

Updated on September 12, 2008

NAHB Efforts to Address Mortgage Credit Crunch

NAHB has been working non-stop during the past few months to address the mortgage credit crunch. Below is a snapshot presented in chronological order of key NAHB actions on the legislative, regulatory and public affairs fronts to mitigate the credit crunch over the past two months.

September 2008

September 12:

- NAHB CEO Jerry Howard, Advocacy Group VP Bill Killmer, Chief Lobbyist Joe Stanton and Lobbyist Scott Meyer meet with House Financial Services Committee Chairman Barney Frank (D-Mass.) to talk about the Fannie-Freddie situation and where Frank sees his committee going next year. Frank said his committee would be very involved in writing legislation to chart the future course of the two financial institutions. NAHB also spoke with Frank about the need to reinstate seller-funded downpayment assistance and ensure a healthy AD&C market.

September 11:

- Housing Finance staff meet with representatives of the Federal Housing Finance Agency (FHFA) to discuss issues related to implementation of GSE mission provisions in the housing act, including: GSE housing goals, affordable housing trust fund, FHLBank Public Interest Director elections and program approval. We also raised concerns about possible negative impact of Fannie/Freddie conservatorship on the Low Income Housing Tax Credit program and, more broadly, the multifamily market. FHFA staff said they were aware of these concerns and that Director Lockhart may address this in his September 16 testimony before the Senate Banking Committee.

September 11:

- NAHB Senior Officers meet with HUD Secretary Steve Preston to discuss implementation of FHA provisions of the housing act, HUD's position on new proposals for a downpayment assistance program and issues related to the new home buyer tax credit and appraisals.

September 11:

- To better serve our members, NAHB sent out a survey to EOs asking what they think about the [resources](#) developed by Public Affairs to help HBAs and NAHB members spread the word about the first-time home buyer tax credit in their local communities. The goal is to find out what strategies best work for members and solicit new ideas that would help HBAs to promote the tax credit to consumers and their local communities. To access the survey, click [here](#).

September 10:

- NAHB Senior Officers held their sixth annual Leadership Summit with the National Association of Counties (NACo) to discuss issues relating to the housing economy, green building, immigration and affordable housing. NAHB urged county officials to promote the home buyer tax credit and provided county officials with information on the credit, encouraging them to link to our site at www.federalhousingtaxcredit.com.

September 8:

- NAHB CEO Jerry Howard appears live on CNBC and Fox Business News to discuss the government action with respect to Fannie Mae and Freddie Mac. He also conducted interviews on this topic with CNN/Money, CongressDaily, Reuters, Dow Jones MarketWatch, National Mortgage News, American Banker, Multi-Housing News and Home Channel News. In addition, NAHB Sr Staff VP Dave Crowe was interviewed by La Opinion, the largest Spanish-daily newspaper in the U.S., and NAHB Chief Economist Dave Seiders spoke with Reuters on the economic impact of the takeover.
- NAHB sends out an [issues brief](#) to the Executive Board on the latest developments regarding the Fannie-Freddie situation.
- Nations' Building News runs a [front-page report](#) on the Fannie-Freddie government takeover, stating that NAHB has established a high-level task force that will meet next week to discuss the long-term implications of the federal government's move to seize control of the two housing government-sponsored enterprises (GSEs). Moving forward, the task force will develop a series of policy recommendations on how to restore the health of the nation's housing finance system.

September 7:

- After the government announced its plan to place Fannie Mae and Freddie Mac into conservatorship, NAHB issues a [statement](#) saying it was hopeful that the action "will help to increase liquidity in the nation's mortgage markets and restore confidence in the global financial markets." NAHB also said it looks forward to working with current policy makers and stakeholders, as well as the next Administration and Congress on their ongoing efforts to restore the financial health of Fannie Mae and Freddie Mac.

September 5:

- Builders brief Fed chairman on state of industry. NAHB Senior Officers led a cross-section of builders who met with Fed Chairman Ben Bernanke to discuss housing market conditions and related credit crunch issues. Bernanke heard first-hand accounts of how tighter AD&C and mortgage lending standards were impacting our members and why banks and regulators need to guard against overreacting to the situation.

