## **Builders fight** 'credit crunch'

(AP) — House builders and some congressmen are mounting a campaign against a "credit crunch" they say is crippling the construction inclusive and threatening the loss of 200,000 jobs.

Coinciding with a recent Commerce Department report about the smallest number of housing starts since the last recession, the National Association of Home Builders called a news conference to announce the details of its intest industry survey.

Association President Martin Periman said the survey showed that "builders are being indiscriminately cut off from the credit markets. Production is dropping. People are losing their jobs and businesses. The disruptions in the housing delivery system are far more severe than anyone anticipated."

The Commerce report said housing starts had dropped 5.8 percent to a seasonally adjusted annual rate of 1.25 million units, the lowest level since 1.17 million units, the lowest level at an annual rate in October 1982.

At issue, the house builders said, is the new savings and foan bullout faw that lilmits the amount of loans to an individual and tightens requirements.

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for loans by commercial banks.

BUT OTHER housing industry observers say steep mortgage rates, overbuilding and the high cost load on the base salso contribute to the downturn in construction.

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Hoagland said he believes the bill will reach the House floor within two

savings and loan bailout law that limits the amount of loans to an individual and tightens requirements for loans by commercial banks.

weeks. A simitar bill has been introduced in the Senate by Sen. Richard Sheby, D.A.la.

"Further complicating the situation is the fact that commercial banks have not been able to pick up the slack and are tightening their ending requirements due to a February bulletin from the Comptroller of the Currency warning commercial banks about the dangers of real estate lending and urging bank examiners to look closely at all of the care of the currency warning commercial banks about the dangers of real estate lending and urging bank examiners to look closely at all of the real estate loans in the banks under their jurisdiction," Perfman said.
"This is having an inhibiting effect on housing finance that is clearly reflected in our survey results," he said. He welcomed a statement has week by bank regulators saying that banks should keep making loans to qualified eutomers.

"Hopefully that message will get out to the bank examiners," Perlman said.
The credit crunch has eaused the

out to the bank examiners," Peri-man said.

The credit crunch has caused the builders group to revise its 1990 housing starts forecast downward from 1.42 million units to 1.28 mil-lion.

"This decrease of 140,000 housing starts translates into the loss of 200,000 Jobs for an entire year, \$6 billion in wages and \$2 billion in tax-es at all levels," Periman said.



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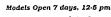


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