

Chris Murphy Announces Mortgage Help Resources

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NEW BRITAIN, CONN. – As home foreclosures are on the rise in Connecticut, today Congressman Chris Murphy (CT-5) announced resources are available to residents of the Fifth District caught in the recent subprime mortgage crisis, and updated the public on what Congress is working on to address the problem.

"Over the last few years, many Connecticut residents were able to become homeowners for the first time. However, many people are now in situations where they can't afford the loan they have taken on. I am here today to tell you that homeowners who are in trouble are not alone, and there are resources available to you to help you," said Murphy.

According to the Mortgage Bankers Association, 63,000 Connecticut homeowners currently hold subprime loans. More than half of the home loans in Connecticut that are 90 days or more delinquent and in foreclosure are subprime loans; the percentage of subprime loan holders in foreclosure in Connecticut has doubled from the first quarter of 2006 to the first quarter of 2007.

Murphy was joined at a press conference today by LaRayne Hebert, District Director of the New England District of NeighborWorks America. NeighborWorks America is one of the nation's largest housing and community development organizations. The organization has just announced a new public awareness campaign to help homeowners prevent foreclosure by urging those in financial trouble to call 888-995-HOPE. Fannie Mae, Freddie Mac, the Housing Policy Council, and numerous banks and lending institutions are supporting this effort as well.

"Given the magnitude of the foreclosure problem in Connecticut and nationwide, we are challenged to respond in a coordinated way using legislative, regulatory, mortgage lending, and homeownership counseling solutions. Only then can we bring about an effective way of addressing the subprime mortgage crisis and helping homeowners avert foreclosure," said LaRayne Hebert, District Director of the New England District of NeighborWorks America.

Murphy is a member of the House Financial Services Committee, which oversees all components of the nation's housing, insurance, banking, and securities industries, which are all vital to Connecticut's economic success. He has introduced legislation to increase duties required of mortgage originators.

Murphy's bill, H.R.3296, would amend the Truth in Lending Act (TILA) by establishing an agency relationship between consumers and mortgage brokers. Mortgage originators would also be responsible for following newly prescribed duties on behalf of the consumer under the bill, including providing consumers with the best home mortgage loan products available, disclosing all features, costs, and risks associated with a home mortgage loan, and disclosing the payments and fees that the mortgage broker will collect from a creditor and any payments and fees the consumer will pay the broker. Mortgage brokers would also be prohibited from steering consumers to higher cost loans when they would otherwise qualify for a lower cost loan.

Murphy is also working with the Financial Services Committee to pass broader subprime mortgage reform.

"Congress can't fix this problem overnight, but we have to do something to make sure that homeowners who find themselves in trouble have more options available to avoid foreclosures," said Murphy.

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