

WASHINGTON, DC – Congressman Steny H. Hoyer (D-MD) joined the U.S. House today in passing legislation to respond to the crisis in the subprime loan market that has put millions of homeowners at risk of foreclosure and undermined the nation's financial markets. The bill, the Expanding American Homeownership Act of 2007, will reform the Federal Housing Administration (FHA) to enable it to serve more subprime borrowers at affordable rates, offer refinancing to families struggling to meet their mortgage payments, and help create more affordable rental housing.

“Homeowners across the country and in Maryland with subprime loans are concerned about losing their homes as adjustable interest rates push their mortgage payments to unaffordable levels,” stated Rep. Hoyer. “The passage of this legislation will help alleviate the crisis at hand by restoring the FHA as a reliable source of affordable mortgages for low and moderate income borrowers, who in today's market have been forced into unaffordable loans with no safe options for refinancing.”

The crisis in the subprime loan market has come to a head in recent months as interest rates on adjustable subprime loans have significantly increased - in some cases even doubling and tripling in size. Consequently, delinquency and foreclosures have risen at staggering rates. In Maryland, foreclosure filings have risen 354 percent in the first seven months of this year from the same period in 2006. In 2006, Maryland ranked 40th nationally in home foreclosures. Last month the state ranked 16th.

As losses for consumers, communities and businesses continue to mount, fears about escalating problems in the subprime market have shaken broader financial markets and raised concerns that rising foreclosure rates could prolong the housing recession and hinder economic growth. These reforms, which aim to help borrowers avoid defaulting on their loans, will help prevent further damage and restore investor confidence in the mortgage market.

“Affordable housing is crucial to strong families, strong communities and a strong economy,” stated Rep. Hoyer. “The new Congress is committed to protecting and expanding the American dream of home ownership. This legislation today is a down payment in our efforts to do so.”

Early this year, when the subprime mortgage market was showing signs of distress, both the House and Senate began holding hearings to address the crisis that is now forcing millions of people from their homes across the country. Out of those hearings have emerged legislative efforts to attack the problem on several fronts - the first of which is the bill passed today. In the

months ahead, the House will also be looking at more ways to ensure responsible lending, protect home buyers, and improve access to affordable housing so more Americans can realize the dream of owning their own home.

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