

Washington, DC -- In response to the subprime mortgage crisis that has left some families across Upstate New York in jeopardy of losing their homes, U.S. Rep. Michael Arcuri (D-Utica) voted today to revitalize the Federal Housing Administration (FHA), which was established to provide a reliable source of affordable mortgage loans for first-time homebuyers.

“Too many hard-working families have been forced into predatory loans which threaten their financial stability and the very roof over their heads,” **said Arcuri**. “Reforming the Federal Housing Administration will enable it to serve more borrowers at affordable rates, offer refinancing to families struggling to meet their mortgage payments, and help create more affordable rental housing. Homeownership is the corner stone of the American dream – the foundation on which families grow and communities prosper. Today, we took a critical step to make sure that dream does not turn into a nightmare.”

Today, the U.S. House of Representatives passed the Expanding American Homeownership Act of 2007 (H.R. 1852). H.R.1852 would enable the FHA to serve more subprime borrowers at affordable rates and terms, to attract borrowers that have turned to predatory loans in recent years, and offer refinancing to homeowners struggling to meet their mortgage payments in the midst of current unstable mortgage markets.

The number of homeowners receiving foreclosure notices hit a record high in the spring, for the third quarter in a row - driven up by problems with subprime mortgages. Nearly 2 million Americans will see their mortgage payments jump over the next two years, because of an increase in adjustable-rate mortgages. Because of current restrictions on the FHA, many borrowers have turned to the subprime mortgage market for loans. Experts estimate that up to 40% of current subprime borrowers could qualify for fixed rate loans.

H.R. 1852 would reform FHA to serve more families seeking to buy a home, including those currently forced to borrow from subprime lenders.

- Authorizes zero and lower down payment loans to help borrowers who can afford mortgage payments, but not the down payment.

- Increases FHA loan limits to serve families in higher cost markets. The Frank/Miller/Cardoza amendment would further raise these limits to expand the number of families eligible for loans, especially to reach more middle income borrowers in lower- and

middle-priced home markets.

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Directs FHA to serve higher risk borrowers who would otherwise be forced to turn to predatory and high priced mortgage loan alternatives, and authorizes HUD to set risk-based fees for these higher risk borrowers.

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More than doubles federal funding for housing counseling, to help subprime homebuyers who fall behind on their mortgage payments, and requires counseling for higher risk FHA borrowers prior to purchasing their home.

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Requires disclosures regarding the costs associated with lower down payment loans, so that borrowers can make a more informed decision about the type of loan they should take out.

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Directs HUD to offer refinancing loans to help borrowers currently in default or at imminent risk of being in.

Permits the FHA to offer zero and lower down payment loans in refinancing home loans.

H.R. 1852 would also authorize up to \$300 million a year for affordable housing from the bill's excess profits.

The bill would enhance FHA's reverse mortgage program to help seniors get cash out of their house by eliminating a volume cap on reverse mortgages and raising loan limits for seniors so that seniors who own their home can mortgage their home to pay for high health care bills and other expenses. It would reduce by 33% the maximum fee loan originators can charge senior citizens for reverse mortgage loans.

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