only 68 out of every 100 students entering our public high schools make it to graduation four years later? That is an unacceptable statistic for America. (Applause.)

See, here's what I think we need to do. I think we need to measure and determine why. You can't solve a problem unless you diagnose the problem. I think we need to measure to make sure we understand what is going wrong, and correct the problems early before it's too late. And I believe the federal government has a role in providing money for early intervention for students falling behind. I know we need to do this. We need to make sure a high school diploma is the ticket to success.

Most new jobs in the 21st century are filled by people with at least two years of college. Think about that. Most new jobs in America today are filled by people with at least two years of college. And so we need to make higher education more affordable. And I proposed to the United States Congress that we reform the student aid system and increase college assistance for low-income students through the Pell grant program. (Applause.) I think we need to increase the maximum award for Pell grants and make them available to students year-round so they can be used for summer school, as well.

We'll expand access to community colleges so more Americans can develop the skills and knowledge they need. And to help African American students get a higher education, we have continued to fund historically black colleges and historically black graduate institutions at record levels. (Applause.)

My point to you is that if you're willing to work hard and stay in school, the federal government will take your side and help you. To ensure that the promise of America reaches all our citizens, we're working to build an ownership society in which

more of our citizens have a personal stake in the future of our country. When you own something, your life is more secure. When you own something, you have more dignity. When you own something, you have greater independence. The more people who own something in America means this country is better off. So we've been working to promote an ownership society. I want more people from all walks of life, including African Americans, to have a chance to own their own business. (Applause.)

You can't expand business ownership unless you have a growing economy. And our economy is growing. It is the fastest growing of any major industrialized nation in the world. Our unemployment rate is down to 5 percent. In the last 12 months, we've created more than 2 million jobs. More Americans are working today than ever before in our nation's history. (Applause.)

I believe the federal government can play a positive role in helping African Americans achieve the goal of owning their own business. Last year, the Small Business Administration increased the number of loans to African American businesses by 28 percent, and we're on track to beat that number this year. We're also working to ensure minority businesses are getting a better chance to compete for federal contracts. We've provided \$8 billion in new market tax credits to boost investment and community development in low-income areas.

Because of sound policy and low taxes, by the way, and the hard work of our citizens, we're getting results. African American business ownership is at an all-time high in America today. (Applause.)

We got some interesting ideas on how to build on this progress. We're working on a new initiative to help more African Americans and other minorities become business owners. My administration is joined with the Urban League, the Business Roundtable, the Ewing Marion Kauffman Foundation and others to create what we call the Urban Entrepreneur Partnership. I think it's a smart idea. This partnership will develop one-stop economic empowerment centers in many of our nation's poorest communities. In other words, we're trying to reach out and help people understand what it means to become a small business owner, through training and access to financing contracts for minority entrepreneurs. And the first pilot center will open next Monday in Kansas City and will serve as a model for the rest of the nation. I hope Black Expo, in its leadership position, will take a look at these kind of programs. I think you're going to find it really interesting.

Listen, the entrepreneurial spirit is strong in the African American community. It's strong. There's a lot of great business leaders today, and there's a lot of would-be great business leaders tomorrow, just with some help. And what I'm telling you is, through good economic policy and through good social policy, this administration, working with others, is willing to help. We want more people owning their own business.

And we want more people owning their own homes. I like the idea of home ownership, and I hope you do, as well. Three years ago, I set a goal of creating 5.5 million new minority home owners by the end of this decade. And we're getting results. We've already added 2.3 million new homeowners, minority homeowners, putting us ahead of schedule. Today, nearly half of all African Americans own their own homes. And that's good for our country. (Applause.)

And there's more we can do. We're going to provide down payment assistance for families; counseling for new home buyers. I don't know if you've ever seen one of those contracts, but the print is really small. We need to help people. Perhaps a good project for Black Expo is to join with Alphonso Jackson and the Housing of Urban Development to help people understand what's in the print so it doesn't -- that small print doesn't frighten them off from becoming a first-time home buyer.

I believe we ought to have tax credits to encourage construction of more affordable housing in low-income areas. See, what I want is more and more people from all walks of life, including our African Americans, opening up the door where they live and saying, welcome to my home; welcome to my piece property. (Applause.)

And I believe -- I believe that we also got to expand ownership through our retirement system. We got a problem in Social Security. If you've retired, you have nothing to worry about, you're going to get your check. Believe me, there's enough money there for you. It's just for the younger folks coming up. You're going to be paying -- you're going to be paying payroll taxes into a system that simply cannot sustain itself. It's going broke. I know some in Washington don't like to hear that. They kind of wish the issue would go away. It's not going away. In my judgment, now is the time to address it. The job of the President is to confront problems, not pass them on to future Presidents or future generations. (Applause.) And we got a problem.

I put some ideas out there. I hope both Republicans and Democrats forget politics for once in Washington, D.C. and focus on what's good for the younger folks in America. (Applause.) But I got another idea to make the system work better. I think younger workers ought to be allowed to take some of their own money and set it aside in a personal savings account that they can call their own. Now, this isn't a new idea. See, this isn't a new idea. I wasn't the one who thought about it. Guess who thought about it first? Members of the United States Congress. See, they get to have their own retirement system, and so do federal employees. And you can invest some of your own money, if you so choose, in a conservative mix of bonds and stocks, so you get a good rate of return on your money over time. See, it's your money; you get to watch it grow. My idea is this: If this idea is good enough for members of the United States Congress, it's good enough for working people all across the United States of America. (Applause.)

To ensure that the promise of America reaches all of our citizens, we must do more to improve the safety of our most troubled neighborhoods. It is difficult for a young person to study and to learn and grow in the midst of violence, addiction and despair. So we're fighting the scourge of drugs that destroys lives and wounds families and tears our community apart. We're aggressively prosecuting drug dealers and gun criminals. We're after them. You expect us to enforce the law; we're enforcing the law -- because we don't believe people should be allowed to commit crimes with guns. And people ought not to be allowed to sell drugs on the streets. And as a result, violent crime is at its lowest point in 30 years. (Applause.)

As we work to combat crime and keep our streets safe, we must assure our criminal justice system is fair and effective. Americans of all races and backgrounds must be able to trust the legal system. They must be able to trust it so that no person is held to account for a crime he or she did not commit. We're dramatically expanding the use of DNA evidence to prevent wrongful conviction. See, progress for African Americans and, for that matter, all Americans, depends on the full protection of civil rights and equality under the law. (Applause.)

To ensure that the promise of America reaches all our citizens, we must encourage those who are healing our neighborhoods with good words. We must stand with people of faith, not stand against them at the government level. See, government can hand out money, but it cannot put hope in a person's heart, or a sense of purpose in a person's life. That happens when somebody puts an arm around somebody and says, I love you, what can I do to help you, how can I be a part of making your life a better way?

See, the nation's faith-based and community groups bring kindness and acts of charity to harsh places across America. I call these folks the social entrepreneurs of America. They're trying to figure out ways to listen to that universal call to love a neighbor just like you'd like to be loved yourself and help heal the broken heart. And oftentimes, those programs are a heck of a lot more effective than government programs. And therefore, it seems like to me that instead of just applauding the leaders, we got to support the leaders, and one of the most important initiatives that I put out is to say to faith-based programs, you can access federal money. You have the right to be able to apply for grants without having to take the cross off the wall, or the Star of David off your wall. You can interface with government without losing your mission. (Applause.)

And we're making a difference. We're getting results. Last year, we awarded \$2 billion in competitive grants to faith-based institutions that are transforming our nation and our neighborhoods one heart and one soul at a time.

Let me give you an example of what I'm talking about. Here in Indianapolis, the Zion Tabernacle Apostolic Church is reaching out to neighbors and helping lift up their communities. A social entrepreneur, a leader of the effort is Bishop Farris, who is with us today. Let me tell you what the Bishop has in mind and how he's going to be helped by the federal government. Secretary Alphonso Jackson, by the way, is a believer when it comes to the faith-based and community-based initiative. And so the Department of Housing and Urban Development has entered into a collaborative effort with his church, and they plan to break ground in October on 49 housing units for low-income elderly. And their new development will provide residents with shuttle services to stores and counseling and doctor appointments.

I think this is a good use of taxpayers' money. I think it's a good way to say we're going to try to help improve people's lives. (Laughter.) And the delivery systems don't have to be government. They can be people of compassion, people who have heard the call, people who want to make somebody's lives better. So I want to thank you, Bishop, for doing what you're doing. And by the way, there's thousands of examples just like the Bishop's all across the country.

As we ensure that America's promise reaches all our citizens, we're defending the freedom that makes this progress possible. Our foreign policy is tough and it is compassionate. The bombings in London last week are a grim reminder that free nations face dangerous enemies who hate our freedom and who'll kill in cold blood. We're on the offense against these terrorists overseas. We will bring them to justice so they don't murder more of our citizens and other citizens around the world.

And as we hunt down the terrorists, we're offering an alternative to their hateful ideology. You see, we're spreading freedom and hope to millions. Because we acted, more than 50 million people -- 50 million -- in Iraq and Afghanistan now live in freedom. And across the broader Middle East, many are claiming their liberty, as well. By spreading freedom in a troubled region, we're making this country more secure. We're laying the foundation of peace for generations to come. I believe that freedom is not America's gift to the world; it is the Almighty God's gift to each man and woman in this world. (Applause.)

I believe that human rights are not determined by race or nationality, or diminished by distance. As Americans are moved to action -- we are moved to action when we see millions in Africa who are facing famine, or dying of malaria or the AIDS pandemic. Last year, the United States of America provided nearly 60 percent of the global food aid to the continent of Africa. We're supporting an aggressive campaign to cut the mortality rate of malaria in half.

We're taking the lead when it comes to compassion around the world. And since 2003, the United States of America has led the world. We've undertaken an historic initiative to help the nations of Africa combat HIV/AIDS. So far, thanks to the leadership of a former Hoosier, Randy Tobias, we have delivered lifesaving treatment to more than 230,000 people on the continent of Africa, and there's more work to be done. (Applause.)

We see progress in Africa because our conscience demands it, and because we have an interest in the long-term stability of the continent. Instability and lawlessness in any distant country can bring danger to our own shores. That's the lesson that we're learning in the 21st century. The United States of America will help Africa's leaders bring democracy and prosperity and hope, and this will bring security to our country and peace to the world.

Today, we live in the most hopeful time in human history. These are exciting times. The hope of liberty is spreading across the world. Just watch what's happening. And the hope and opportunity is spreading across our country, as well. We will continue to work for the day when the blessings of freedom reach everybody who lives in this country.

The reason I've come today is because your work shows the dignity and equality and potential of every person. I'm here to herald the good works of good people of good heart. You've inspired Americans with your commitment to serve us in education and opportunity. You're helping to unite people of all races. I'm proud of your work. May God continue to bless your families, and may God continue to bless our great nation. Thanks for letting me come. (Applause.)

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National Homeownership Month, 2006

A Proclamation by the President of the United States of America

Owning a home is an important part of the American dream. During National Homeownership Month, we raise awareness of homeownership and encourage more Americans to consider the benefits of owning their own home.

Nearly 70 percent of Americans enjoy the satisfaction of owning their own home, and my Administration continues to promote an ownership society where the promise of America reaches all our citizens. The American Dream Downpayment Act of 2003 is helping thousands of low to moderate income and minority families with downpayment and closing costs, which represent the greatest barrier to homeownership. Since 2002, when I announced our goal to help 5.5 million minorities become homeowners by the end of this decade, the rate of minority homeownership has climbed above 50 percent, and more than 2.5 million minority families have become new homeowners. My Administration will continue to provide counseling and assistance for new homebuyers and expand homeownership opportunities for all Americans.

During National Homeownership Month and throughout the year, we applaud the men and women who work to achieve the dream of homeownership, and we are grateful for those who provide counseling, lending, real estate, construction, and other services to these individuals. The hard work, financial discipline, and personal responsibility of our country's homeowners help transform neighborhoods throughout our Nation and reflect the best qualities of America.

NOW, THEREFORE, I, GEORGE W. BUSH, President of the United States of America, by virtue of the authority vested in me by the Constitution of the United States of America, do hereby proclaim June 2006 as National Homeownership Month. I call upon the people of the United States to join me in building a more hopeful society and recognizing the importance of expanding the ownership of homes across our great Nation.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-fourth day of May, in the year of our Lord two thousand six, and of the Independence of the United States of America the two hundred and thirtieth.

