



Consumer Federation of America

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**STATEMENT BY ALLEN FISHBEIN
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ON THE NEW JOINT ECONOMIC COMMITTEE REPORT ON THE
SUBPRIME LENDING CRISIS
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The report issued today by Chairman Schumer's Joint Economic Committee provides compelling evidence as to why the worsening subprime foreclosure crisis is a problem for all Americans. Hundreds of thousands of families are threatened with home loss due to faulty mortgages that should never have been made. However, as the JEC report illustrates, the effects of the crisis extend beyond vulnerable home loan borrowers. Massive foreclosures harm neighborhood property values, reduce local tax revenues, and strain municipal resources. It could even lead to a broader economic downturn.

Federal action can help stave off some of these broader effects. Three things Congress can do to slow the bleeding:

- Fix the bankruptcy code to protect an estimated 600,000 families from foreclosure;
- Increase foreclosure avoidance counseling;
- Reform consumer protection laws to reduce the likelihood of these problems occurring again.

Consumer Federation of America¹ commends the leadership of Senator Schumer and other Congressional leaders for putting forward legislation to address each of these concerns.

¹ Consumer Federation of America, is a nonprofit association of over 300 pro-consumer groups, with a combined membership of 50 million people. CFA was founded in 1968 to advance consumers' interests through research, advocacy, and education.