

Washington, DC - Rep. Peter Welch (VT-AL) today backed legislation to help Vermont homeowners struggling with the housing crisis and in danger of losing their homes.

The American Housing Rescue and Foreclosure Prevention Act of 2008 and the Neighborhood Stabilization Act of 2008 were both approved today by the House with bipartisan support.

"We are fortunate that the housing crisis hasn't hit Vermont as hard as most states, but we are not immune. This foreclosure crisis is causing heartache for families struggling to hang on to their homes as well as affecting our overall economic security," said Welch. "I want to assure that Vermont families have the opportunity to own and keep their homes."

One in 86 Vermont homeowners is projected to lose their homes to foreclosure over the next two years. In addition, even homeowners who do not lose their homes are hurt by the crisis, which has led to a drop in home values and local tax revenue.

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

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

The House also passed the Neighborhood Stabilization Act of 2008, which provides states \$15 billion in loans and grants to acquire vacant, foreclosed homes. The legislation will allow local communities to rehabilitate foreclosed properties, which currently drive down surrounding home properties, and place these homes back on the market.