House Republican Housing Plan
"The Responsible Homeowners Act"

Summary

Do Not Reward Those Who Created This Problem:

Helping distressed homeowners should not come at the expense of the 90% of homeowners who are paying their mortgages on time. Government policies should not reward irresponsible behavior. Because mortgage companies and borrowers who engaged in fraud must be punished to the full extent of the law not rewarded, House Republicans propose to:

- Direct the FBI, Department of Justice, FHA, and other government housing agencies to step up efforts to combat mortgage fraud and authorize additional resources to investigate and prosecute such cases.

Keeping Families in Their Home, Lowering Costs for All Homeowners:

To keep responsible homeowners who are at risk of losing their home through no fault of their own, such as those who find themselves temporarily unemployed, House Republicans propose the following:

- Provide a $5,000 refinancing tax credit to help families cover the costs of a mortgage refinancing, buy down points, or reduce their principal balance (covers refinancings through July 1, 2010).
- In exchange for a lender investing in keeping a homeowner in their home by refinancing their mortgage and lowering the owners monthly payments, if the homeowner agrees to share a portion of future home appreciation with the lender, then the lender will not be taxed on that future profit and the borrower will not incur any tax liability as a result of the refinancing (covers refinancings through July 1, 2010).

Many mortgage servicers are fearful that if they modify a mortgage that they could later be sued by one of the many investors who own a portion of the mortgage. As a result, fewer mortgages are modified. To address this problem House Republicans propose:

- To provide a "safe harbor" from lawsuits by investors for mortgage servicers who engage in specified loan modifications consistent with their statutory duties; and would require unsuccessful plaintiffs to pay all attorneys' fees and any legal costs incurred by the defendant.

Encouraging Neighborhood Investors & Stabilizing Home Prices:

The key to stabilizing home prices is to get people buying homes again. That includes the young couple who is purchasing their first home, the growing family that needs to trade-in their first home for something bigger, and the empty-nesters who are looking to downsize. To spur home purchases across-the-board, House Republicans propose:

- A $15,000 home-buyers credit for all purchases of primary residences provided that the buyer puts 5% down (covers purchases made before July 1, 2010).

In areas with a high number of foreclosed homes we need individuals who are willing to invest in these homes and get them reoccupied. Unfortunately, current law only provides incentives for the purchase of owner-occupied homes. We should encourage neighborhood investors to purchase these homes and rent them out rather than leaving them empty, therefore House Republicans propose:

- To equalize the treatment of a home purchased as a primary residence with a home purchased for rental purposes (defined as being rented to the same tenant for at least 181 days out of the year) by providing the same exclusion from taxes for any future appreciation in the home value (covers purchases made before July 1, 2010).