GEORGE W. BUSH

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THE PRESIDENT HAS SEEN

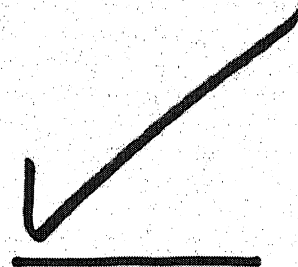
7/26/06

I am pleased the House passed the "Expanding American Homeownership Act of 2006."

The Federal Housing Administration has helped millions of Americans become homeowners in communities throughout our country. I appreciate the House's efforts to modernize this important program to ensure that it reflects the demands of today's marketplace and addresses the current needs of potential homebuyers. By providing the FHA with increased flexibility for mortgage down payment requirements and the authority to tailor financing to suit a family's unique situation, this bill will improve FHA's ability to help lower and moderate-income families achieve the American Dream.

I encourage the Senate to join the House and pass this critical legislation.

Approved



President Signs S. 3534, the "YouthBuild Transfer Act"

On Friday, September 22, 2006, the President signed into law:

S. 3534, the "YouthBuild Transfer Act," which transfers from the Department of Housing and Urban Development to the Department of Labor, the YouthBuild program, which supports education and training for disadvantaged youth in the construction of affordable housing.

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Power Point	The Housing GSEs are Huge	3	07/05/2007	P5;

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COLLECTION:

Staff Secretary, White House Office of the

SERIES:

Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:

Housing and Interconnected Financial Markets Policy: A Timeline (2001 - 2008)

FRC ID:

13894

OA Num.:

14457

NARA Num.:

14246

RESTRICTION CODES**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Newspaper	Homeownership ethos and subprimes; The Washington Times	1	06/26/2007	P5;

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THE PRESIDENT
HAS SEEN

Proposed FHA Reforms: FHA Modernization was first proposed in the 2007 budget. Major elements of FHA reform are to: (1) allow the FHA to price insurance premiums based on risk rather than the one-size-fits-all current method; (2) remove the down payment requirement from the current statute; and (3) raise loan limits in high-cost markets so that more families can be served. The Administration's proposal passed the House 415-7 (H.R. 5121) on July 25, 2006.

More on Risk-Based Pricing: Currently, the premiums for FHA mortgage insurance do not vary according to a borrower's credit risk or the expected cost from defaults. This causes better borrowers to subsidize weaker borrowers (cross-subsidization) and it has driven lower risk borrowers to seek alternatives offered in the conventional market. The proposed risk-based pricing addresses this issue by decreasing homebuyers' costs, and thereby increasing access to homeownership. Risk-based pricing will also enable borrowers to know why they are paying certain costs and what they can do to help lower them in the future. The financial incentives for families to improve their credit histories or save for a down payment are important elements of risk-based pricing.

More General Background on FHA Program: FHA insures mortgages (it does not make loans) for qualified low and moderate income borrowers, with less than perfect credit and little savings for a downpayment. FHA works through a network of approved lenders and guarantees that if the borrower defaults on the loan, FHA will pay the lender the full outstanding balance of the loan. Unlike many subprime lenders, most of FHA's risk is covered by charging mortgage insurance premiums, not through significantly higher interest rates. The mortgage insurance alternative can and often does translate into savings for borrowers. FHA's loan guarantees are unusual among federal credit programs in that they are generally estimated to produce net income for the government, rather than net costs. From 2000 through 2006, the program's positive receipts totaled approximately \$15 billion. However,

the market has passed FHA by and OMB now estimates that the FHA program will only produce positive receipts totaling \$4 million in 2008. With modernization, FHA receipts could total \$660 million after the first year.

President Bush Discusses Homeownership Financing

Rose Garden

11:05 A.M. EDT

THE PRESIDENT: Good morning. Thank you for joining me. Secretary Paulson and Secretary Jackson gave me an update on the strong fundamentals of our nation's economy. Economic growth is healthy, and just yesterday we learned that our economy grew at a strong rate of 4 percent in the second quarter of this year. Wages are rising, unemployment is low, exports are up, and steady job creation continues.

We also had a good discussion about the situation in America's financial markets. The markets are in a period of transition, as participants reassess and re-price risk. This process has been unfolding for some time, and it's going to take more time to fully play out. As it does, America's overall economy will remain strong enough to weather any turbulence.

One area that has shown particular strain is the mortgage market, especially what's known as the sub-prime sector of the mortgage market. This market has seen tremendous innovation in recent years, as new lending products make credit available to more people. For the most part, this has been a positive development, and the reason why is millions of families have taken out mortgages to buy their homes, and American homeownership is at a near all-time high.

Unfortunately, there's also been some excesses in the lending industry. One of the most troubling developments has been the increase in adjustable rate mortgages that start out with a very low interest rate and then reset to a higher rate after a few years. This has led some homeowners to take out loans larger than they could afford based on overly-optimistic assumptions about the future performance of the housing market. Others may have been confused by the terms of their loan, or misled by irresponsible lenders. Whatever the reason they chose this kind of mortgage, some borrowers are now unable to make their monthly payments, or facing foreclosure.

Complicating the situation for borrowers is the nature of today's mortgage market. In many cases, the neighborhood banker who issued a family's mortgage does not own that mortgage for long. Instead, mortgages are sold as securities on the global market. And that makes it harder for the lender and borrower to renegotiate.

The recent disturbances in the sub-prime mortgage industry are modest -- they're modest in relation to the size of our economy. But if you're a family -- if your family is one of those having trouble making the monthly payments, this problem doesn't seem modest at all. I understand these concerns, and therefore, I've made this a top priority to help our homeowners navigate these financial challenges, so that many families as possible can stay in their homes. That's what we've been working on, a plan to help homeowners.

We've got a role, the government has got a role to play -- but it is limited. A federal bailout of lenders would only encourage a recurrence of the problem. It's not the government's job to bail out speculators, or those who made the decision to buy a home they knew they could never afford. Yet there are many American homeowners who could get through this difficult time with a little flexibility from their lenders, or a little help from their government. So I strongly urge lenders to work with homeowners to adjust their mortgages. I believe lenders have a responsibility to help these good people to renegotiate so they can stay in their home. And today I'm going to outline a variety of steps at the federal level to help American families keep their homes.

First, we're going to work to modernize and improve the Federal Housing Administration -- that's known as the FHA. The FHA is a government agency that provides mortgage insurance to borrowers through a network of private sector lenders. Sixteen months ago I sent Congress an FHA modernization bill that would help more homeowners qualify for this insurance by lowering down-payment requirements, by increasing loan limits and providing more flexibility in pricing. These reforms would allow the FHA to reach families that need help, those with low incomes and less-than-perfect credit records or little savings.

Last year the House passed this bill with more than 400 votes. Unfortunately, Congress hasn't acted this year. It would be a good task for Congress to come and get FHA modernization done so that we can help these people refinance their homes, so more people can stay in their homes. I look forward to signing a bill as quickly as possible.

In the coming days, the FHA will launch a new program called FHA-Secure. This program will allow American homeowners who have got good credit history but cannot afford their current payments to refinance into FHA-insured mortgages. This

means that many families who are struggling now will be able to refinance their loans, meet their monthly payments and keep their homes. In other words, we're going to start reaching out and making sure people know that this option is available to them so they can stay in their homes.

Second, I'm going to work with Congress to temporarily reform a key housing provision of the federal tax code, which will make it easier for homeowners to refinance their mortgages during this time of market stress. Under current law, homeowners who are unable to meet their mortgage payments can face an unexpected tax bill. For example, let's say the value of your house declines by \$20,000 and your adjustable rate mortgage payments have grown to a level you cannot afford. If the bank modifies your mortgage and forgives \$20,000 of your loan, the tax code treats that \$20,000 as taxable income. When your home is losing value and your family is under financial stress, the last thing you need to do is to be hit with higher taxes.

So I believe we need to change the code to make it easier for people to refinance their homes and stay in their homes. And to this end, I've called Senator Debbie Stabenow of Michigan and told her that she's on to a good idea with the bill that she and George Voinovich have submitted to the Senate. The House has got Rob Andrews of New Jersey and Ron Lewis of Kentucky introducing legislation that is a positive step toward changing the tax code so people aren't penalized when they refinance their homes. With a few changes in the Senate version and the House version, this administration can support these bills, and we look forward to working with them -- the senators and the members of the House -- to pass common-sense legislation to help us address this issue.

Third, my administration will launch a new foreclosure avoidance initiative to help struggling homeowners find a way to refinance. Secretary Jackson and Secretary Paulson are going to reach out to a wide variety of groups that offer foreclosure counseling and refinancing for American homeowners. These groups include community organizations like NeighborWorks and mortgage lenders and loan services, and the FHA, as well as government-sponsored enterprises like Fannie Mae and Freddie Mac. These organizations exist to help people refinance, and we expect them to do that.

See, it's easy for me to stand up here and talk about refinancing -- some people don't even know what I'm talking about. And we need to have a focused effort to help people understand the mortgage financing options available to them, or to identify homeowners before they face hardships and help them understand what's possible.

Finally, the federal government is taking a variety of actions to make the mortgage industry more transparent, more reliable and more fair, so we can reduce the likelihood that these kind of lending problems won't happen again. Federal banking regulators are improving disclosure requirements to ensure that lenders provide homeowners with complete and accurate and understandable information about their mortgages, including the possibility that their monthly payments could rise dramatically. In other words, we believe that if the consumer is better informed, these kind of problems won't arise -- are less likely to arise in the first place. Banking regulators are also strengthening lending standards to help ensure that borrowers are not approved for mortgages larger than they can handle.

This administration will soon issue regulations that require mortgage brokers to fully disclose their fees and closing costs. We're pursuing wrongdoing and fraud in the mortgage industry through the Department of Housing and Urban Development, the Department of Justice, the Federal Trade Commission, and other agencies. In other words, if you've been cheating somebody we're going to find you and hold you to account. And we'll continue to do our part to help improve all aspects of the mortgage marketplace that is really important to this economy of ours.

With all the steps I've outlined today we will deliver help and hope to American families who need it. We'll help guard against future problems in the housing sector. We'll reaffirm the vital place of homeownership in our nation. When more families own their own homes, neighborhoods are more vibrant and communities are stronger, and more people have a stake in the future of this country.

Owning a home has always been at the center of the American Dream. Together with the United States Congress I will continue working to help make that dream a reality for more of our citizens. Thank you.

Q Sir, what about the hedge funds and banks that are overexposed on the sub-prime market? That's a bigger problem. Have you got a plan?

THE PRESIDENT: Thank you.

###

Welcome to "Ask the White House" -- an online interactive forum where you can submit questions to Administration officials and friends of the White House.

Alphonso Jackson
Housing and Urban Development Secretary

September 6, 2007

Alphonso Jackson

Good afternoon. Thank you for joining me to discuss some of the immediate steps President Bush and I are taking to help more families keep their homes. Homeownership remains the American Dream. Unfortunately, it has been a source of anxiety recently for some homebuyers. Too many families have been enticed by easy credit offers or steered toward accepting low teaser interest rates in the exotic subprime market. The President and I want to help homeowners in trouble avoid foreclosure.

Last week, President Bush introduced FHASecure, which will allow families with strong credit histories who had been making timely mortgage payments before their loans reset -- but are now in default -- to refinance. The average FHASecure loan could save the homeowner \$400/month and about \$30,000 over the life of the loan.

FHASecure and other critical federal initiatives can help homeowners in need of assistance. I hope we can talk about them during our online conversation.

Ok, let's take our first question.

Hope, from Colorado writes:

I am, or was a homeowner. My husband and I lost our jobs to layoff two weeks from each other June of 2006. Our mortgage servicing company would NOT work with us to save our home and basically forced us into foreclosure. What is The President doing to help protect homeowners that fall upon hard times from these types of actions from Loan Servicing Companies? Thank you Hope

Alphonso Jackson

Hope, I'm terribly sorry to hear you lost your home to foreclosure. It is too bad your lender wouldn't work with you. Nobody wins when a foreclosure occurs. You should know the President and I are working hard to help more families keep their homes or find more affordable loans.

One of the most important things we've done is introduce a new refinancing initiative that allows homeowners with good credit history who have defaulted on their mortgage payments after their teaser interest rates increased to qualify for an FHA-backed loan. This product, which is called FHASecure, will make more loans available to more American families. The FHA also has terrific foreclosure prevention measures, which last year helped more than 75,000 homeowners (who were in default) avoid foreclosure and keep their homes.

