



HOUSE OF REPRESENTATIVES I

Housing and Mortgage Crisis

By Andrew Chan

Introduction

Over the past several years, the housing market in the United States has been in complete disarray, riddled with bad **mortgages**, countless **foreclosures**, and unlucky families forced to leave their homes. Indeed, according to the United States Mortgage Bankers Association, in 2007 more than 2.04% of the 53 million residential mortgages in the United States were in some stage of foreclosure; in other words, more than one million homeowners in the United States were unable to make the monthly payments on their homes. This figure does not take into account the millions more homes that remained for sale after they were foreclosed in 2005 and 2006, leading some to estimate that there have actually been almost three million foreclosures in the US since 2005.

Although politicians and economists alike had hoped that this spike in foreclosures would not have a negative impact on the US economy, the housing crisis in 2008 spread across the entire country, as thousands of **defaulting loans** per month caused lenders to raise interest rates and slow the approval rate for new loans in the United States. This subsequently created a sluggish US economy with very little growth and investment in the first and second quarters of 2008, which was marked by **volatile** stock markets and the US government **bail-out** of the investment bank Bear Stearns.

In response, President Bush and Congress passed an economic stimulus package in February 2008 to address the situation. The plan sent rebates to taxpayers and slashed business taxes to spur new investment, but the US government still has yet to address the question of how to help homeowners pay for their monthly mortgages and limit the flood of foreclosures that have created instability in the United States economy. As Senate Majority leader Harry Reid (D-NV) put it, "There's been help to Wall Street, so let's now help Main Street ... The [housing] crisis is real, it is immediate, and it calls for Congress to take action." Businesses, banks, and homeowners have demanded from Congress a solution to the US housing crisis and assurance that a similar crisis will never plague the US economy again, and it is up to you as members of the U.S. House of Representatives to address this concern.

Mortgage—a loan secured for the purchase of real estate.

Foreclosure—the repossession of a home by a lender when a borrower defaults on their mortgage.

Defaulting loan—a loan in which the debtor refuses to pay the remainder of the debt owed to the creditor.

Volatile—unstable.

Bail-out—action in which a third-party pays off loans for a debtor.

Explanation of the Problem

The United States Housing Bubble

Between 2001 and 2005, as housing prices soared, the United States housing market experienced an **economic bubble** unparalleled at any time period in the country's history. The causes for this dramatic increase in prices are still somewhat unclear to scholars. Some point to Americans' love for their homes. Appealing to this desire, President Bush ran his 2004 presidential campaign on "the ownership society," noting in his acceptance speech at the 2004 National Republican Convention that his hope was for all Americans to be able to open their doors and say, "Welcome to my home." Other economists point to the belief that owning a home, versus renting a home, is simply a good investment. Generally homeowners believe that as they pay off their mortgages they build their own **personal equity**, and with the interest portion of their mortgages tax-deductible, US citizens tend to prefer home-ownership to renting.

Another reason why real estate prices may have escalated so quickly in such a short amount of time might have been media promotion and **speculative** fever in the housing market. All around the country, numerous television shows, books, and radio shows praised real estate as the highway to wealth and riches. Specialists told hundreds of thousands of people about the process of making quick "**flips**" in real estate by buying new houses or foreclosed homes and selling them on the market soon afterwards for a quick profit. The stock market crash after September 11, 2001, only made more investors take their money out of the market and purchase real estate with the belief that real estate investment would provide stable and guaranteed financial returns on their investments.

One of the reasons why Americans were purchasing homes so quickly was the historically low **interest rates** in 2001 and 2005. These low interest rates made taking out loans easier, which made housing more affordable. After the 2001-2002 recession, the **Federal Reserve** cut short-term interest rates to historically low levels, from 6.5% to 1%. Overall, the general trend of decreasing interest rates reduced the cost of borrowing. With more people borrowing, and with demand for houses increasing, prices increased as well. To further exacerbate this problem, new higher-risk mortgage options were created to allow lower-income individuals who otherwise would not be able to afford homes to enter the housing market. With more United States citizens than ever qualified to purchase homes, many people took advantage of these opportunities. They took out loans that may have otherwise been irresponsible given their income levels and **credit history**, creating hundreds of thousands of new homeowners each year and driving up housing prices.

