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Statement of Rep. Nydia M. Velázquez
Financial Services Committee
Hearing on:

"Legislative and Regulatory Options for Minimizing and Mitigating Mortgage Foreclosures."
September 20, 2007

Thank you Mr. Chairman. I appreciate you holding this hearing today and continuing to pursue the important question of how to best minimize and mitigate mortgage foreclosures across our nation.

As we all know, increasing homeownership is one of the most laudable goals a community and, indeed, a nation, can pursue. It opens up the doors of opportunity to families in all of our neighborhoods and ensures that generations have the security they need to build successful lives.

Foreclosure is a threat to this pursuit, forcing families into a corner because of their inability to pay their mortgage, oftentimes breaking them apart and crushing their dreams for economic stability and success. Moreover, if large numbers of families are only achieving homeownership for short periods of time, before going into foreclosure, our policies are misguided. We must work to ensure that families have the ability to not only enter the ranks of the homeowners, but to remain there.

We have seen an increasing number of subprime mortgages enter serious delinquency status. This has raised questions about the subprime market's underwriting standards and its ability to thrive under a stricter environment. However, acquiring a home through the use of subprime loans offers many families a great opportunity -- one that they may not otherwise have because of inconsistent credit histories or lack of capital. So we must find ways to balance our goal as a nation with ensuring affordable access to credit for all.

Homeownership is a vital part of the American dream, but it, too often these days, disrupts a family's life. That is, when first time homebuyers who were not made aware of all of the terms of their mortgage, find out, frequently too late, that they can not meet the monthly payments. This begins a swift trickle down effect which in many cases ends in foreclosure. But, these foreclosures could have been avoided if the homebuyer had been educated in all of the terms of the loan, and made aware of the full costs they would have to bear.

I have argued for years that the financial sector and the government should work together to ensure that potential homebuyers have access to straightforward housing counseling. Proper counseling could have reduced the severity of the current housing crunch. In states like New York where housing costs are so high, the consequences of an unmanageable mortgage can be simply devastating. It is our duty to finally learn our lesson and better safeguard this system to protect homebuyers.

Addressing the rise in foreclosures is critical to the steady growth of homeownership in our nation. All of us here must continue to work together to find viable solutions to this issue, keeping in mind that our decisions affect millions of families across the country. This hearing will, without doubt, lead us in the direction of making meaningful and steadfast change to address and prevent mortgage foreclosures. Thank you.