Also, you might want to contact a local housing counselor to get advice on buying a home, renting, defaults, foreclosures, and establishing good credit. Here's a link that will help you find a counseling agency in your area:
<http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>

Also for your information, the banking regulators, like the Federal Reserve, are also strongly encouraging lenders to tighten underwriting standards so that hard-working families aren't put into mortgages they can't afford by unscrupulous lenders. And HUD and many other federal agencies are also working with the Department of Justice to go after predatory lenders.

Michael, from Powell, Tn writes:

What do you suggest to people buying their first home?

Alphonso Jackson

Michael, thanks for your interest in owning a home. It is important to remember that owning a home remains the best long-term investment a family can make. It's also likely to be the biggest purchase of your life and can be a little overwhelming, so you should go in with your eyes open and have the background to make smart decisions. Financial education is an important first step.

I would strongly suggest you talk with a HUD-approved Housing Counselor in your area. They will help you figure out how much you can afford considering your income, monthly expenses, downpayment, credit rating, and expected interest rate. Here's a link that will help you find a counseling agency in your area: <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>

Also, shop for a mortgage loan by talking to several lenders, comparing costs and interest rates, and negotiating for the best deal. Additionally, you might want to consider an FHA-insured loan for a safe, reasonably priced mortgage product. Also, shop for a home by looking into homebuying programs available in your area. Finally, read the fine print of your mortgage before you sign on the dotted line and get a home inspection before you buy.

Good luck, Michael. I hope you find the perfect home.

Rollie, from Fresno writes:

We really appreciate FHA Secure and will want to integrate it into our regional stop-foreclosure program called No Homeowner Left Behind. 1) I trust that the refinance product will be limited to mortgages for families who are occupying their homes (not investors or flippers). Is that correct?

2) Will there be flexibility on the mortgage limits in order to reach working families in California?

3) Will there be flexibility with the terms (eg extend to 40 years) so that the monthly payment will be affordable.

Alphonso Jackson

Hi Rollie. I'm happy to hear that FHASecure is already becoming a vital refinancing resource that will be offered by lenders to homeowners who need a safe alternative to their exotic subprime loans.

Yes, FHASecure is limited to owner-occupied mortgagors. Currently, FHA is limited by mortgage limits set by Congress. That is why the President has been urging Congress for the past two years to pass FHA Reform legislation which would raise the limit. FHA Reform would raise the mortgage loan limit in California from the current ceiling of \$362,790 to a new ceiling of \$417,000. This could help thousands of families refinance their high-cost, high-risk loans and get an FHA-insured loan. Also, FHA is currently limited to 30-year mortgage products. Again, FHA Reform would help because it includes a 40-year product.

Cliff, from Brimfield, Ohio writes:

Secretary Jackson: I AM ALL FOR HELPING PEOPLE NOT LOOSE THEIR HOMES but in this issue it seems to be one that was PAY ME NOW OR PAY ME LATER. And when the later came the problem came. The loan companies that talked these home owners into these loans and the home owners who accepted them are now trying to get the government(taxpayers) to bail them out. To me it is like a car dealer who wants to sell his cars and will make out some kind of FANTASTIC deal in rates to get me to buy the car and worry about the FULL payments later. What does this say about the incentive to have people do the right thing and not just do it now and expect the government to bail them out later. Your the expert on this so Im going to the horses mouth as they say and ask you what is your take on this situation? Thank You

Alphonso Jackson

Hi Cliff. Make no mistake, FHASecure, which the President announced last week, is not a bailout. In fact, it is quite the opposite. A bailout would reward risky behavior, which is what got markets into trouble in the first place.

FHASecure is designed for families who are good borrowers and meet our strict underwriting standards, but who are in trouble now that their reset rates have kicked in.. In all likelihood, these are families who could have qualified for a conventional loan but were lured into an exotic subprime mortgage. Only families with on-time mortgage payments under th

original interest rates are eligible. They must have good debt-to-income ratios, a stable employment history, and their delinquency must not be due to financial negligence. In essence, we verify that they can actually repay the loan...which is a qualification that was sorely missing in much of the subprime loans that are going sour.

In fact, FHASecure will promote good money management, not be a substitute for it. Borrowers will pay mortgage insurance premiums out of their own pockets to offset claims to the FHA insurance fund and ultimately prevent risk to the taxpayer.

Jo, from Miramar, FL writes:

When will these steps to help homeowners avoid foreclosure be taken? Is there anyone I can contact immediately for help? I could lose my home by the time Congress acts and Bush signs the law. I need assistance now, not two, six, or nine months from now.

Alphonso Jackson

Hi Jo. You don't need to wait for Congress to act to get help avoiding foreclosure. You might be able to get help immediately. The important thing is to ask. HUD's Federal Housing Administration offers homeowners an opportunity to refinance with an FHA-insured loan. The FHASecure initiative announced by the President last week will aid tens of thousands of responsible homeowners who took out adjustable rate mortgages but found themselves in default when their interest rates reset to double or triple where they started in many cases. Over the next two years, FHASecure and other FHA-backed loans will help an estimated 240,000 Americans—about half the families expected to go into foreclosure in the next two years—keep their homes. To find out if you're eligible to refinance with FHA, call 1-800-CALL-FHA. Also, you might want to contact your lender directly to see if they can provide temporary assistance. On Wednesday, the Federal Reserve strongly urged loan-service companies that collect and otherwise service mortgages to help homeowners. The Fed is asking these companies to consider offering better terms, such as lowering the size of the loan, deferring payments or extending the lives of loans. Also, you might want to call your local housing counseling agency. Here's a link that will help you find a counselor in your area: <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>

Brenda, from Tennessee writes:

I have a ARM thats going from 8.5 to 11.420. Im in the rear now because my husband was sick 7 weeks this summer. We don't have good credit. It is fair. We have always paid our debts . We didn't realize we that this ARM would jump this must. We were mislead by the morgage company. How do I get in touch with someone to help to refinance?Thanks Brenda

Alphonso Jackson

Brenda, you should start by calling your lender, your local housing counselor or contacting the Federal Housing Administration. You might be eligible to refinance with an FHA-insured loan. These loans are safe, affordable and backed by the full faith and credit of the government. You can contact FHA by calling 1-800-CALL-FHA or visiting <http://www.fha.gov> to learn more about their refinancing products.

Sally, from Sacramento writes:

What is the federal government doing about keeping lenders from shady business practices - like offering sub-prime loans to people who really can't afford the loan? And what can be done in the meantime, for those who are facing foreclosure NOW? Thanks for your time.

Alphonso Jackson

Some sub-prime loans may be posing a barrier to homeownership. Our Fair Housing and Equal Opportunity (FHEO) division has created a Fair Lending Division to look specifically at whether pricing disparities in sub-prime loans are discriminatory. Specifically, the new Fair Lending Division will investigate discrimination complaints against lenders who have allegedly violated the Fair Housing Act by refusing to make mortgage loans, refusing to provide the same information regarding loans, or imposing different terms or conditions for granting a loan, such as factors based on the race or national origin of the borrower. The division will also conduct investigations where lending patterns or other information suggests discrimination by a lender, but no individual has come forward to file a complaint. Recently, HUD has taken steps to assist in reducing lending discrimination, for example, we hired an economist to review and analysis HMDA data; commenced system

investigations against three national financial institutions; and convened a Fair Lending Roundtable where government agencies and private organizations participated. HUD is serious about fighting housing discrimination and this new Division will help us continue to do just that.

Our FHA-based loans have common-sense underwriting standards: we ensure the borrower can actually repay the loan. I agree with you – lenders not doing that smell-test are indeed shady and likely most of them are or will be out of business. Our FHA-backed loans, including this new FHA Secure option, are available now. Anyone who is interested should talk to their lender.

Marcus, from Philadelphia writes:

With so many homeowners facing foreclosure, why isn't the Bush Administration pushing for a national Emergency Mortgage Assistance Program such as the one that exists in Pennsylvania, where homeowners in default on their mortgages are provided with temporary assistance in the form of a loan to help them save their homes?

Alphonso Jackson

The Administration feels that reform of existing FHA programs will best serve American families by providing safe effective products, the same products that have worked well for almost 35 million homeowners since 1934.

FHASecure will also help thousands of eligible families in the current crisis, and FHA reform legislation will help thousands more avoid these pitfalls in the future.

We're also trying to empower consumers with the tools to read and understand the fine print of the mortgage, and also know when to ask for help before it is too late. We know that while most people facing foreclosure are afraid of their banks, they are much more open to talking to a local non-profit counseling agency about their problems. That's why housing counseling and financial education are so important. This Administration has increased the budget for counseling over 200 percent, with the President requesting another increase, to \$50 million, in the coming fiscal year.

Curtis, from Singapore writes:

Hi Secretary Jackson, The recent steps President Bush announced in addressing the subprime issue in the U.S. has helped calm financial markets and "contained" the woes that emerged in the subprime market. Here in Asia, the lending institutions have remained somewhat unaffected from the subprime issues, but that could of course change in an instant. How concerned should everyone watching the subprime issue outside the U.S. be, and what steps are being taken to contain the credit problems so that is limited to only affecting the United States?

Thanks.

Alphonso Jackson

Here in the U.S. we have witnessed the economic push of sub-prime loans, which helped democratize credit and opened up homeownership for millions of people. But there was a risk. And for about 20 percent of those loans made over the last few years, the risk was realized. But for the other 80 percent, the loans are secure. We witnessed the economic pull of the failed sub-prime loans, which often came about through predatory lending and poor consumer preparation. We have aggressively taken steps to address difficult sub-prime loans. We are refinancing some of them through public institutions like our Federal Housing Administration. We have also promoted much wider housing counseling, with 2,300 housing counselors in the United States. Nationally and internationally, we must be on guard against predatory lending. It is nothing more than a scam, a crime, a lie. The loan process must be transparent and understandable. I see much merit in programs that help poor-and-middle class buyers with help on down payments or the cost of purchase. Worldwide, homeownership remains a viable option. You see that in Thailand, the Philippines, South Korea, Japan, and elsewhere.

Lynn, from Tampa, FL writes:

Regarding the previous question; is this only for borrower's with teaser rates or does this apply to borrower's who have a fixed rate and fixed rate non-qualifying loans who have lost their jobs?

Alphonso Jackson

Hi Lynn. FHASecure applies to those families who were forced into default because their teaser interest rates dramatically increased. To qualify for FHASecure, eligible homeowners must meet the following five criteria:

1. A history of on-time mortgage payments before the borrower's teaser rates expired and loans reset; 2. Interest rates must have or will reset between June 2005 and December 2008; 3. Three percent cash or equity in the home; 4. A sustained history of employment; and 5. Sufficient income to make the mortgage payment.

Michael, from NYC writes:

Secretary Jackson, in your last appearance, (April 10, 2007) you touted The American Dream Downpayment Initiative, Homeownership Voucher Program, Housing Counseling and the Federal Housing Administration's attempts to "...modernize the FHA's mortgage insurance program so that tens of thousands of potential homebuyers have access to a safer financing tool." You also stated, in response to my question on that date "The FHAs successful lending relief program helped 75,000 families avoid foreclosure last year, and has already helped another 36,000 this year."

Doesn't logic and common sense dictate that low income families, lack the basic necessity (i.e. MONEY) needed to become a homeowner? Secondly, as the Jump in Foreclosure has happened recently, any update to the figures on FHA foreclosure victims and those saved?

Alphonso Jackson

Hi Michael. I am glad to see you are a repeat webcast watcher!

Poor is a state of mind. I grew up being the last of 12 children. We didn't have a lot of money, but we weren't poor. We had plenty - we had love, we had each other and it never seemed like we went without. But even though we had modest means, my parents worked hard and provided for us. Sure, not everyone can afford a million-dollar home, but there are plenty of hard-working Americans who have saved and have become homeowners. Becoming a homeowner is the American Dream realized. It gives you a stake in the community. When you own a home, it's yours. It's also the best single way to accumulate wealth and economic security...and that's something you can pass on to your children.

You asked about foreclosure prevention. This year, FHA's loss mitigation measures, which we require our lenders to implement, have helped almost 57,000 FHA homeowners who were in default avoid foreclosure.

Neil, from washington, d.c. writes:

1. How much will FHASecure cost the government? 2. What rule will be changed - Are homeowners not able now to refinance their existing mortgage? Don't lenders allow them to do this? 3. Won't expanding coverage for 80,000 homeowners increase the FHA's deficit - and won't the FHA have to raise premiums even more?

