

PRESS RELEASE

Congressman Gary G. Miller
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Congressman Miller Helps Secure Passage of FHA Reform

Washington, DC – Today, with the strong support of Congressman Gary Miller, the House of Representatives approved legislation to reform the Federal Housing Administration's (FHA) single-family mortgage insurance activities. H.R. 1852, the Expanding American Homeownership Act of 2007, passed the House by a broad bipartisan margin of 348 to 72. The bill includes language written by Congressman Miller to increase the FHA loan limit and facilitate downpayment assistance programs.

Speaking on the House floor this afternoon, Congressman Miller noted, "Working families who need and qualify for FHA should not be kept out of the program because of where they live and work. California's drop in FHA volume has been nothing short of stunning. In 2000, FHA insured 109,074 mortgages in California. But last year, FHA insured only 5,137 loans. In my district alone, FHA insured over 7,000 mortgages in 2000 and only 80 in 2005. These figures represent a decrease of 99 percent in just five years – by far the largest in the country. Arguably, working families in high-cost areas of the country are just the kind of underserved population the FHA program was intended to serve. If we want to ensure FHA is relevant for all those who need it, we must reform the program so that it is available to low and moderate income families across the country, even those in high-cost areas. With this bill we can remove the impediments to the utilization of FHA and ensure that it can once again help working families across the country have the opportunity to achieve and maintain homeownership."

Currently, many families are faced with a situation where they are either unable to own homes or they are forced to resort to risky loan products that might make their ability to keep their home difficult. H.R. 1852 addresses this problem by ensuring that the mortgage insurance products offered by FHA are readily available across the country. The bill does so by extending the maximum length of an FHA loan term from 35 to 40 years, allowing a zero down payment option for first-time homebuyers, and increasing the FHA loan limit for high-cost areas like Southern California.

Two amendments offered by Congressman Miller were included in H.R. 1852. The first amendment, offered along with Financial Services Committee Chairman Barney Frank and Rep. Dennis Cardoza, makes sure that families can refinance into FHA products by raising FHA single-family loan limits in each local area to the lower of (a) 125% of the local area median home price or (b) 175% of the national GSE conforming loan limit. The second amendment allows qualified downpayment assistance providers to participate in the FHA program if certain conditions are satisfied to ensure that the downpayment assistance program is legitimate and that the gift to a homebuyer is truly a gift with no obligation to repay.

"The bottom line is that to make the FHA program a viable mortgage option, we must ensure that the program's products are available across the country and that they meet the needs of borrowers," said Congressman Miller. "I commend Chairman Frank and Ranking Member Bachus for their hard work on this issue because I wholeheartedly believe we must reform FHA as soon as possible, so its programs can reach the working families it was created to serve."

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