

# Maurice Hinchey NEWS

22nd CONGRESSIONAL DISTRICT, NEW YORK

For Immediate Release  
February 2, 2010

Contact: Jeff Lieberman  
202-225-6335 (office)  
202-225-0817 (cell)

## **Hinchey Leading Effort in Congress to Convince Obama Administration to Reverse Plan and Continue Homeownership Assistance;** *Urges Extension of Programs Responsible for Keeping Mortgage Rates Low, Making Homeownership More Attainable*

Port Ewen, NY -- With the strength of the housing market linked directly to overall economic prosperity, Congressman Maurice Hinchey (D-NY) is leading the effort in Congress to convince the Obama administration and Federal Reserve to reverse course and continue several key programs due to soon expire or change that are critical to keeping mortgage rates low and making homeownership more attainable. In a letter sent to President Obama and Federal Reserve Chairman Bernanke yesterday, Hinchey laid out a series of steps the administration should take -- some in partnership with Congress -- to prevent the housing market from becoming dramatically worse in a sudden fashion. Hinchey today also called on the Joint Economic Committee (JEC), of which he is a senior member, to hold hearings on the various homeownership programs that are in jeopardy of expiring.

"While we're seeing signs that the economy is beginning to turn around, it's extremely important that the housing market is handled with great care and that there aren't any sudden changes in policy that could lead to a second economic collapse," Hinchey said. "I'm leading the effort in Congress to convince the Obama administration and the Federal Reserve to adapt to the facts on the ground and modify their plans to terminate the various federal programs that have helped stabilize the housing market, kept mortgage rates low and provided extra tax relief and incentives to homebuyers. The abrupt termination of these programs could unravel much of the progress we've made in stabilizing the economy. We have a good opportunity to further stabilize and strengthen the housing market in the Hudson Valley and across New York while also continuing to provide strong incentives that will encourage people to buy homes."

The Treasury Department and the Federal Reserve have announced that next month they plan to stop buying mortgage-backed securities - a collection of mortgages grouped together as a tradable security. Such a move would mean that mortgage rates, which are at record lows, including an average of 5 percent on a 30 year fixed-rate mortgage in the Hudson Valley, would likely start to steadily rise. Hinchey noted that increased rates would make it more difficult for new buyers to be able to afford a home while also forcing prices to drop even further. In their letter, Hinchey and Congressman Elijah Cummings (D-MD), who is also a member of the JEC, urged President Obama and Chairman Bernanke to continue the purchasing of mortgage-backed securities in order to keep rates low.

Hinchey noted that the \$8,000 federal tax credit for first-time homebuyers and the new \$6,500 federal tax credit for non-first-time homebuyers who have been in their current residence at least five years, are both set to expire on April 30, 2010. The congressman voted for both the initial homebuyer tax credit, which applied only to first time homebuyers, as well as a second bill that extended the program through April and added the tax credit for existing homeowners. With the housing market still fragile, Hinchey is cosponsoring legislation in the House to extend the first-time homebuyers tax credit through the end of 2010.

-more-

*Hinchey Leading Effort in Congress to Convince Obama Administration to Reverse Plan and Continue Homeownership Assistance; Urges Extension of Programs Responsible for Keeping Mortgage Rates Low, Making Homeownership More Attainable*  
Page 2/2

Hinchey discussed his efforts to strengthen and further stabilize the housing market at the home of Marc and Kristen Lupino in Port Ewen, New York. The Lupino family was recently able to purchase their first home due to mortgage rates that were kept low through federal intervention, as well as because of the federal homebuyers' tax credit that Hinchey is working to extend. The Lupinos participated in the Rural Ulster Preservation Company's (RUPCO) First-Time Home Buyers education program, which is funded with federal HOME funds -- the largest federal block grant program to State and local governments designed exclusively to create affordable housing.

The Lupinos also participated in the First-Time Home Buyers Club through the Federal Home Loan Bank of New York. That program provides 1 to 4 match funds in order to help people afford a down payment. In order to be eligible for the program they participated in a down payment savings plan for nearly a year. They also received federal HOME rehab assistance, which allowed them to make energy efficiency upgrades to their new home to help lower their monthly energy bills.

With many banks requiring at least 20 percent down to purchase a home, Hinchey noted the Federal Housing Administration's (FHA) mortgage-backed program that requires a down payment of 3.5 percent, has become a critical program that has helped many New Yorkers purchase a home. The FHA is due to soon reduce the amount of money that home sellers can contribute to the buyers' closings costs. That reduction will go from 6 percent of a home's sale price to 3 percent. The FHA is also due to increase its upfront mortgage insurance fee from 1.75 percent to 2.25 percent of the loan.

Ulster County has seen a steady decline in the number of homes sold during the last few years. In 2007, 1,297 homes were sold whereas only 993 homes were sold in 2009 -- a clear sign that the housing market has significantly weakened and is in need of continued support. In 2007, 2,679 homes were sold in Orange County, but only 1,993 homes were sold last year. In 2007, 2,591 homes were sold in Dutchess County, whereas 2,327 homes were sold in the county last year.

###