4. How did you come up with the 80,000 figure? It seems like there won't be that many people who have sound credit histories but are in default. 5. With 2 million people facing higher interest rates on adjustable-rate mortgages, how much of a dent will this program make? (80,000 is 4 of 2 million). Thank you.

Alphonso Jackson

Hi Neil, Let me try to respond to each of your questions.

1. FHASecure will cost taxpayers nothing. Borrowers with FHA-insured loans pay premiums on their mortgage which keeps the Insurance Fund sound and protects taxpayers from risk. This also protects lenders from losses. The Insurance Fund allows lenders to offer lower rates on FHA-backed loans, which enables millions of low- and-moderate income families who would otherwise be locked out of the mortgage market to qualify for home loans.

2. HUD is now allowing eligible borrowers who had good credit history before their teaser interest rates reset to qualify for refinance with an FHA-insured loan. Eligible homeowners not in default have always been able to refinance their existing mortgage into FHA. In fact, FHA's refinancing business has roughly doubled over the past year. We expect to help approximately 120,000 families refinance with the FHA this year.

3. FHA's Insurance Fund continues to run in the black and has more than adequate reserves to cover potential losses.

4. FHA has expert analysts and economists who are constantly studying changes in the market. You're correct, we expect FHASecure to help approximately 80,000 families, if not more.

5. According to various industry estimates, there are just under 2 million resets due in the next two years; about one-quarter, or 500,000, of those mortgages are expected to go into default. So we can help about half (about 240,000) of those hard-working families stay in their homes using FHASecure and our preexisting refinancing products.

Now, if Congress approves FHA reform legislation, we could help another estimated 200,000 families be eligible for FHA-insured loans and help many homeowners in high-cost states get the security of an FHA product -- currently we can't help them because our loan limits are too low.

Thanks again for the questions.

Alphonso Jackson

Thanks again for allowing me to participate in today's conversation about homeownership. I hope my responses were helpful to families who are looking for ways to get out from under their exotic subprime loans. The last thing I want to see is more families lose their home to foreclosure.

Again, if you want more information about the Federal Housing Administration or want to see if you are eligible for FHASecure, please call 1-800-CALL-FHA or visit <http://www.FHA.gov>. Also, don't hesitate to talk to a housing counseling agency in your area if you have questions about refinancing your home loan or are buying a home for the first time. Here's a link that will help you find a counselor in your area: <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>

Take care.

###

President Bush Discusses Housing

Roosevelt Room

1:23 P.M. EST

THE PRESIDENT: Good afternoon. Before turning to the situation in the housing market, I send my sympathy to the families of those murdered in Omaha, Nebraska, yesterday. I was in Omaha just before the shooting took place, and I know what a difficult day it is for that fine community. The victims and their loved ones are in the prayers of Americans. The federal government stands ready to help in any way we can. And our whole nation grieves with the people of Omaha.

I just had an important discussion on the housing market with Secretary Paulson, Secretary Jackson and members of the mortgage industry.

The housing market is moving through a period of change. In recent years, innovative mortgage products have helped millions of Americans afford their own homes -- and that's good. Unfortunately, some of these products were used irresponsibly. Some lenders made loans that borrowers did not understand, especially in the sub-prime sector. Some borrowers took out loans they knew they could not afford. And to compound the problem, many mortgages are packaged into securities and sold to investors around the world. So when concerns about sub-prime loans begin to mount -- began to mount, uncertainty spread to the broader financial markets.

Secretary Paulson and Secretary Jackson and Chairman Bernanke are monitoring developments in the housing market, and working to limit the disruption to our overall economy. Data released this morning confirmed the difficulties facing the housing market. Yet one reason for confidence is that the downturn in housing comes against a backdrop of solid fundamentals in other areas -- including low inflation, a healthy job market, record-high exports. America's economy has proved itself highly resilient -- and it is strong, and it is flexible, and it is dynamic enough to weather this storm.

For individual homeowners, the problem is more difficult. Many of those feeling financial stress have an adjustable rate mortgage, which typically starts with a lower interest rate and then resets to a higher rate after a few years. Many of those borrowers cannot afford the higher payments. And now some are fearing foreclosure -- which is a terrible burden for hardworking families, and a source of concern for entire communities and neighborhoods across our country.

The rise in foreclosures would have negative consequences for our economy. Lenders and investors would face enormous losses. So they have an interest in supporting mortgage counseling and working with homeowners to prevent foreclosure.

The government has a role to play as well. We should not bail out lenders, real estate speculators, or those who made the reckless decision to buy a home they knew they could never afford. Yet there are some responsible homeowners who could avoid foreclosure with some assistance -- and in August, I announced a series of targeted actions to help them. My administration has moved forward in three key areas.

First, we've launched a new initiative at the Federal Housing Administration called "FHA Secure." This program gives the FHA greater flexibility to offset refinancing to homeowners -- to offer refinancing to homeowners who have good credit histories but cannot afford their current payments. In just three months, the FHA has helped more than 35,000 people refinance. And in the coming year, the FHA expects this program to help more than 300,000 families.

Second, in August, I asked Secretaries Paulson and Jackson to work with lenders and loan servicers and mortgage counselors and investors on an initiative to help struggling homeowners find a way to refinance. They assembled a private sector group called "HOPE NOW Alliance" -- their leaders are with us today. HOPE NOW is an example of government bringing together members of the private sector to voluntarily address a national challenge -- without taxpayer subsidies or without government mandates. I'm pleased to announce that our efforts have yielded a promising new source of relief for American homeowners.

Representatives of HOPE NOW just briefed me on their plan to help homeowners who will not be able to make the higher payments on their sub-prime loan once the interest rates goes up -- but who can at least afford the current, starter rate. HOPE NOW members have agreed on a set of industry-wide standards to provide relief to these borrowers in one of three ways: by refinancing an existing loan into a new private mortgage, by moving them into an FHA Secure loan, or by freezing their current interest rate for five years.

Lenders are already refinancing and modifying mortgages on a case-by-case basis. With this systematic approach, HOPE NOW will be able to help large groups of homeowners all at once. This will bring more relief to more homeowners more quickly. HOPE NOW estimates there are up to 1.2 million American homeowners who could be eligible for this assistance.

Public awareness is critical to this effort, because the group can only help homeowners who ask for it. So HOPE NOW recently mailed hundreds of thousands of letters to borrowers falling behind on their payments, and they have set up a counseling hotline that Americans can call 24 hours a day. I've directed Secretaries Paulson and Jackson to expand the public awareness campaign. And I have a message for every homeowner worried about rising mortgage payments: The best you can do for your family is to call 1-800-995-HOPE.* That is 1-800-995-H-O-P-E.*

Third, the federal government is taking several regulatory actions to make the mortgage industry more transparent, reliable and fair. Later this month, the Federal Reserve intends to announce stronger lending standards that will help protect borrowers. At the same time, HUD and the federal banking regulators are taking steps to improve disclosure requirements -- so that homeowners can be confident they are receiving complete, accurate and understandable information about their mortgages.

As we take these steps, the Department of Justice will continue to pursue wrongdoing in the banking and housing industries - so we can help ensure that those who defraud American consumers face justice.

These measures will help many struggling homeowners -- and the United States Congress has the potential to help even more. Yet in the three months since I made my proposals, the Congress has not sent me a single bill to help homeowners. If members are serious about responding to the challenges in the housing market, they can start with the following steps.

First, Congress needs to pass legislation to modernize the FHA. In April 2006, I sent Congress an FHA modernization bill. This bill would increase access to FHA-insured loans by lowering down payment requirements, allowing the FHA to insure bigger mortgages in high-cost states, and expanding FHA's authority to price insurance fairly, with risk-based premiums. This bill could allow the FHA to reach an additional 250,000 families who could not otherwise qualify for prime-rate financing. Last year, the House passed the bill with more than 400 votes -- and this year, the House passed it again. Yet the Senate has not acted. The liquidity and stability that FHA provides the market are needed more than ever -- and I urge the United States Senate to move as quickly as possible on this important piece of legislation.

Second, Congress needs to temporarily reform the tax code to help homeowners refinance during this time of housing market stress. Under current law, if the value of your house declines and your bank forgives a portion of your mortgage, the tax code treats the amount forgiven as taxable income. When you're worried about making your payments, higher taxes are the last thing you need. The House agrees, and recently passed this relief with bipartisan support. Yet the Senate has not responded. This simple reform could help many American homeowners in an hour of need -- and the Senate should pass it as soon as possible.

Changing the tax code can also help state and local government do their part to help homeowners. Under current law, cities and states can issue tax-exempt bonds to finance new mortgages for first-time home buyers. My administration has proposed allowing cities and states to issue these tax-exempt mortgage bonds for an additional purpose: to refinance existing loans. This temporary measure would make it easier for state housing authorities to help troubled borrowers -- and Congress should approve it quickly.

Third, Congress needs to pass funding to support mortgage counseling. Non-profit groups like NeighborWorks provides essential service by helping homeowners find affordable mortgage solutions and prevent foreclosures. My budget requests nearly \$120 million for NeighborWorks and another \$50 million for HUD's mortgage counseling programs. Congress has had these requests since February, yet it has not sent me a bill -- and they need to get the funding to my desk.

Fourth, Congress needs to pass legislation to reform Government Sponsored Enterprises like Freddie Mac and Fannie Mae. These institutions provide liquidity in the mortgage market that benefits millions of homeowners, and it is vital they operate safely and operate soundly. So I've called on Congress to pass legislation that strengthens independent regulation of the GSEs -- and ensures they focus on their important housing mission. The GSE reform bill passed by the House earlier this year is a good start. But the Senate has not acted. And the United States Senate needs to pass this legislation soon.

The holidays are fast approaching and, unfortunately, this will be a time of anxiety for Americans worried about their mortgages and their homes. There's no perfect solution, but the homeowners deserve our help. And the steps I've outlined

today are a sensible response to a serious challenge. I call on Congress to move forward quickly, and join me in delivering relief to homeowners in need -- so we can keep our economy healthy and the American Dream alive.

God bless.

###

Fact Sheet: The Mortgage Forgiveness Debt Relief Act of 2007

President Bush Signs Legislation Protecting American Families From Higher Taxes When They Refinance Their Homes

"When your home is losing value and your family is under financial stress, the last thing you need is to be hit with higher taxes. So I'm working with members of both parties to pass a bill that will protect homeowners from having to pay taxes on cancelled mortgage debt."

— President George W. Bush, 9/1/07

Today, President Bush signed the Mortgage Forgiveness Debt Relief Act of 2007, which will help Americans avoid foreclosure by protecting families from higher taxes when they refinance their home mortgages. This Act will create a three-year window for homeowners to refinance their mortgage and pay no taxes on any debt forgiveness that they receive. Under current law, if the value of your house declines, and your bank or lender forgives a portion of your mortgage, the tax code treats the amount forgiven as income that can be taxed.

- **This Act will increase the incentive for borrowers and lenders to work together to refinance loans and allow American families to secure lower mortgage payments without facing higher taxes.**

This Act Is A Good Step To Address The Housing Market, But Congress Has More Work To Do

Congress needs to complete work on responsible legislation modernizing the Federal Housing Administration (FHA). This bill will give FHA the necessary flexibility to help hundreds of thousands of additional families qualify for prime-rate financing.

Congress needs to pass legislation permitting State and local governments to help troubled borrowers by issuing tax-exempt bonds for refinancing existing home loans. Under current law, cities and States can issue tax-exempt bonds to finance new mortgages for first-time homebuyers.

Congress needs to pass legislation to reform Government Sponsored Enterprises (GSEs) like Freddie Mac and Fannie Mae. GSEs provide liquidity to the mortgage market that benefits millions of homeowners, and it is vital that they operate safely and soundly. The President has called on Congress to pass legislation that strengthens independent regulation of the GSEs and ensures they focus on their important housing mission.

The Administration Has Moved Forward On Targeted Actions To Assist Homeowners That The President Announced In August

The President and his Administration have launched a new initiative at the Federal Housing Administration (FHA) called *FHASecure*. *FHASecure* expands the FHA's ability to offer refinancing by giving it the flexibility to work with homeowners who have good credit histories but cannot afford their current payments. By the end of 2008, the FHA expects this program to help more than 300,000 families refinance their homes.

Treasury Secretary Henry Paulson and Housing and Urban Development Secretary Alphonso Jackson have assembled the private-sector HOPE NOW alliance. HOPE NOW recently mailed hundreds of thousands of letters to borrowers falling behind on their payments and is supporting a toll-free mortgage counseling hotline, 1-888-995-HOPE.

