

December 12, 2007: Subprime Mortgage Foreclosure Crisis

The Honorable Loretta Sanchez

SUBPRIME MORTGAGE FORECLOSURE CRISIS

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Madam Speaker, I rise today to express concern about the ongoing subprime mortgage foreclosure crisis and the administration's "plan" to address the crisis.

The administration proposed a 5-year interest rate freeze, something that should have angered the investor community. I should know; before I came to Congress, I was an investment advisor. But the investor community was not upset. We ask, why? Well, the reason why is that the voluntary rate freeze will only apply to a small number of the subprime loans that are in danger of default and foreclosure. The Center for Responsible Lending estimates that the administration's plan will affect 7 percent of subprime borrowers.

This plan is based on the unrealistic belief that the subprime market failure will cure itself. Real leadership is needed to help homeowners and the United States economy. The President needs to show support for the House-passed legislation that provides additional options for borrowers in distress and strengthens the regulation of the mortgage lending practices.