Economic bubble—state of successful growth in an economy that eventually leads to period of decline.

Personal equity—an individual's total net worth.

Speculative—based on calculated assumptions; speculative investments are often high-risk.

Flip—buying new houses or foreclosed homes and selling them on the market soon afterwards for a quick profit.

Interest rate—the price a borrower pays in order to use money he/she does not own, as well as the return a lender receives for loaning this money.

Federal Reserve—the central bank of the United States government; charged with managing money supply and interest rates.

Credit history—information about an individual's or company's past borrowing and paying record, including data about late payments and bankruptcy.

Benefits of the Housing Bubble

However, as housing prices soared in the United States, there were a number of welcomed side effects that benefitted the domestic economy. One of the most direct effects was on the construction of new homes; the demand for new single-family homes prompted 1,283,000 new homes to be built in 2005, compared with an average of 609,000 new homes built from 1990 to 1995. Large home builders like DR Horton, Pulte, and Lennar saw their revenues and the values of their shares skyrocket.

Secondly, the boom in the housing market allowed the United States economy to survive after the recession the US economy faced in 2001 and 2002. As many economists explain, had it not been for the rise of the housing industry in the US in 2002, the recession that the US experienced following September 11th may have been even more lengthy and severe, possibly even rivaling that of the **Great Depression** of the 1930s.

Great Depression—the worldwide economic downturn that took place in the first half of the 20th century.

Recent Developments

The Bubble Bursts

Unfortunately, by the end of 2005, economists became concerned by the steep increases in housing prices in the United States. Alan Greenspan, the former Federal Reserve Board Chairman, admitted in July of 2005 that there was “at a minimum a little ‘froth’ in the US Housing Market.” By using the word “froth,” he was referring to many smaller, more local housing bubbles across the country. In 2006, investors became more and more concerned by what appeared to be a quickly bursting bubble in the housing market, as the value of home construction companies’ stocks fell at catastrophic rates. By 2007, national home sales and prices fell dramatically, with sales falling by 13% and the median price of homes falling by 6% during the month.

The slowdown in the housing market had a number of negative effects on the rest of the United States economy. Current Federal Reserve Chairman Ben Bernanke predicted that a substantial correction would cause the economy to slow down, predicting that it would reduce growth in 2007 by as much as one percent. The Bush Administration’s economic advisers predicted that the unemployment rate could rise above 5%. However, the much larger problem with the slowdown in the housing market and the failure of continuously increasing prices is the inability of homeowners to make their monthly mortgage payments. Indeed, in many parts of the United States, first-time homeowners had purchased their homes under the assumption that their homes would appreciate in value and that interest rates would remain low for the foreseeable future. Most of these homeowners who were unwilling or unable to pay for the monthly payments on their homes defaulted on their

loans, ultimately leading to the series of foreclosures that hit in 2007 and 2008.

The Problem with Foreclosures

Although foreclosure provides an escape for homeowners who are unable to pay their mortgages, the first group hurt when borrowers avoid paying their loans is the lenders: the banks. This is what caused the collapse of the **subprime mortgage** industry in March 2007, as more than 25 subprime lenders declared **bankruptcy**, announcing significant losses and putting themselves up for sale.

Furthermore, the problem with **foreclosures** is that as homes in a particular community foreclose, they negatively impact neighboring homeowners, whose property also loses value as a result; this only continues to spread the problem. In 2007 it was found that living in an area with multiple foreclosures decreased the value of neighboring homes by 10% to 20%, eroding years of built up value and further increasing the likelihood that homeowners would default on their mortgages.

While mortgage lenders were loaning money to homeowners, they were also borrowing from investment banks. The investment banks traded money from the mortgage lenders in **mortgage-backed securities**. When subprime mortgage lenders began to face problems of **insolvency**, investment banks also felt these problems. This created a financial crisis in 2008, when two of the biggest investment banks that traded mortgage-backed securities, Bear Stearns and Lehman Brothers, filed for bankruptcy. This housing crisis has had widespread effects, negatively impacting even those companies at the highest levels of the U.S. financial system.

Unfortunately, the “correction” in the US housing market does not yet seem to be over, as most foreclosures have continued to take place in the subprime mortgage market. Economists predict that there may still be plenty of foreclosures waiting to happen in the coming months in the **prime mortgage markets**.