September 3:

- NAHB housing finance and policy staff meet with Fannie Mae representatives to discuss possible ways to make the temporary first-time home buyer tax credit more effective as a financing/downpayment tool to help first-time home buyers. NAHB also discussed members' concerns with the tighter underwriting requirements for "conforming jumbo" loans and whether these would remain in effect once the new permanent high cost limits are implemented on January 1. Fannie staff said they were planning on "mainstreaming" the conforming jumbos with their single family program requirements by the end of the year, which would result in easing some of the more stringent jumbo restrictions, particularly for fixed rate loans.

September 2:

- NAHB housing finance staff participate in a meeting convened by the Federal Housing Finance Agency to obtain recommendations on how to develop a monthly survey of mortgage financing, which the new GSE regulator is required by law to conduct. The survey is to be used to evaluate Fannie Mae's and Freddie Mac's performance in achieving affordable housing goals. NAHB emphasized the importance of obtaining improved data on the multifamily mortgage market.

September 1:

- NAHB housing finance staff conduct a call with Freddie Mac representatives on possible changes to appraisal guidelines to help appraisers get more accurate values in declining markets. Freddie staff generally were not receptive to NAHB's concerns, and pointed out a number of their own concerns, including undue influence on appraisers in situations where an appraisal fails to achieve a predetermined value.

August 2008

August 26:

- [S&P/Case-Shiller](#) releases its monthly home price index report, which shows that home prices in the top 20 metropolitan areas were down 15.9 percent in June from June of 2007. To put these numbers into their proper perspective, NAHB issued updated [talking points](#) noting that all housing markets are local; the housing downturn varies considerably from one market to the next; and in a sign that prices could be bottoming out in many markets, nine of the 20 cities in June were up on a month-to-month basis compared with seven in May.

August 25:

- A strong Fannie Mae and Freddie Mac is a top priority for NAHB. This is the headline in the [lead story](#) in this week's Nation's Building News. In an Aug. 25 message to the NAHB Board of Directors, *NAHB* President Sandy Dunn and First Vice President Joe Robson announced that NAHB has appointed a special task

force to study the ramifications of the interim and longer-term impact of the challenges facing Fannie and Freddie. “We want to assure the board that NAHB is staying on top of this very fluid situation,” Dunn and Robson said.

August 25:

- NAHB sent out a PRx message on two new resources to help local HBAs inform and educate their members about the \$7,500 first-time home buyer tax credit so they can promote it to consumers. A [Tax Credit Print Ad for Members](#) will allow them to place the ad in their magazines, newsletters or on members-only sections of their Web site to publicize the credit. NAHB also created a [PowerPoint Presentation on the Housing Act and Tax Credit](#) to help EOs around the country to explain how the tax credit and other provisions in the recently enacted landmark housing bill will help their members.

August 25:

- NAHB submits comments to the National Credit Union Administration in support of a possible amendment to NCUA Member Business Loans rule to potentially increase minimum LTV on construction and development (C&D) loans, which includes residential C&D, to 80 percent from 75 percent.

August 21:

- NAHB housing finance and policy staff meet with Freddie Mac representatives to discuss possible ways to make the temporary first-time home buyer tax credit more effective as a financing/downpayment tool to help first-time home buyers

August 20:

- NAHB housing finance staff conduct a call with Fannie Mae on possible changes to appraisal guidelines to help appraisers get more accurate values in declining markets. Fannie representatives were receptive to our concerns, and we plan to have a similar discussion with Freddie Mac representatives on this topic in the near future.

August 18:

- NAHB housing finance staff meet with representatives of Fannie Mae to discuss the recent increases in their delivery fees.

August 18:

- NAHB runs a [front-page cover story](#) in Nation’s Building News on home builder and HBA efforts to promote the housing tax credit. The story also linked readers to NAHB promotional materials that they can use to promote the credit and home buying in local markets.

August 12:

- NAHB and the NAHB 50+ Housing Council conduct an [audio conference](#) on how to “Get Hesitant Boomers to Buy Now.” The program offered strategies to

overcome prospective buyers' fears and motivate them to take the plunge in today's market conditions.

August 12:

- NAHB issues a [press release](#) stating that its new Web site, www.federalhousingtaxcredit.com, has attracted more than 100,000 visitors, indicating there is a strong interest among consumers to take advantage of a temporary \$7,500 tax credit for the purchase of a first home.