- **HOPE NOW has developed a plan under which up to 1.2 million homeowners could be eligible for assistance.** The HOPE NOW plan will help subprime borrowers who can afford the current, starter rate on a subprime loan, but would not be able to make the higher payments once the interest rate goes up.

###

President Bush Signs H.R. 3648, The Mortgage Forgiveness Debt Relief Act of 2007

Roosevelt Room

THE PRESIDENT: Thank you all for coming. Welcome to the White House. I'm pleased to sign a bill that will help homeowners who are struggling with rising mortgage payments. The Mortgage Forgiveness Debt Relief Act of 2007 will protect families from higher taxes when they refinance their homes. It will help hardworking Americans take steps to avoid foreclosure during a period of uncertainty in the housing market. I want to thank members of Congress for getting this bill passed. I appreciate it very much. It's been a joy working with you.

I thank my Secretary of the Treasury, Hank Paulson; and the Secretary of Housing and Urban Development, Alphonso Jackson, for taking the lead in helping people stay in their homes. I particularly want to thank the Chairman of the Finance Committee, Max Baucus; Senator Debbie Stabenow of Michigan; and Senator George Voinovich of Ohio, for sponsoring this legislation.

I remember calling you on the phone, telling you that I'm going to propose the same thing you are -- talked to George, as well -- and it's been a joy to work with you.

I want to thank Jim McCrery of the House, Stephanie Tubbs Jones and Rob Andrews. Appreciate you all being here.

I want to thank the staff who works hard at the Treasury and HUD to make this deal work. Appreciate your hard work.

In recent months, our nation's housing market has faced serious strains. Home values have fallen in many parts of our country. At the same time, many homeowners with adjustable rate mortgages have seen their monthly payments increase faster than their ability to pay. And now some homeowners face the prospect of foreclosure.

My administration has taken strong steps to help homeowners avoid foreclosure by making it easier to refinance loans. We gave the Federal Housing Administration greater flexibility to refinance loans for struggling homeowners. We helped assemble a private sector group of lenders, loan servicers, investors, and mortgage counselors called the HOPE NOW Alliance. This group has agreed on a set of industry-wide standards to help those with subprime loans refinance or modify their mortgages, so more families can stay in their homes.

The bill I sign today will help this effort by ensuring that refinancing a mortgage does not result in a higher tax bill. Under current law, if the value of your house declines and your bank or lender forgives a portion of your mortgage, the tax code treats the amount forgiven as money that can be taxed. And of course, this makes a difficult situation even worse. When you're worried about making your payments, higher taxes are the last thing you need to worry about. So this bill will create a three-year window for homeowners to refinance their mortgage and pay no taxes on any debt forgiveness that they receive. And it's a really good piece of legislation. The provision will increase the incentive for borrowers and lenders to work together to refinance loans -- and it will allow American families to secure lower mortgage payments without facing higher taxes.

With this bill, Congress has taken a strong step to address the turbulence in the housing market. Yet there's more work to be done. The Congress needs to pass legislation permitting state and local governments to issue tax-exempt bonds for refinancing existing home loans. Congress needs to pass legislation strengthening the independent regulator of government sponsored enterprises like Freddie Mac and Fannie Mae, so we can keep them focused on the mission to expand home ownership. Congress needs, as well, to complete work on responsible legislation modernizing the Federal Housing Administration, so that we can give the FHA the necessary flexibility to help hundreds of thousands of additional families qualify for prime-rate financing.

By taking these steps, we can help our homeowners -- and we'll help more Americans become home owners. We want people to have a place they can call their own. After all, it's an essential part of the American Dream. And we want that dream to extend throughout our nation.

I want to thank the members for joining us. I wish you all happy holidays. And this is going to make a happy holiday for many home owners. Thanks for coming.

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THE WHITE HOUSE
WASHINGTON

March 27, 2008

3/27-28/08

INFORMATION

MEMORANDUM TO THE PRESIDENT

FROM: KARL ZINSMEISTER AND CHRIS PAPAGIANIS
SUBJECT: NEW JERSEY MORTGAGE COUNSELING EVENT

On Friday you will be participating in a roundtable discussion at Novadebt, a HUD-approved local housing-counseling agency in Freehold, NJ. Novadebt provides free face-to-face housing and credit counseling to families, and nationwide telephone counseling as part of HOPE NOW. Novadebt, founded in 1991, provides pre-purchase, default, and reverse-mortgage counseling.

When homeowners call the HOPE hotline they are routed to one of over 400 counselors from 1 of 10 non-profit counseling agencies, all of which are HUD-approved. Novadebt is one of these agencies. It provides over 700 counseling sessions a week from the HOPE hotline. Since 2003, Novadebt has received HUD housing-counseling grants (\$22,785 in FY2007, \$95,352 total from 2003 to 2007), but it receives most of its funding through HOPE NOW and other charitable foundations. Novadebt has 50 housing counselors spread over five States (CA, TX, NC, NY, and NJ), with 20 located in Freehold, NJ.

Novadebt's "mortgage resolution program" includes an in-depth analysis of the borrower's situation (budget analysis) and an action plan for the client. Novadebt will serve as a mediator, contacting the lender on the borrower's behalf to work out potential options (forbearance, repayment plan, modify the terms, principal write-down, etc.) and facilitate a realistic result.

HOPE NOW:

The private HOPE NOW Alliance includes 27 mortgage lenders, representing 90 percent of the subprime market and a large majority of the prime market. Alliance members have committed an unprecedented amount of private sector money to counseling —representing a new level of commitment by the industry. The Alliance helps distressed homeowners in several ways.

In December, you helped the Alliance announce their agreement on a set of industry standards that provide "systematic" help to homeowners facing interest-rate resets. This can involve (1) refinancing into a new private mortgage; (2) moving homeowners into an *FHASecure* loan; or (3) freezing their current interest rates for five years. In February, HOPE NOW created a new program which offers some homeowners facing imminent foreclosure a 30-day extension (Project Lifeline). During this time a homeowner can work out options with their lender.

These programs are beginning to work:

- HOPE NOW lenders and servicers have established special offices within their companies where struggling borrowers and their counselors can have a consistent point of access.
- HOPE NOW lenders contact at-risk borrowers at least 120 days prior to a interest-rate reset.
- HOPE NOW servicers have sent over 1 million letters, yielding a 20 percent response rate.
- The hotline has received 547,994 calls, which led to counseling for 205,000 homeowners.

- Industry has helped more than one million homeowners avoid foreclosure through either a repayment plan or a loan modification.

Funding for Housing Counseling:

HUD's housing-counseling program has provided nearly \$250 million in grants since 2001. From \$24 million in 2001, you have more than doubled funding to a proposed \$65 million in 2009. HUD provides these services through approximately 1,700 public and private nonprofit organizations, on a competitive basis. The 2009 Budget will help educate approximately 950,000 families to make better housing decisions.

NeighborWorks America, which will also have a representative at the roundtable you are to participate in, is a HOPE NOW member and a national nonprofit organization created by Congress to support community revitalization. When a homeowner calls the HOPE hotline, the counselor gains an understanding of the homeowner's financial situation (i.e. what led them to miss mortgage payments). When appropriate, the counselor transfers the homeowner to their lender/servicer to find a solution based on the homeowner's ability to repay. If more intensive face-to-face counseling is needed, telephone counselors may refer borrowers to community-based NeighborWorks affiliates and other HUD-approved local counselors. NeighborWorks has one of the Nation's largest networks with over 240 such local counseling agencies to assist borrowers. Since 2001, over \$1 billion has been appropriated to NeighborWorks, which also receives resources from foundations and the private sector. While more of their money has been going to counseling recently, historically most of it has gone towards other community services.

RESPA Disclosure Form:

On March 14, HUD proposed a new regulation that requires lenders to provide a standard, easy-to-read summary of the key elements of every mortgage agreement. This would reform the Real Estate Settlement Procedures Act (RESPA) to ensure that home buyers are given complete, accurate, and understandable information about loans, including, for instance, the possibility that some monthly payments can rise dramatically over time. Better disclosure is expected to save the typical homebuyer between \$500 and \$700 in closing costs. RESPA reform will help reduce the likelihood of today's lending problems happening again in the future.

Protection From Taxes at Refinancing:

In December, you signed the Mortgage Debt Relief Act, which protects families from higher taxes when they refinance their home. The Act creates a three-year window for homeowners to refinance their mortgage and pay no taxes on any debt forgiveness they receive. This provides another incentive for borrowers and lenders to work together to solve debt problems.

Expanding FHASecure:

FHA insures home mortgages made by approved private lenders. The agency guarantees that if an approved borrower defaults on his loan, it will pay the lender the outstanding balance. FHA's risk is balanced by charging mortgage-insurance premiums to the borrower.

In August 2007, you launched FHASecure, which loosened the agency's traditional underwriting standards, including allowing mildly delinquent borrowers to qualify. This program has helped more than 130,000 families stay put—a figure expected to reach 300,000 by the end of the year. However, few of these families (approximately 2,000) were borrowers with a missed payment.

Your advisers have been working with FHA on new proposals that would extend FHASecure refinancing guarantees to more delinquent borrowers, for example:

- Certain homeowners who have had more than one late payment but are still financially capable of keeping their homes with FHA refinancing help.
- Homeowners with lenders who would be willing to write down a portion of their mortgage during refinancing, if FHA rules allowed.

A policy proposal is forthcoming, but your advisers recommend avoiding details until key members of Congress have been consulted.

President Bush Discusses Housing, Economy

Novadebt
Freehold, New Jersey

3:30 P.M. EDT

THE PRESIDENT: Thank you very much. I really want to thank Congressman Chris Smith and Vito Fossella for joining me here in Freehold, New Jersey. I'm here at a company called Novadebt, and I really appreciate Joel Greenberg and Jill Feldman for giving me an opportunity to come to this center, this company, and talk with people whose lives are being positively affected as a result of a significant counseling effort to help people stay in their homes. And I really do want to thank you all for your hospitality.

During my tour, I have met with skilled professionals who provide free mortgage counseling for struggling homeowners. And the reason why I'm here is because we have got a issue in housing in America. The value of the houses have gone down in some areas, and people's mortgages are resetting. In other words, the interest rates are going up. And that has caused consternation and concern and care. A lot of families are facing the frightening prospect of foreclosures. Foreclosures obviously place a terrible burden on a family, as well as they lead to losses for lenders and investors. And this affects our entire economy.

We have a role to play at the government level, and that is to help lenders and borrowers work together to avoid foreclosure. There's some homeowners who have made responsible buying decisions, and who could keep their homes with just a little help, some information and some help. And so to help them, in October my administration helped bring together a private-sector group of lenders, loan servicers, investors, mortgage counselors, which is called the HOPE NOW Alliance. And the members of this group have made some progress. First of all, they agreed to industry-wide standards to streamline the process for refinancing and modifying certain mortgages. HOPE NOW also runs a national hotline to connect struggling homeowners with mortgage counselors just like the folks here at Novadebt.

I also met with some homeowners who got help. Danny Cerchiaro is with us, from Iselin, New Jersey. Thank you for being here, Danny. He owns a home that also serves as a studio for his movie production business. Danny and his wife learned their adjustable-rate mortgage was resetting to a higher rate this past summer, and he became concerned about financial stability. He was worried about staying in his home. He needed a place for his business and he needed a place to sleep, and he became concerned about whether or not he could afford it.

He got -- he called HOPE NOW, and he became working with a mortgage counselor named Penny Meredith. Penny is here. Appreciate you coming, Penny. And in less than two months later, Penny helped Danny get a more affordable fixed-rate mortgage. Danny calls Penny -- and I quote -- "the magic lady." She helped him a lot.

And there's a lot of other Americans who can get the same kind of help. One of the reasons I've come today is to say to people who are worried about staying in their home, there is help available.

I also want to thank Theresa Torres, from Kansas City, who is with us. She got really worried. She's a mom of three; her husband is a subcontractor. And she was very worried about staying in her home. And the family fell behind on their mortgage payments in December. But fortunately, she knew to call and to get help, and in this case, from Novadebt. They helped her modify her mortgage. And today, as a result of the help she received, she no longer worries about losing her home. And I thought her statement was pretty interesting -- she said, "I see my role today to serve as an example for people in a similar situation." So, Theresa, we're glad you're here.

