

**STATEMENT OF REP. ELIOT L. ENGEL**

**FINANCIAL INSTITUTIONS AND CONSUMER CREDIT SUBCOMMITTEE  
FIELD HEARING: EFFECTS OF THE SUBPRIME MORTGAGE CRISIS IN NEW  
YORK CITY AND EFFORTS TO HELP STRUGGLING HOMEOWNERS  
FEBRUARY 11, 2008**

Thank you for this opportunity to address the impact of the subprime mortgage crisis in New York City, and in particular this subcommittee's focus on identifying the most heavily impacted neighborhoods.

Americans in general, and New Yorkers in particular, are anxious. Many of our homes are worth less than they were just a year or two ago. Foreclosures are up, and analysts predict more foreclosures ahead. This is devastating to our families, our communities, and our financial institutions alike.

So much of this crisis, I believe, is a result of the Bush Administration's serious mishandling of our nation's economic and domestic policy priorities.

I am proud to report that the Democratic Congress is – with my support and the support of Representative Maloney and others – acting to strengthen the housing market and the economy.

On November 15, 2007, the House approved H.R. 3915, the Mortgage Reform and Anti-Predatory Lending Act of 2007, to establish a national standard to rein in the abusive lending practices that contributed to the current mortgage crisis. This comprehensive legislation will create a licensing system for residential mortgage loan originators, establish a minimum standard requiring that borrowers have a reasonable ability to repay a loan, and will attach a limited liability to secondary market securitizers. The legislation will also expand and enhance consumer protections for high-cost loans, will include protections for renters of foreclosed homes, and will establish an Office of Housing Counseling through the Department of Housing and Urban Development.

On October 10, 2007, the House passed H.R. 2895, The National Affordable Housing Trust Fund Act of 2007, to establish a national affordable housing trust fund to build or preserve 1.5 million homes or apartments over the next ten years, without increasing the federal deficit. Increasing the supply of affordable housing will help ensure that families who have lost their homes due to predatory lending or a family financial crisis, such as ill health or job loss, can find housing.

On September 18, 2007, the House passed H.R. 1852, the Expanding American Homeownership Act of 2007, a bill to enable the Federal Housing Administration (FHA) to serve more subprime borrowers at affordable rates and terms, recapture borrowers that have turned to predatory loans in recent years, and offer refinancing loan opportunities to borrowers struggling to meet their mortgage payments in the midst of the current

turbulent mortgage markets. These reforms, including provisions that would lower down payments and increase loan limits, would help some 200,000 additional families, if not more, purchase or refinance into safe FHA-insured mortgages.

On May 22, 2007, the House passed H.R. 1427, the Federal Housing Finance Reform Act of 2007. The bill will overhaul the regulatory oversight of the government sponsored enterprises (GSE) of Fannie Mae, Freddie Mac and the Federal Home Loan Banks, and will put renewed emphasis on ensuring the safety and soundness of these enterprises. It will also create an off-budget and non-taxpayer financed affordable housing fund, which will dedicate hundreds of millions of dollars for the construction, maintenance and preservation of affordable housing.

While we have taken affirmative steps toward resolving the subprime mortgage crisis, I realize that our work is not done. I look forward to hearing today practical and innovative ways we can protect Americans and New Yorkers alike from abusive lending practices, ensure that they get mortgages they can repay, and find other ways to help the economy, the housing market, our communities, and our families.

Thank you.