August 8:

- The Washington Post publishes a [letter to the editor](#) from NAHB CEO Jerry Howard rebutting a charge from Post columnist Michelle Singletary that the \$7,500 home buyer tax credit would not be an effective tool to help prospective home buyers and stimulate the housing market. "The tax credit is targeted to the largest single segment of the housing market — the 40 percent of all buyers considering the purchase of their first homes. As these buyers regain their confidence and return to the market, their participation will reduce the inventory of unsold homes, stop the erosion of home values in hard-hit markets and strengthen mortgage portfolios held by lenders and investors, thus helping to stabilize the entire financial system," the letter said.

August 7:

- NAHB senior staff attend an industry meeting with HUD Secretary Steve Preston where he described the department's progress in implementing the FHA and CDBG components of the housing stimulus bill. NAHB urged the Secretary to adopt policy that will allow FHA borrowers to use the first-time home buyer tax credit as a downpayment. Preston also promised to implement the statute's many provisions by the deadlines required. NAHB also pressed HUD for a favorable view of newly proposed legislation to remove the ban on seller downpayment assistance.

August 6:

- After Fannie Mae announced plans to increase its adverse market delivery charge from 25 basis points to 50 basis points effective Oct. 1, 2008, NAHB CEO Jerry Howard issued a [statement](#) saying that "fee increases raise housing costs and defer the American dream of homeownership for aspiring home buyers. At a time when we are approaching the bottom of the housing downturn and Congress and the Administration have put in place a landmark new law to strengthen housing and provide renewed confidence in both Fannie Mae and Freddie Mac, it is incumbent upon the nation's largest mortgage provider to act prudently and avoid any actions that could threaten the nascent housing recovery."

August 4:

- NAHB hosts a [teleconference](#) to discuss the provisions and benefits of the new housing stimulus legislation. NAHB President Sandy Dunn, Illinois builder Ed Brady, Pulte Homes CEO Richard Dugas and NAHB tax economist Rob Dietz

talked about how the temporary home buyer tax credit will provide an incentive for fence-sitters to jump into the housing market. To learn more about the tax credit, they urged reporters to visit NAHB's new Web site, www.federalhousingtaxcredit.com.

July 2008

July 30:

- In a major victory for the housing industry and the entire NAHB federation, President Bush signs into law H.R. 3221, the Housing and Economic Recovery Act of 2008. This milestone legislation will help provide an enormous boost to the housing industry in the form of a tax credit for first-time home buyers, as well as much-needed measures that will improve mortgage liquidity, foster refinancing of troubled loans and expand the supply of affordable rental housing.

The centerpiece of the legislation is the \$7,500 temporary first-time home buyer tax credit, which will help stimulate home buying, reduce excess supply in housing markets and shore up home prices. The morning the bill was enacted into law, NAHB President Sandy Dunn sent out an e-mail to the entire federation, explaining how the bill will help our members and directing them to the following resources put together by NAHB to help our members understand and promote the consumer awareness of the credit:

- A new **consumer Web site**, www.federalhousingtaxcredit.com that includes details and a set of comprehensive questions and answers about how the credit works and how consumers can take advantage of it.
- A set of materials to help you educate your members and promote the Web site to home buyers that can be downloaded online at: www.nahb.org/mythbuster, including:
 - [Talking points](#),
 - [Print ads](#),
 - A [consumer handout](#) that includes the credit in the "top reasons you shouldn't wait to buy a new home," and
 - A [banner ad](#) for the Web site that you can use on your own site.

NAHB also got the word out through the following actions:

- All-staff e-mail from Jerry Howard
- A [press release](#) PRX to EOs and HBA communications staff
- E-mail to the high production builder communications staff
- E-mail to allied industry groups through the National Housing Conference
- Promotion on the home page and relevant interior sections of nahb.org.

- A media advisory on a press teleconference scheduled for the afternoon of Monday, Aug. 4 and featuring Sandy Dunn, Illinois builder Ed Brady, Pulte CEO Richard Dugas and NAHB tax economist Rob Dietz.

In addition, Public Affairs is also working with NAHB Councils to make sure all member constituencies are fully briefed and equipped to promote the tax credit. Also, move.com has activated a home page link to the www.federalhousingtaxcredit.com Web site.

July 29:

- [S&P/Case-Shiller](#) releases its monthly home price index report, which shows that home prices in the top 20 metropolitan areas were down 15.8 percent in May from May of 2007. To put these numbers into their proper perspective, NAHB issued [updated talking points](#) noting that all housing markets are local and that the housing downturn varies considerably from one market to the next. While some of the largest markets have struggled, others have posted modest declines.