There are hundreds of thousands of homeowners like Theresa and Danny who can benefit from calling HOPE NOW. And so one of my purposes is to make it clear there is a place where you can get counseling. And I want my fellow citizens, if you're worried about your home, to call this number: 188-995-HOPE [sic]. Let me repeat that again: 188-995-HOPE [sic].

HOPE NOW can help homeowners find the right solution. By the way, we got more work to do in Washington, and one of the things we can do is make sure the Federal Housing Administration gets the reforms it needs. And there's a program called FHASecure, which has given FHA greater flexibility to offer struggling homeowners with otherwise good credit histories a chance to refinance. This program is very helpful. It's, so far, helped 130,000

families refinance their mortgages. And by the end of the year, we expect the program to have reached 300,000 families.

This is a good start. We want to help people. We're committed to helping our fellow citizens. And I fully understand, as do most Americans, that the housing market problems are complicated and there's no easy solutions. But in the stories I've heard today I've seen how Americans are responding with compassion and determination. We will support them with good policies. We will help responsible homeowners weather a difficult period. And in so doing, we will strengthen the dream of homeownership.

Thank you all very much.

Danny just told me I've got to get the number right -- 1-888-995-HOPE.

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Fact Sheet: Taking Sensible, Decisive Action to Help Homeowners

Administrative Actions Are Helping American Homeowners

Today, President Bush will visit the Novadebt counseling center in Freehold, New Jersey to meet with housing counselors who are helping struggling homeowners and discuss the housing market. The HOPE NOW Alliance hotline (888-995-HOPE) helps connect struggling homeowners with mortgage counselors who work on possible solutions. Novadebt, a HOPE NOW Alliance member, is one of the counseling centers that homeowners are directed to when they call the HOPE hotline. HOPE NOW has announced that since July more than one million struggling homeowners received a work-out – either a loan modification or a repayment plan that helped them avoid foreclosure.

The Administration is exploring new ways *FHASecure* can help more qualified homeowners.

The Administration Has Repeatedly Taken Action To Keep Our Economy Growing And Assist Struggling Homeowners

The President and his administration have continually addressed economic uncertainties and troubles in the housing market.

- **April 5, 2006: President Bush first sent Congress an FHA Modernization bill, and nearly two years later, Congress has still not passed it.** This bill would increase access to FHA-insured loans by lowering downpayment requirements, allowing the FHA to insure bigger mortgages in high-cost States, and expanding FHA's authority to price insurance fairly, with risk based premiums.
- **September 25, 2006: HUD announced \$39.1 million in housing counseling grants that will assist an estimated 850,000 homebuyers in making decisions that will help them to keep their homes.** HUD has funded \$242 million in housing counseling grants to national, State and local agencies since 2001, reaching more than 1.6 million households last year.
- **June 2007: HUD created a new Fair Lending Division, which centralized the Department's expertise in targeting and investigating lenders that may have violated the Fair Housing Act.**
- **August 2007: HUD began supporting foreclosure-prevention clinics nationwide.** Nearly 200 events have been attended by approximately 29,000 people.
- **August 31, 2007: The President launched *FHASecure*, which expands the FHA's ability to offer refinancing to homeowners who have good credit but cannot afford current payments.** Since *FHASecure* was announced, FHA has helped more than 130,000 families stay in their homes by refinancing about \$19 billion worth of mortgages. By the year's end, this program is expected to have helped nearly 300,000 homeowners in all.
- **October 4, 2007: HUD announced another \$44 million in housing counseling grants that will assist an estimated 700,000 homebuyers in making decisions to help them to keep their homes.**
- **October 10, 2007: The President and his administration helped facilitate the formation of the private-sector HOPE NOW Alliance – a group of lenders, investors, and mortgage counselors working to help Americans keep their homes.**
- **December 6, 2007: The President announced that HOPE NOW members have developed industry standards to bring systematic help to homeowners facing subprime loan interest rate resets.** These standards help homeowners in one of three ways: refinancing into a new mortgage; moving homeowners into an *FHASecure*-insured loan; or freezing their current interest rates for five years.
- **December 20, 2007: President Bush signed the Mortgage Forgiveness Debt Relief Act of 2007, which helps homeowners avoid foreclosure by protecting them from higher taxes when they refinance.** This creates a three-year window for homeowners to refinance and pay no Federal taxes on any debt forgiveness.

- **January 18, 2008: The President called for an economic growth package and identified clear principles that would give a booster-shot to the economy and help Americans who may be hurt by an economic slowdown.** President Bush recognized the initial signs of slowdown and acted decisively.
- **January 22, 2008: The President created the Advisory Council on Financial Literacy, which brought together business experts, and faith-based and non-profit organizations to develop recommendations to better educate Americans about matters pertaining to their finances and their future.**
 - HUD developed and distributed four million copies of a bilingual "Home Economics" brochure that detail five steps Americans should take to become financially literate and own a home they can afford.
- **February 8, 2008: FHA announced expanded efforts to reach at-risk homeowners through letters to 850,000 Americans who face adjustable rate resets and likely qualify for more affordable loans.** 280,000 letters were sent the first week of February, and another 570,000 letters will be sent in coming months.
- **February 12, 2008: The Administration joined HOPE NOW members to announce Project Lifeline, which can "pause" the foreclosure process for 30 days so longer-term solutions can be explored.** Project Lifeline targets seriously delinquent homeowners who are at greatest risk of losing their homes.
- **February 13, 2008: The President signed a bipartisan economic growth package that puts more than \$150 billion back in the hands of families and businesses.** This package includes a payment of up to \$600 for individuals – \$1,200 for married couples filing jointly - and a \$300 per child payment for children younger than 17. It also encourages businesses to expand and add workers. Payments will begin the first week of May.
- **February 13, 2008: The President's Advisory Council on Financial Literacy convened its first meeting and solicited public comments on solutions to improve financial literacy in the United States.**
- **March 14, 2008: HUD proposed creating a new mortgage disclosure form to help homebuyers better understand loans and compare costs by updating and adding transparency to the 30-year-old Real Estate Settlement Procedures Act (RESPA).** This reform requires all mortgage terms and settlement charges to be combined and displayed in a standard summary, and is expected to save homebuyers nearly \$500 to \$700 in closing costs, while reducing the likelihood of consumers taking on loans they cannot afford.
- **March 19, 2008: The Office of Federal Housing Enterprise Oversight (OFHEO), Fannie Mae and Freddie Mac announced a policy that enables them to invest approximately \$200 billion more in home loans.**
- **March 24, 2008: The Internal Revenue Service (IRS) announced it will open more than 300 IRS offices on Super Saturday, March 29.** This was done in an effort to assist Americans who are eligible for the economic stimulus payment but who normally are not required to file an income tax return in preparing the simple Form 1040A.

Congress Should Act Now On Measures To Keep Our Economy Growing

Congress should complete work on FHA modernization to help thousands of additional families qualify for prime-rate financing. A modernized FHA would allow for more flexible downpayment requirements and expand FHA's authority to price insurance fairly with risk based premiums.

Congress should pass legislation that helps at-risk homeowners by permitting cities and States to issue tax-exempt bonds for refinancing existing home loans and by increasing existing bond caps. Under current law, tax-exempt bonds are only for first-time homebuyers and cannot be issued for refinancing.

Congress should pass legislation to reform the regulation of Government Sponsored Enterprises (GSEs) like Freddie Mac and Fannie Mae. The President has called on Congress to pass legislation that strengthens the independent regulator of the GSEs and ensures their focus on the housing mission.

Congress should not increase taxes on any American. If Congress allows the President's tax relief to expire, every income tax payer will face a rate increase.

- For a single mom with two children and \$30,000 in earnings, taxes would go up by 67 percent.
- An elderly couple with \$40,000 in income would see their taxes go up by 156 percent.
- Twenty-seven million small business owners would see taxes increase by nearly 20 percent – or about \$4,000 on average.

Congress should approve the Colombia, Panama, and South Korea free-trade agreements. These trade agreements would level the playing field for American workers, farmers, and ranchers. Exports accounted for 40 percent of our economic growth last year and 12 percent of our GDP.

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COPY
FROM ORM

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS

April 10, 2008

THE PRESIDENT HAS SEEN

4/11/08

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: EDWARD LAZEAR AND KARL ZINSMEISTER

SUBJECT: NUMBER OF BORROWERS HELPED BY HOPE NOW

At Tuesday's meeting, you asked about HOPE NOW numbers, and the figure 1.3 million homeowners was mentioned. That number was the combination of 1 million in HOPE NOW workouts to date, and 300,000 mortgages projected to be refinanced by the end of 2008 through *FHASecure*. Combining the 300,000 projection with the 1 million figure is confusing, because the first number is a projection and the second is about the number of workouts that have already happened.

Between September 2007 and April 2008, *FHASecure* helped more than 150,000 borrowers refinance their mortgages into FHA-guaranteed loans, and FHA had expected that figure to double by the end of the year to 300,000. Among these borrowers, about 2,500 were delinquent and would have been ineligible for FHA assistance without the expansion of the *FHASecure* program that was announced in August 2007. The announcement of *FHASecure* also helped elevate general awareness of FHA assistance so more borrowers could be helped before they went delinquent.

On Wednesday, the latest *FHASecure* expansion was announced. Before adjusting their projections to include the newly eligible borrowers, FHA also decided to up their 300,000 year-end projection to 400,000. FHA volume over the past few months has been much greater than expected. The new *FHASecure* expansion is expected to add about 100,000 additional borrowers. In total, *FHASecure* is now expected to help about 500,000 borrowers by the end of the year.

The HOPE NOW Alliance reports that the mortgage industry arranged over 1 million workouts (either a repayment plan or a loan modification) between July 2007 and January 2008. This statement is accurate, but should not be interpreted to mean that the formation of the HOPE NOW Alliance resulted in 1 million additional workouts. The incremental effect of HOPE NOW is a small fraction of the 1 million figure, as described below.

Incremental Effect of HOPE NOW Formation on Workouts

HOPE NOW was announced October 10, 2007. If workouts in Q4 had remained at the same level as Q3, we would have expected 395,000 workouts. In fact, there were 473,000 workouts. As a consequence, one estimate of HOPE NOW's effect in Q4 was an additional 78,000

workouts. However, this does not account for a rise in the number of delinquencies, which adds to the pool of potential workouts. A more sophisticated analysis suggests a smaller effect.

Your advisors believe that the following statements may be useful:

"The mortgage industry has arranged over 1 million workouts between July 2007 and January 2008.

"Even before HOPE NOW, lenders were arranging workouts. The HOPE NOW Alliance has made that process easier and has engaged more borrowers. We expect additional workouts throughout 2008 as a result of the program."

Positive Statistics about HOPE NOW

1. Before HOPE NOW, 2 to 3 percent of delinquent borrowers responded to letters offering assistance from their lenders and servicers. Since the creation of HOPE NOW, that rate has risen to 20 percent among Alliance members.
2. HOPE NOW has been criticized for failing to help borrowers in a meaningful way. In fact, modifications (as opposed to mere repayment plans) increased as a percentage of workouts from 19 percent in Q3 to 30 percent in Q4 and continued to rise in January.
3. The American Securitization Forum announced guidance in early December to fast-track borrowers into a refinance or loan modification. This guidance should help the industry process borrowers more quickly. Additionally, reductions in interest rates imply that far fewer adjustable rate mortgage borrowers will need a modification because their rate shock has been greatly reduced.

The HOPE NOW Alliance released updated numbers today, which indicate that the mortgage industry has helped 1.2 million homeowners from July 2007 through February 2008.

National Homeownership Month, 2008

A Proclamation by the President of the United States of America

For many Americans, owning a home represents freedom, independence, and the American dream. During National Homeownership Month, we highlight the benefits of owning a home and encourage our fellow citizens to be responsible homeowners.

My Administration is committed to helping Americans achieve their dreams of homeownership. We have worked to ensure that the mortgage industry is more transparent, reliable, and fair, and in order to sustain homeownership, we have launched initiatives to help responsible homeowners keep their homes. The FHASecure program has given the Federal Housing Administration more flexibility in refinancing mortgages for homeowners who have good credit histories but cannot afford their current payments. In addition, the HOPE NOW Alliance connects struggling homeowners with lenders, loan servicers, and mortgage counselors to help families stay in their homes. Homeowners deserve our help, and these initiatives assist those in need.

During National Homeownership Month and throughout the year, I encourage all Americans to take advantage of financial education opportunities to explore homeownership. My Advisory Council on Financial Literacy is finding ways to help educate people from all walks of life about matters pertaining to their finances and their futures. By practicing fiscal responsibility, Americans can contribute to the strength of our neighborhoods and our country.

