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GOOD START BUT MORE IS NEEDED, HOME BUILDERS SAY ON OFHEO CAPITAL ADJUSTMENT FOR FANNIE AND FREDDIE

WASHINGTON, March 19--Jerry Howard, Executive Vice President and Chief Executive Officer of the National Association of Home Builders (NAHB), today issued the following statement on the Office of Federal Housing Enterprise Oversight's (OFHEO) decision to reduce the capital surcharge levied on Fannie Mae and Freddie Mac:

"While we appreciate this action, it falls short of providing the liquidity required to stabilize today's credit-squeezed mortgage market. We were expecting a much bolder step by OFHEO, with a greater reduction in the capital surcharge in light of the severity of the mortgage credit crunch.

"To get the most mileage out of these additional funds, Fannie Mae and Freddie Mac must target borrowers who have been shut out of the mortgage market by the financial sector meltdown. This action is a partial step to getting Fannie Mae and Freddie Mac back on the road to meeting their housing mission. Developing a proper balance between their housing mission and the interests of their stockholders is a key provision of the pending GSE regulatory reform legislation, which further underscores the urgent need for quick Senate action on the bill.

"In addition, we believe that Fannie Mae and Freddie Mac should use this opportunity to eliminate the market delivery fees that were recently added to loans to provide a reserve against future losses. These fees are a counterproductive tax on homeownership and will work against efforts to stabilize the nation's housing market."

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ABOUT NAHB: The National Association of Home Builders is a Washington, D.C.-based trade association representing more than 235,000 members involved in residential building, remodeling, multifamily construction, property management, subcontracting, design, housing finance, building product manufacturing and other aspects of residential and light commercial construction. Known as "the voice of the housing industry," NAHB is affiliated with more than 800 state and local home builders associations around the

country. NAHB's builder members will construct 80 percent of the more than 1.08 million new housing units projected for 2008.