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Klein Addresses Housing Crisis in Committee

Washington, D.C. – U.S. Representative Ron Klein (FL-22), a member of the House Financial Services Committee, attended two days of discussion Wednesday and Thursday on ways to address the mortgage crisis and assist homeowners who can no longer make their payments.

“This week’s meetings of the House Financial Services Committee were extremely productive,” Klein said. “It is critical that we work in a bipartisan manner to craft a real solution for homeowners that are struggling. While it is not the role of Congress to bail out speculators, we can assist families who are in over their heads and communities facing the cascading effect of foreclosures.”

A draft House Democratic plan, developed by the House Financial Services Committee, would make available up to \$300 billion in federally insured loans to help troubled homeowners refinance risky adjustable-rate mortgages into more affordable 30-year, fixed-rate loans. This plan will help approximately 1.5 million American homeowners avoid foreclosure, a contrast to the plan unveiled by the Bush Administration this week, which would assist only about 100,000 homeowners.

“We are facing a real mortgage crisis across the country,” Klein said. “Here in South Florida, home foreclosures in Florida are up 70 percent from February of last year - that is one foreclosure for every 254 homes in the state. Ft. Lauderdale’s foreclosure rate consistently ranks among the top 10 in the country, a dubious distinction we must work to erase.”

A mortgage assistance plan proposed by House Democrats seeks to avoid helping speculators who made risky investments, as well as irresponsible home buyers who could never afford to pay off their loans. Second homes and investment properties are also likely to be excluded. Borrowers would have to meet stringent criteria, showing their ability to pay a new loan. They would also have to pay insurance premiums to the F.H.A., reducing the risk to taxpayers of any defaults. And if the home was sold, the government would get a share of the profit.

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