NOW, THEREFORE, I, GEORGE W. BUSH, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim June 2008 as National Homeownership Month. I call upon the people of the United States to join me in recognizing the importance of homeownership and building a more prosperous future for themselves and their communities.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-ninth day of May, in the year of our Lord two thousand eight, and of the Independence of the United States of America the two hundred and thirty-second.

GEORGE W. BUSH

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President's Radio Address

THE PRESIDENT: Good morning. Next week Congress will return to Washington after its Memorial Day recess. I hope Members of Congress return rested, because they have a lot of work left on important issues and limited time to get it done.

Congress needs to pass a responsible war funding bill that puts the needs of our troops first, without loading it up with unrelated domestic spending. Our troops in Afghanistan are performing with courage and honor, delivering blows to the Taliban and al Qaida. Our troops in Iraq have driven al Qaida and other extremists from sanctuaries they once held across the country and are chasing them from their last remaining strongholds. Our men and women in uniform are risking their lives every day, and they deserve the resources and flexibility they need to complete their mission.

Congress needs to support our military families by passing an expansion of the GI Bill that makes it easier for our troops to transfer unused education benefits to their spouses and children. It is critical for this legislation to support the all-volunteer force and help us recruit and retain the best military in the world.

Congress needs to ensure that our intelligence professionals have the tools to monitor terrorist communications quickly and effectively. Last year, Congress passed temporary legislation that provided these tools. Unfortunately, the law expired more than three months ago. Congress needs to pass long-term legislation that will help our intelligence professionals learn our enemies' plans before they can attack and put an end to abusive lawsuits filed against companies believed to have assisted the government after the attacks of September the 11th. And Congress needs to act soon so we can maintain a vital flow of intelligence.

Congress needs to approve the Colombia free trade agreement so we can open a growing market for American goods, services, and crops. Unfortunately, the House of Representatives is blocking a vote on this vital agreement. Unless this agreement is brought up for a vote, it will die. This will hurt American workers, farmers, and business owners. And it will hurt our Nation's strategic interests in a vital region of the world.

Congress needs to confirm the good men and women who have been nominated to important government positions. There are now more than 350 nominations pending before the Senate. These include highly qualified people I have nominated to fill vacancies on the Federal bench. And they include talented nominees who are needed to help guide our economy during a time of uncertainty. For example, three nominees to the Federal Reserve have been waiting for confirmation for more than a year. And because of Senate inaction, the Council of Economic Advisers is now down to a single member. This confirmation backlog makes it harder for government to meet its responsibilities - and the United States Senate needs to give every nominee an up-or-down vote as soon as possible.

One nominee who needs to be confirmed right away is Steve Preston. A month has passed since I nominated Steve to be the next Secretary of Housing and Urban Development. Unfortunately, Senators have stalled this nomination over an issue that has nothing to do with Steve or his qualifications for the job. With all the turbulence in the housing market, this is no time to play politics with such a critical appointment. So I call on the Senate to give Steve Preston a prompt vote and confirm this good man without further delay.

At a time when many Americans are concerned about keeping their homes, Congress needs to pass legislation to modernize the Federal Housing Administration, reform Fannie Mae and Freddie Mac to ensure they focus on their housing mission, and allow State housing agencies to issue tax-free bonds to refinance subprime loans. And at a time when Americans are concerned about rising gas prices, Congress needs to pass legislation to expand domestic energy production.

In all these areas, Congress has failed to act. The American people deserve better from their elected leaders. Congress needs to show the American people that Republicans and Democrats can compete for votes and cooperate for results at the same time. You sent your representatives to Washington to do the people's business, and you have a right to expect them to do it - even in an election year.

Thank you for listening.

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President Bush Attends Swearing-In Ceremony for Secretary of Housing and Urban Development Steve Preston

Department of Housing and Urban Development
Washington, D.C.

1:55 P.M. EDT

THE PRESIDENT: Welcome. Thank you. It's -- so glad to be here at the Department of Housing and Urban Development. And I've come to introduce you to your new boss -- Secretary Steve Preston. I want to thank Steve's wife, Molly, five children -- (applause) -- and his mom and dad, Lee and Ursula. (Applause.)

Mr. Secretary, thanks for coming -- Secretary Kempthorne. And Director John Walters. It's good to see two of your predecessors here, Steve -- Alphonso Jackson and Jack Kemp. Thank you all for coming. (Applause.)

This is a time of turbulence in the housing market and slow growth for our overall economy. This morning, the Labor Department reported that our economy lost 49,000 jobs in May, and the unemployment rate rose to 5.5 percent. This rise was caused, in part, by a surge of new young entrants into the job market. But it's clearly a sign that is consistent with slow economic growth.

To help keep this economy growing, we did pass an economic stimulus package that provides tax rebates for American families and incentives for businesses to invest in new equipment. We're beginning to see the signs that the stimulus may be working. And now the Congress needs to take the next steps. At a time when Americans are concerned about higher gas prices, Congress needs to pass legislation that expands -- that will allow for the expansion of American energy production.

In this period of economic uncertainty, the last thing Americans need is a massive tax increase -- so Congress needs to send a clear message that the tax relief that we passed will be made permanent. (Applause.)

Unfortunately, these policies are being blocked by the Democratic Congress. So I call on congressional leaders to put partisanship aside, and work with me to enact these important initiatives for the American people.

This department is also critical to meeting the challenges we face in our economy. We need strong leadership in the Secretary's office. Steve Preston is the right man for the job. He's a financial expert who understands how the housing market impacts our broader economy. He's a skilled manager. He's a person of character and integrity.

Secretary Preston will work to strengthen home ownership with the same dedication he brought to his previous job of strengthening American small business community. As the head of the SBA, Steve presided over loan guarantee programs that are similar in structure to those run by the Federal Housing Administration. And just as entrepreneurs across our nation found a trusted friend in Steve Preston, so will America's homeowners.

Before coming to the SBA, Steve gained valuable financial and leadership experience in the private sector. His impressive career has taken him from investment banking to senior financial posts at major corporations. Wherever he's gone, Steve has earned the admiration of his colleagues. He takes on this new challenge with my full confidence and my trust.

Steve takes over for a good man, my longtime buddy, Secretary Alphonso Jackson. (Applause.) I thank you for your compassion and your hard work. You helped change a lot of lives. And I wish you and Marcia all the very best. See you back in Texas. (Laughter.)

I also want to thank Deputy Secretary Roy Bernardi for his service. He filled in as the Acting Secretary during this transition. He spent nearly seven years of his life here at this department. And I appreciate your hard work on behalf of all Americans. (Applause.)

As Steve takes office, his first priority will [be] to help lead my administration's response to the challenges in the housing market. We've taken aggressive action to help responsible homeowners to keep their homes by giving the FHA greater flexibility to offer refinancing options. We're also helping to bring together what's now called the HOPE NOW Alliance. By working together, participants in the mortgage industry have helped more than one and a half million families stay in their homes. HOPE NOW is working. But we've got more to do.

Yesterday, we learned that the foreclosure rates continued to rise in the first quarter. So Steve will work with Democrats and Republicans in Congress to address this challenge. We need to pass legislation to reform Fannie Mae and Freddie Mac. We need to pass legislation to modernize the Federal Housing Administration, and allow state housing agencies to issue tax-free bonds to help homeowners refinance their mortgages. By taking these steps we'll help more responsible homeowners weather this rough patch -- and, at the same time, strengthen the dream of homeownership for generations to come.

I've got confidence that we're going to meet these challenges, and I've got confidence in the people who work in this department. I appreciate what you do every day to expand the dream of home ownership. I thank you for your efforts to provide low-income Americans with access to affordable housing. You work hard to make our communities more vibrant and hopeful. The United States is fortunate to have such devoted public servants at this department. I'm grateful for your service.

You're going to have a worthy leader in Steve Preston. I thank the Senate for confirming Steve as your new Secretary. And now I ask the Senate to confirm the three remaining HUD nominees to help him lead this department.

Steve, I appreciate your stepping forward to serve your country once again. I congratulate you. Now I ask my Chief of Staff, Josh Bolten, to administer the oath of office.

(The oath of office is administered.) (Applause.)

SECRETARY PRESTON: Great. Thank you very much. Mr. President, Chief of Staff Bolten, Molly, my children, my parents. Current and former members of the Cabinet, thank you for coming. My new partners at HUD, my friends -- (applause) -- and the many other distinguished guests here. Thank you for being here today. This is truly very humbling to see you all here to celebrate this event.

It is a profound privilege to serve our country as the Secretary for Housing and Urban Development, and to be a voice for the people that we serve. Thank you, Mr. President, for that confidence, for that trust. I also want to thank Senators Dodd and Shelby for their role in expediting the nomination process.

Ladies and gentlemen, it's appropriate that we gather here in this building. It's named for Robert C. Weaver, who was the first Secretary for HUD. And Dr. Weaver cautioned against treating people like statistics or data. In fact, he asked instead that we look behind the data to see the values and the concerns and the hopes and the lives of the people that we all serve.

We assist the homeless find shelter here at HUD. We help provide millions of Americans with affordable and public housing. Families who want to buy a home often turn to us. And increasingly, those we -- who are currently in homes come to us to keep them.

We know that home ownership can be a source of pride. It can be a place to grow up and grow old together. It can be a source for wealth creation. And it is a source of -- it is a stake in our communities. And also at HUD, we have a role of building and rebuilding many of those communities.

At the moment, there are difficulties in the housing market, and this is a decisive moment in our nation's economic history. HUD will be central to restoring stability in our markets and in the lives of many Americans. In fact, just in the last year, thanks to changes made by you, Mr. President, FHA is increasingly a pathway for hundreds of thousands of families to a more affordable, secure mortgage. And thank you. (Applause.)

And while we're all committed to addressing the immediate challenges in the housing market, we must also show the same kind of commitment to our future. We must provide a longer-term foundation for reform in the institutions that give homeowners access to capital to make that American Dream possible, while also generating enduring confidence in our financial markets.

As we confront these challenges, we're blessed with talented and committed employees at HUD. You understand that we can make a difference. In the next few months, we will need the best efforts of every one of you in the path ahead.

So, Mr. President, I look forward to working with you. I look forward to working with my partners in the administration. I'm committed to collaborating in a bipartisan fashion with members of Congress on the path ahead. So, ladies and gentlemen, let's roll up our sleeves, let's lock our arms. We have a lot of work to do we can do together as a team. So thank you very much. (Applause.)

Fact Sheet: A Clear Agenda for Overcoming Economic Challenges

Making Tax Relief Permanent Is At The Forefront Of President Bush's Plan For Continued Prosperity

Today, the Bureau of Labor Statistics released new jobs figures for May. Nonfarm payroll employment decreased by 49,000 jobs in May, and the unemployment rate rose to 5.5 percent. Although the unemployment rate remains below the averages for the past three decades, these numbers are disappointing. Other May data has appeared more positive than the first quarter.

- **In February, President Bush signed into law the economic growth package, which is putting over \$150 billion back into the hands of America's workers and businesses this year.** The economic growth package is expected to help create more than half a million jobs by the end of 2008. So far, the Treasury Department has sent out more than 66 million rebate checks totaling almost \$57 billion.

To Avoid The Largest Tax Increase In History, Congress Should Make The President's Tax Relief Permanent

President Bush's 2001 and 2003 tax relief fueled economic growth and reduced the burden on everyone who pays income taxes. Had it not been for the President's tax relief, Americans would have paid an additional \$1.3 trillion in taxes by the end of 2007. If the President's tax relief is allowed to expire at the end of 2010, Americans will pay about \$280 billion more in taxes each year.

- **Every income taxpayer will see a tax hike if the tax relief expires.** Taxes will increase for 116 million households, which will see their taxes go up by an average of \$1,800. It will force many families to accept a nearly 200 percent tax increase. Higher taxes on new investment means less new investment and slower growth.

The Administration Has Taken And Continues To Take Aggressive Actions To Help Americans Keep Their Homes

The President launched FHASecure, which has helped more than 225,000 families avoid foreclosure by refinancing into safe Federal Housing Administration (FHA)-insured mortgages. FHA also recently announced a plan to expand the program to help even more families refinance their mortgages. In total, FHA expects to help about half a million families refinance by the end of the year.

The President and his Administration also helped facilitate the formation of the private-sector HOPE NOW Alliance, which has developed multiple strategies to help distressed homeowners. By working together, participants in the mortgage industry have helped more than one and a half million families stay in their homes.

