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FHA Reform Moving Right Along

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One day after the Fed cut rates and the House of Representatives approved **FHA Reform**, the Senate Banking Committee approved legislation that would expand the ability of the FHA to insure mortgages, including higher-risk borrowers.

"The Senate Banking Committee's passage of the Building American Homeownership Act of 2007 will offer home buyers a safer alternative to riskier mortgage products and will help many homeowners who may be facing foreclosures," said NAR President Pat V. Combs.

Yesterday the House of Representatives passed H.R. 1852, the 'Expanding American Homeownership Act', by a vote of 348 to 72.

"This bill is an important step forward to address problems in the subprime mortgage market and help creditworthy borrowers to obtain home loans at prices and terms they can afford," said NAHB President Brian Catalde, a home builder from El Segundo, Calif.

Rising home prices and competing subprime mortgage products have eaten away at FHA **market share**. FHA's share of the mortgage market fell from 18 percent in 1990 to less than 4 percent in 2006.

Next the legislation passed by the Senate Banking Committee moves to the Senate. If passed, the House and Senate will have to compromise on a the bill that will eventually be sent to [President Bush](#), who has stated that he wants FHA Reform.

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