

The past year has witnessed significant upheaval in the U.S. housing markets. Increased delinquencies and defaults among borrowers have contributed to turmoil in the mortgage finance sector. California, especially, has been heavily impacted by the mortgage crisis, with many families in our state facing increased payments and foreclosures.

Most foreclosures are occurring with subprime loans, which are typically made at higher interest rates to people with imperfect credit records or lower incomes. Housing experts predict that the number of foreclosures that have occurred over the last year may double in the next two years as more adjustable rate mortgages with low introductory rates reset at significantly higher levels.

Working families have been faced with a situation where they are either unable to own homes or they are forced to resort to risky loans that might impair their ability to keep their home. To address this problem, the House of Representatives passed H.R. 1852, the Expanding American Homeownership Act. This crucial legislation would provide long overdue reforms to the Federal Housing Administration's (FHA) single-family mortgage insurance program which, in recent years, has become virtually irrelevant as a financing option. The reforms made in this bill would make the FHA program a viable alternative for families seeking to purchase a home, help those facing uncertainty about keeping their home, and insure a greater amount of loans in high cost areas like Southern California.

In addition, the House passed H.R. 3915, the Mortgage Reform and Anti-Predatory Lending Act, a much needed bill that would rein in abusive lending practices that have contributed to the current mortgage crisis. Among other things, H.R. 3915 would create a nationwide licensing system for lenders and establish minimum standards requiring that borrowers have a reasonable ability to repay a loan. These steps will not end the current crisis but will help prevent a similar crisis from arising in the future.

Lastly, a large group of counselors, loan servicers, investors, and other mortgage market participants have formed a nationwide organization called HOPE NOW. The partnership was developed to assist homeowners struggling to pay their mortgages. Homeowners may visit www.hopenow.com or call 888-995-HOPE to receive professional guidance regarding their mortgage.

Foreclosures rates are rising and are harmful for borrowers, lenders, the neighborhood, and our overall economy. As we continue to experience instability in the housing market, these important changes will be essential for successful homeownership. There is no more important priority for Congress than helping to keep families in their homes.

GARY G. MILLER
Member of Congress