

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

The amended bill provides \$299,800,000 for the Neighborhood Reinvestment Corporation instead of \$119,800,000 as proposed by the House and Senate.

The amended bill includes \$180,000,000 to be administered by the Neighborhood Reinvestment Corporation (NRC) to make grants to NRC- or HUD-approved counseling intermediaries (including State housing finance agencies) for mortgage foreclosure mitigation assistance of owner-occupied homes.

NRC is a Congressionally-chartered nonprofit corporation, and since 1978, NRC has been providing quality housing counseling. The Appropriations Committees note that NRC was one of the first organizations to begin responding to the subprime mortgage crisis by establishing its Center for Foreclosure Solutions. NRC will manage a competition for housing counseling organizations with demonstrated experience in this field, and will begin awarding grants within 60 days of enactment of this Act. The NRC can administer this competition rapidly and can thus facilitate help for homeowners almost immediately.

This \$180,000,000 is one-time funding to be available until expended by the NRC in response to the ongoing lending and credit crisis. This crisis is fueled by more than 2 million mortgages that now face significant risk of default and foreclosure as the housing markets slow and adverse mortgage terms, such as adjustable rate mortgages, reset.

This program is designed to assist homeowners with subprime or other single-family mortgages that are likely to be in default and/or foreclosure. This is not designed as a bailout for either financial institutions or homeowners with mortgages that are likely to fail. Instead, the goal of the program is to provide counseling assistance that will prevent foreclosure and result in the long-term affordability of the mortgage or another positive outcome for the homeowner. No Federal funds are to be used to directly benefit financial institutions or homeowners.

The Appropriations Committees believe that the funding is needed, will be well-used, and will help stabilize the single-family mortgage marketplace. However, the amended bill notes that \$180,000,000 is a rapid expansion of housing counseling assistance. As a result, the Appropriations Committees direct that \$50,000,000 will be awarded within 60 days of enactment, which the Appropriations Committees expect will result in a rapid investment of these funds.

Finally, the amended bill directs the NRC to provide a bi-annual report to the House and Senate Committees on Appropriations as well as the House Financial Services

Committee and the Senate Banking Committee. These reports will identify the use of funds in the program, models of success and an overall analysis of the program, its strategies for success and its evolution, among other things.