July 26:

- Culminating months of intensive advocacy efforts by the entire NAHB federation, the Senate approves H.R. 3221, the Housing and Economic Recovery Act of 2008, by a vote of 72-13. President Bush is expected to sign the bill into law later this week. Shortly after the Senate vote, NAHB sent out a special Saturday edition of [Nation's Building News](#) devoted exclusively to the housing legislation and NAHB President Sandy Dunn issued a [statement](#) in support of the bill.

July 23:

- The House passes H.R. 3221, the Housing and Economic Recovery Act of 2008, by a vote of 272-152. Prior to House passage, NAHB sent a letter to House members designating a vote in support of H.R. 3221 as a "key vote" because of the importance of the legislation to the housing industry.
- At NAHB's urging, House lawmakers extended the effective date of the centerpiece of the bill, the temporary home buyer tax credit, for an additional 90 days through June 2009. The \$7,500 first-time home buyer tax credit can be used for the purchase of any home between April 9, 2008 and July 1, 2009. As first drafted, the tax credit was set to expire on April 1, 2009. NAHB's lobbying and grassroots efforts were successful in extending the credit to cover the critical 2009 spring and early summer home buying season, when we believe the bulk of home purchases will occur.
- Following House passage of the bill, NAHB sent out an e-mail alert to PRx members and Executive Officers outlining key provisions in the bill and explaining the resources NAHB has put together to help local HBAs get the word out to their members and home buyers once the bill passes the Senate and the President signs the legislation into law.
- NAHB CEO Jerry Howard discussed the benefits and contents of the housing bill in interviews with the Wall Street Journal, Dow Jones and National Mortgage

News. NAHB tax economist Rob Dietz discussed the same topics with nationally syndicated housing columnist Ken Harney and USA Today.

July 16:

- [CNNMoney cites NAHB President Sandy Dunn's call for housing stimulus](#) following release of NAHB's monthly [Housing Market Index \(HMI\) report](#), which fell to an all-time low of 16. The CNNMoney article ran Dunn's statement, which read: "The worsening housing slump and the near meltdown in financial markets last week makes it even more urgent for Congress to complete action on the housing bill now, a move that will help stabilize and restore confidence in housing and the U.S. economy."

July 15-16:

- CBS Evening News airs an interview with NAHB President Sandy Dunn on the housing market and overall economy. To view the CBS clip, [click here](#). A follow-up report on the CBS Evening News the next evening featured New Jersey builder Dean Mon, who called on Congress to pass housing stimulus legislation now. To view the clip, [click here](#).

July 15-16:

- To keep the pressure on Congress to act, NAHB ran [new ads](#) on July 15-16 in Politico and Roll Call. Our message: "The stakes have never been higher. Congress must adopt the housing stimulus bill now."

July 14:

- In a major grassroots effort highlighted in [Nation's Building News](#), NAHB is urging its members to contact their U.S. senators and representatives and ask them to have the effective date of the proposed home buyer tax credit extended beyond the current April 1, 2009 expiration date to make it as effective as possible in turning around the current downturn in home sales. NAHB members are being urged to contact their members of Congress through the association's free Legislative Hotline at **1-866-924-NAHB (6242)**. For complete instructions on how to participate in this telephone and e-mail campaign, [click here](#).

July 14:

- NAHB CEO Jerry Howard meets with editors at BusinessWeek in New York to discuss recent government actions regarding Fannie Mae and Freddie Mac and to call for a renewed push to pass the housing bill in the wake of the recent turmoil in the housing and financial markets. Howard also delivered the same message in interviews with Reuters, Dow Jones and the editorial page editor of the Palm Beach Post, which subsequently [published an editorial](#) that conveys NAHB's viewpoint. Bill Killmer, NAHB Group VP for Advocacy, spoke on the same topics in an interview with Congressional Quarterly.

July 14:

- The Federal Reserve issues [new rules](#) aimed at curbing abusive lending practices. The rules take effect Oct. 1, 2009. The toughest of the rules apply to subprime loans. Under the rules, lenders can make subprime loans only to borrowers who can be reasonably expected to repay them. NAHB submitted comments on the proposed rules in a letter dated April 8. NAHB's comments were generally supportive of the Fed's efforts to strengthen mortgage lending standards and consumer protections. Consistent with NAHB policy, we urged the central bank to carefully consider the impact of the proposal on the mortgage marketplace to ensure that the proposed rule does not unnecessarily disrupt the mortgage lending process, limit consumer financing options or increase the cost or reduce the availability of mortgage credit.