Congress should quickly pass responsible legislation modernizing the Federal Housing Administration. A modernized FHA that is granted appropriate pricing flexibility could help thousands of additional homeowners by the end of this year. In April of 2006 President Bush first sent Congress an FHA Modernization bill, and more than two years later, Congress has still not passed it.

Congress should also pass GSE reform to strengthen the regulation of Freddie Mac and Fannie Mae. A good GSE reform bill would ensure they are adequately capitalized and focused on their statutory housing mission. A strong regulator can also make sure that these enterprises do not take actions that place taxpayers or the financial system at increased risk. GSE reform and FHA modernization represent the appropriate next steps to address the housing downturn.

President Bush Calls On Congress To Pass An Energy Bill That Is Both Environmentally And Economically Sound

President Bush calls on Congress to expand domestic oil production to address rising energy prices. Congress should allow environmentally-safe exploration in Northern Alaska. The Department of Energy estimates that the Arctic National Wildlife Refuge could allow America to produce about 800,000 additional barrels of oil each day – a more than 15 percent increase of crude oil production over today's production level.

There is a right way and a wrong way to approach reducing greenhouse gas emissions. As Congress begins the debate on climate change, its members must recognize that bad legislation would raise fuel prices and raise taxes on Americans without accomplishing the important goals the Administration shares.

The Warner-Lieberman bill being debated on the floor this week will damage the economy and drive jobs overseas. The Environmental Protection Agency estimated in March that the bill, as reported, could reduce U.S. Gross Domestic Product by as much as seven percent – more than \$2.8 trillion – in 2050. The Energy Information Administration estimated the bill could reduce U.S. manufacturing output by almost 10 percent in 2030 – before even half of the bill's required reductions have taken effect. The impact on consumers from the combination of the high compliance costs and the new tax-and-spend programs in the bill would be enormous.

Congress Must Support America's Economy And Workers By Approving Pending Free Trade Agreements

The U.S.-Colombia free trade agreement will level the playing field for U.S. companies that export to Colombia. Unfortunately, House Speaker Nancy Pelosi has blocked a vote on the U.S.-Colombia free trade agreement. If this decision stands, it will kill the agreement and hurt American business and workers. By obstructing this agreement, Congress is signaling to countries in our hemisphere and around the world that the United States cannot be trusted to support its allies. Congress is likewise showing that it is not interested expanding job opportunities for Americans here at home.

Approving the free trade agreements with Colombia, Panama, and South Korea will expand access to key export markets with three democratic allies. Exports now account for a larger share of our GDP than at any other time in history, and jobs supported by goods exports pay wages 13 to 18 percent higher than the national average. Real exports grew by 9 percent over the four quarters ended in the first quarter.

The Bush Administration is committed to continue working with Congress to reauthorize and improve Trade Adjustment Assistance, so we can help American workers remain competitive in the global economy.

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President Bush Participates in Roundtable on Housing Counseling

Family Service Agency
North Little Rock, Arkansas

3:48 P.M. CDT

THE PRESIDENT: Thank you all for having us. We're here at the Family Service Agency here in Little Rock to discuss ways to help people either buy a home for the first time or stay in a home.

Before I say a few words about how the government can help people stay in their home, I do want to thank Charles and your team of counselors who are here. Thank you for your briefing; I thought it was very thorough and understandable. I do want to thank the Secretary of HUD for joining us, as well as Congressman Boozman. I really appreciate your time.

And I want to thank Caroline, first time homebuyer -- or, she went to the first time home-buyers program in Jacksonville, Arkansas -- and Patty, from Conway, Arkansas.

One of the problems we have when it comes to buying a home is that there's a lot of fine print and people get worried about it. So these counselors have helped simplify the process. And one of the great challenges now is how to help creditworthy people stay in their homes. Because we got some people who are -- just with some little help, some advice and some counseling will be able to figure out a way to stay in the home. It's in our national interest we do so. That's what Patty bought -- she had a home and was very worried about being able to stay in it; got some good advice from Sue and [is] now in the home. And this has happened all across America, by the way. There's some good programs coming out of Washington, all aimed at saying to the American citizen, if you are worried about staying in your home, contact a counseling service, we'll help you -- "we" being the collective group of people there in this business, after all, this is a HUD-funded counseling program; you receive some money from HUD for your counseling.

Congress can help, when they come back, to pass a good piece of housing legislation that modernizes the FHA and reforms these GSEs. And I think we can get us a bill. But it's going to require less politics and more focus on keeping our minds on who we need to help -- and that's the homeowner.

And so I do want to thank you very much for having us. This is an issue on people's minds. It's an issue where there is good help to be had. And so if people are looking for help here in Arkansas, it's a good place to turn to -- Family Services. And there are other places around the country where people can get help, where there's experts that are helping refinance their mortgages or work with their mortgage companies to help you stay in their homes. It's in our interest that more people stay in their homes during this period of uncertainty.

I'm confident in the long run America is going to be just fine. We're a country that has overcome challenges before -- and we've got some challenges: high gasoline prices, we've got some challenges in the housing industry. We know the way forward in housing -- good legislation and helping people stay in their homes. And the truth of the matter is we know the way forward when it comes to energy. We depending too much on energy from overseas; we ought to be finding more energy here at home. If people want their gasoline prices down, let's find energy here in America. And there's plenty of energy to be had.

At any rate, thank you all for your time. I enjoyed it.

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Fact Sheet: Helping Responsible Homeowners Across America

*Helping Responsible Homeowners Across America Congress Must Pass
Responsible Legislation To Help American Families Stay In Their Homes*

Today, President Bush will visit North Little Rock, Arkansas, and participate in a roundtable discussion with counselors and individuals who have been helped by the Family Service Agency's Consumer Credit Counseling Service (CCCS). CCCS is a Department of Housing and Urban Development (HUD)-approved not-for-profit counseling agency that provides both pre-purchase and post-purchase home counseling to individuals and families. The CCCS works to keep struggling families in their homes.

President Bush And His Administration Are Taking Aggressive Actions To Help Families Stay In Their Homes

The President launched *FHASecure*, which has helped more than 250,000 families avoid foreclosure by refinancing into safe Federal Housing Administration (FHA)-insured mortgages. FHA also announced a plan that goes into effect later this month to expand the program to help even more families refinance their mortgages. In total, FHA expects to help about half a million families refinance by the end of the year.

The President and his Administration also helped facilitate the formation of the private-sector HOPE NOW Alliance, which has developed multiple strategies to help distressed homeowners. HOPE NOW is a cooperative effort among mortgage counselors, servicers, investors, and lenders to maximize outreach efforts and provide professional counseling to help homeowners refinance into a new mortgage or receive a modification. HOPE NOW membership now covers more than 90 percent of the subprime mortgage market.

- By working together, since July 2007, participants in the mortgage industry have helped nearly 1.6 million families stay in their homes.

In January, the President created the Advisory Council on Financial Literacy, which brought together business experts and faith-based and non-profit organizations to develop recommendations to better educate Americans about matters pertaining to their finances and their future. HUD developed and distributed four million copies of a bilingual "Home Economics" brochure that details five steps Americans should take to become financially literate and own a home they can afford.

The President Wants To Keep Otherwise Creditworthy Families In Their Homes And Strongly Believes That Any Government Policies Must Achieve That Goal In A Responsible Way

Congress should quickly pass responsible legislation modernizing the FHA. A modernized FHA that is granted appropriate pricing flexibility could help thousands of additional homeowners by the end of this year at no net cost to taxpayers. In April of 2006 President Bush first sent Congress an FHA Modernization bill, and more than two years later Congress has still not passed it.

- A good FHA Modernization bill must protect FHA's ability to price a product based upon the risk it presents to taxpayers, and include a permanent end to the seller-funded downpayment schemes that drive homeowners into foreclosure at two to three times the rate of other mortgages. The House bill fails this test.
- The Senate bill would irresponsibly expand the role of FHA without first giving the agency the tools it needs to manage additional risk. The FHA expansion provisions should be improved and must not be amended to increase risks to taxpayers. The Administration strongly opposes a provision in the Senate bill that would prevent FHA from implementing a risk-based premium pricing structure for riskier borrowers.
- The Administration strongly opposes the inclusion of a program to provide block grants that would allow States to purchase foreclosed properties. The principal beneficiaries of this type of plan would be private lenders – who are now the owners of the vacant or foreclosed properties – instead of struggling homeowners who are working hard to stay in their homes.

The Federal Government must not prolong necessary corrections in the housing market, bail out lenders, or subsidize irresponsible borrowing and lending, at the expense of hard-working people who have played by the rules. GSE reform and FHA Modernization represent the appropriate next steps to address the housing downturn by creating a stronger and more effective regulatory regime for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. More effective regulations would help ensure that these firms do not take actions that place taxpayers or the financial system at increased risk.

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Statement by the Press Secretary

Fannie Mae and Freddie Mac play an important role in our housing finance system, and they should continue to play this role in their current forms as shareholder-owned companies.

This evening, after working with the companies, the Federal Reserve, and other regulators, Treasury Secretary Paulson outlined a plan that we believe will help add stability during this period. President Bush directed Secretary Paulson to immediately work with Congress to act on this plan.

It is crucial that Congress quickly works to enact this legislation as a complete package along with the strong oversight reform legislation recently passed in the Senate.

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Statement by the Press Secretary

At the beginning of his Administration, President Bush set a goal to end chronic homelessness in America. Today, Department of Housing and Urban Development (HUD) Secretary Preston reported that the Administration has continued to make progress on this goal. The Department of Housing and Urban Development's Annual Homeless Assessment Report to Congress reports that chronic homelessness decreased an average of 15% per year between 2005 - 2007 and demonstrates that targeted, focused resources can achieve measurable results.

Since the President took office, HUD has awarded approximately \$10 billion to support local housing and service programs that help more Americans move off the streets and into safe, stable homes. The President has requested \$1.6 billion for HUD's homeless programs for the FY 2009 budget, representing a 60 percent increase in funding over 2001 levels. He calls upon Congress to swiftly pass this legislation to ensure that the Federal Government continues to make progress on reducing homelessness in our country.

President Bush also appreciates the U.S. Interagency Council on Homelessness' leadership in convening 20 federal agencies to work together, using increased federal resources to reach the most vulnerable and disabled of our neighbors and end their homelessness. Department of Veterans Affairs (VA) Secretary Peake continues to do an excellent job in leading the Council and specifically strengthening the VA's support for projects that serve and target homeless veterans. VA expects to spend more than \$300 million this year in programs to assist homeless veterans.

The President will continue to direct his Administration to make measurable progress on the streets and in the shelters of our communities to build on this momentum.

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President Bush Signs the Clean Boating Act of 2008 and the Housing and Economic Recovery Act of 2008 Into Law

On Tuesday, July 29, 2008, the President signed into law:

The Clean Boating Act of 2008, which exempts certain discharges incidental to the normal operation of a recreational vessel from regulation under the Clean Water Act.

On Wednesday, July 30, 2008, the President signed into law:

The Housing and Economic Recovery Act of 2008, which authorizes the Department of the Treasury to purchase obligations of housing Government Sponsored Enterprises (GSEs); reforms the regulatory supervision of the housing GSEs; provides reform of the Federal Housing Administration; provides homeownership assistance and reforms to mitigate recent increases in foreclosures; and contains housing-related tax incentives and other tax provisions.

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Statement by the President

Today, the Federal Housing Finance Agency (FHFA), the regulator of Fannie Mae and Freddie Mac, determined that these housing mortgage companies cannot continue to operate safely and soundly, and fulfill their public mission -- posing an

unacceptable risk to the broader financial system and our economy. FHFA announced that it will place the companies in conservatorship and appoint new leadership.

The Treasury Department and the Federal Reserve are taking additional steps that complement FHFA's actions and will support market stability, add to mortgage availability, and protect taxpayers. These agencies are taking the necessary steps to prevent a disruption of our financial system.

Putting these companies on sound financial footing, and reforming their business practices, is critical to the health of our financial system and to making further progress with the housing correction that today is weighing heavily on our economy. Allowing the companies to fail or further deteriorate would damage our home mortgage market, and could weaken other credit markets that are unrelated directly to housing. Americans should be confident that the actions taken today will strengthen our ability to weather the housing correction and are critical to returning the economy to stronger sustained growth in the future.

The actions taken today are temporary, and will support housing finance in the near term. As we determine the appropriate role for the companies in the future, it is crucial that they not pose similar risks to our economy or the financial system again.

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