

## Opening Statement

Congressman Paul E. Gillmor (R-OH)

May 7, 2007

*Hearing Entitled: The Role of the Secondary Market in Subprime Mortgage Lending*

I thank the Chair for calling this important hearing today. The turmoil in the subprime lending market continues to cause all of us great concern. Ohio remains one of the leaders in subprime mortgage foreclosure at a time when we would prefer to be number one in something else.

This is the third Committee hearing this year on the causes and potential solutions to the increase in subprime defaults. It is my continued hope that the Committee take a deliberative approach when considering ways to respond. An overreach by Congress during this cyclical downturn in the housing market could put up significant roadblocks to those prospective homebuyers looking to join in the American dream.

The evolution of the secondary mortgage market has been critical to the levels of homeownership experienced over the last few years. The securitization of subprime loans alone is now close to half a trillion dollars. Today we have both increased liquidity and a market downturn in home price appreciation. Unfortunately, lenders in recent years loosened underwriting standards. All of these factors have led to the wave of defaults we are currently experiencing.

There is no silver bullet to solve this problem, but I look forward to considering all the various legislative proposals that will come before us. We have a great panel of experts assembled today and I look forward to receiving their testimony.

With that, I yield back the balance of my time.

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