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House Leaders Weigh In on Guarantee Program

The upheaval in the financial services industry and the recession has made the section 502 guarantee home ownership program extremely popular. The Rural Housing Service recently sent out a notice that the guarantee program would be suspended by the end of the April because all of the \$12 billion made available in the FY 10 Agriculture Appropriations Bill (notices attached).

Led by Chairman Barney Frank, several Members of the House Financial Services Committee wrote to Agriculture Secretary Vilsack urging the Administration to submit a request for supplemental appropriations to include in that request the revised fee structure proposed on the FY 11 Budget. The new fee would make the program self financing, which was the original intent. The letter also indicates that the Members would not support transfer of funding available under direct section 502 loans and other programs targeted to low income households for use in making up the shortfall. The Financial Services Committee Members sent a similar letter to Agriculture Appropriations Chair DeLauro (Both attached).