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Hensarling Statement on Democrats' Reckless Mortgage Bailout Bill

WASHINGTON, D.C. – Congressman Jeb Hensarling (R-TX), Chairman of the Republican Study Committee, issued the following statement as the House considered the Neighborhood Stabilization Act of 2008 and the American Housing Rescue and Foreclosure Prevention Act of 2008. These bills would expose innocent taxpayers to over \$300 billion worth of risk.

“Though we must find ways to help responsible borrowers who have run into trouble because of unforeseen circumstances, we must also recognize the fact that a significant portion of borrowers are in trouble because they misrepresented their financial holdings, chose to live beyond their means, or speculated in real estate. At a time when most Americans are struggling to pay their mortgage, Congress shouldn’t force them to pay for the mortgage of a speculator or someone who might have committed fraud.

“Unfortunately, Democrats in Congress would force taxpayers to guarantee over \$300 billion in new home loans for borrowers. Trading private sector risk for taxpayer risk won’t solve housing problems, it will exacerbate them. Such a bailout would reward the risky behavior of some speculators and the lenders who wrongly subsidized their behavior. Not surprisingly, Democrats plan to pay for this bailout by ultimately taking more money out of the paychecks of hard working American families. In other words, Democrats plan to punish those who acted responsibly by forcing them to pay for the reckless actions of others.”

“There is a better way. We must improve law enforcement so that it can minimize the rampant mortgage fraud that has occurred over the last several years. We must improve overall financial literacy and develop simpler disclosure forms so that borrowers can better understand their own mortgage agreements. Finally, we need to ensure greater liquidity and certainty in the housing market by promoting pro-growth policies to help struggling homeowners secure and grow their paychecks. This will help those struggling to join the 98% of people who are not.”

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