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Housing Foreclosure Crisis in California

Comments on a study released today showing that home foreclosures in California reached a 20-year high

Washington, D.C. - Today Congresswoman Loretta Sanchez (CA-47) released the following statement concerning a recent report which indicates that the housing foreclosure crisis in California has reached a staggering twenty-year high.

"Today I was greatly concerned to learn that California's foreclosure rate has reached a twenty year high," said Sanchez. "This is an alarming statistic, not only for our families but for our local economy.

"I want to assure families in Orange County and throughout California that my colleagues and I in Congress are committed to implementing a solution - quickly -- that will stabilize our housing market. In the next days, Congress will take up a comprehensive housing bill that will provide relief to homeowners facing foreclosure, ranging from mortgage refinancing to cracking down on predatory lending. We are committed to expediting this legislation so that we can put an end to this housing crisis."

H.R. 3221, American Housing Rescue and Foreclosure Prevention Act of 2008 includes:

- Mortgage refinancing assistance to keep families from losing their homes, protect neighboring home values, and help stabilize the housing market.

- Expansion of the FHA program so that borrowers in danger of losing their home can refinance into lower-cost government -insured mortgages they can afford to repay. This legislation will help troubled borrowers avoid foreclosure

while minimizing taxpayer exposure.

- Tax payer protection by requiring lenders and homeowners must take responsibility. This is not a bailout; in order to participate, lenders and mortgage investors must take significant losses by reducing the loan principal. In exchange for an FHA guarantee on the mortgage, borrowers must share any profit from the resale of a refinanced home with the government.

- \$4 billion in grants to states and local governments to acquire foreclosed homes standing empty, to rehabilitate foreclosed property, and to restore home values in neighborhoods hit hard by the crisis. After five years, revenue generated from the sale of the acquired homes will be returned to taxpayers.

DataQuick Information Systems, a real estate research firm, released a report today on the growing foreclosure crisis affecting Californians that reached a new high in the last 20 years. Some 63,061 homes were lost to foreclosure between April and June - the most in any quarter since 1988, when the firm began tracking foreclosures. DataQuick Information Systems also reports that the number of default notices sent to homeowners also hit a new level.

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