



JOINT ECONOMIC COMMITTEE
SENATOR CHARLES E. SCHUMER
CHAIRMAN



SCHUMER: FED CHAIR BERNANKE ON THE RIGHT TRACK, BUT WE NEED ACTION NOW TO STEM TIDE OF FORECLOSURES DUE TO SOFTENING IN SUBPRIME MORTGAGE MARKET

Today, Sen. Charles E. Schumer (D-NY), Chairman of the Joint Economic Committee and the Senate Housing Subcommittee, released a statement in reaction to remarks made by Ben Bernanke, Chairman of the Federal Reserve Board, on the subprime mortgage market and its impact on the economy.

"It's good news that Chairman Bernanke and the Fed may finally be cracking down on abusive lending in the housing market later this summer. But we must take action today to stem the tide of foreclosures sweeping through our neighborhoods," Sen. Schumer said. "I hope that Chairman Bernanke is right when he says that a slumping housing market will not affect the broader economy, but I would not bet the house on it."

Sen. Schumer introduced the first comprehensive plan to help homeowners avoid foreclosures by boosting funds to community groups that provide financial counseling to homeowners who need to refinance and restructure their mortgages. He also introduced a separate bill to establish standards to hold mortgage originators accountable for the loans they make and requiring proof that borrowers can pay for their loans if mortgage rates spike after a year or two. The details on both of those proposals can be found at <http://www.schumer.senate.gov/SchumerWebsite/pressroom/record.cfm?id=273525>.

The **Joint Economic Committee** released a study on the rising foreclosures and negative economic impact on local communities of a spike in foreclosures from a faltering subprime mortgage market. The full study can be found at <http://jec.senate.gov/Documents/Reports/subprime11apr2007revised.pdf>.

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