N A A H L
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NEW HOUSING LAW BOOSTS FLOW OF PRIVATE CAPITAL TO LOW INCOME COMMUNITIES

Washington, July 30, 2008 – The housing and GSE reform bill signed into law by President Bush today should boost responsible lending and investment in underserved areas, said Judy Kennedy, president and CEO of the National Association of Affordable Housing Lenders (NAAHL).

The bill, "The Housing and Economic Recovery Act of 2008" (H.R. 3221), aligns the affordable housing responsibilities of Fannie Mae and Freddie Mac with those of banks from the Community Reinvestment Act (CRA), and enables banks to make more direct investments in affordable housing and community/economic development.

"This landmark housing bill offers great potential for increasing the flow of private capital, on fair terms, to low and moderate income households in the United States," Kennedy said. "Along with the supplemental $4 billion in Community Development Block Grants and $15 billion in tax incentives for financing affordable homeownership and rental properties, the law recognizes the critical role that private capital plays in leveraging Federal subsidies."

"It strengthens Fannie Mae and Freddie Mac's obligations to purchase loans on homes and apartments affordable to low and moderate income households. The law makes clear that Fannie Mae and Freddie Mac are expected to bring the benefits of the government-sponsored secondary mortgage market to underserved communities."

The two companies will now have explicit single family goals for loans affordable to households earning under 50 percent and 80 percent of area median income (AMI), with single family subgoals for: 1) purchase money and refinance mortgages; 2) families that reside in low income areas (under 80 percent of AMI); and 3) median income families residing in minority census tracts.

The law also establishes a multifamily goal for purchase of mortgages on apartments affordable to households under 80 percent of AMI. Furthermore, the companies' new regulator shall establish additional requirements for the purchase by each enterprise of mortgages on multifamily housing that finance dwelling units affordable to very low income (under 50 percent of AMI) families.

Finally, the law directs the companies' new regulator to require reports on purchases of mortgages for small (5-10 unit) multifamily projects that serve low income families, or mortgages up to $5 million. The new regulator is authorized to establish additional requirements by regulation.

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The law also restores the prior standard for qualifying bank investments in affordable housing and community economic development, allowing more direct bank investments in urban redevelopment areas, disaster zones, and middle-income, rural, distressed areas.

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NAAHL represents America's leaders in moving private capital to those in need, 200 organizations committed to increasing lending and investing private capital in low- and moderate-income (LMI) communities. This "who's who" of private sector lenders and investors includes 50 major banks, 50 blue-chip non-profit lenders, and others in the vanguard of affordable housing, including insurance companies, community development corporations, mortgage companies, financial intermediaries, pension funds, and foundations.