Debating a Government Bailout

The majority of the action that took place in Congress following the collapse of the housing market and the subsequent recession in the financial sector revolved around proposals use government dollars to bail lending companies out and bring them back to **solvency**. A similar situation occurred following the recession in 1989, when the US government bailed out the savings and loan industry in the United States, using hundreds of millions of taxpayer dollars to keep investment banks afloat.

Subprime mortgage—lending at a higher rate than the prime rate to borrowers with worse credit histories, which in the context of the housing crisis; high-risk.

Bankruptcy—legally declared inability of an individual or organization to pay their creditors.

Foreclosure—legal proceeding in which a lender obtains a court-ordered termination of a mortgagor's right of redeeming a property's value when the mortgagor is either unable or unwilling to make their mortgage payments.

Mortgage-backed security—a bond that is financed by home mortgage payments.

Insolvency—the inability of a firm to meet its financial obligations and pay back owed debts.

Prime mortgage market—the rate for Prime Mortgage Loans. Usually made to borrowers with good credit; lower than the rates offered to borrowers with worse credit ratings.

Solvency—the ability of a firm to meet its financial obligations and pay back owed debts.

President Bush Steps In

On August 31, 2007, President Bush and Ben Bernanke announced a limited bailout of the US housing market for homeowners unable to pay their mortgage debts. President Bush wished to alleviate the crisis by “helping people who have good credit but who have not made all of their payments on time because of rising mortgage payments.” In order to accomplish this, he requested a temporary freeze on **introductory rate mortgages** for five years, allowing temporary relief to homeowners as they seek out ways to pay for their mortgages in the long term in a struggling economy. Additionally, the President also worked together with business to form a **HOME NOW alliance** to help struggling homeowners avoid foreclosure; this would help at-risk homeowners meet their mortgage payments and prevent them from defaulting on their loans.

Meanwhile, the Federal Reserve aggressively attacked the problem towards the end of 2007, lowering interest rates by half a percent to 4.75% on September 18th, another quarter of a percent to 4.5% on October 31st, and another quarter of a percent to 4.25% on December 11th. On November 1, 2007, the Federal Reserve injected \$41 billion into the money supply for banks to borrow at a low interest rate, adding another \$40 billion on December 12th. In 2007, and the first few months of 2008 alone, reports estimated that the Federal Reserve had loaned out more than \$260 billion at low interest to companies struggling to stay solvent.

Congressional Action

HR 5140 – The Economic Stimulus Act of 2008

Because the American economy was at high risk, President Bush worked quickly with Congress to pass this bipartisan economic stimulus package, which he signed on February 13, 2008. The bill amounted to more than \$152 billion in temporary tax incentives for businesses to make investments in their companies, and it gave numerous tax rebates to individuals, couples, and families with children. However, at the bill signing ceremony, President Bush noted that further action needed to be taken, including “passing legislation to reform the regulation of **Fannie Mae** and **Freddie Mac**, to modernize the Federal Housing Administration, and to allow state housing agencies to issue tax-free bonds to help homeowners refinance their mortgages.”

Bush Signs \$700 Billion Rescue Package

Because of the housing crisis’ effect on investment banks in the United States, President Bush signed a bill in September 2008 in which the federal government would buy \$700 billion worth of mortgage-backed securities. The injection of funds was meant to provide confidence to credit markets that investment banks could borrow and lend

Introductory rate mortgage—the introductory rate provided to purchasers of adjustable rate mortgages; this rate is usually low but will not remain low for the entire life of the loan as it is just an introductory rate.

HOME NOW alliance—an alliance between the US Department of Housing and Urban Development and approved credit counseling agents and other mortgage market participants that provides free foreclosure prevention assistance to homeowners.

Fannie Mae—the common name for the Federal National Mortgage Association, which is a government-sponsored, stockholder-owned corporation. Its purpose is to purchase and securitize mortgages to make funds available to institutions that lend money to home buyers.

Freddie Mac—the common name for the Federal Home Loan Mortgage Corporation, a government-sponsored enterprise of the US government that is authorized to make loans; it buys mortgages, pools them, and sells them to investors on the open market.

money to each other. President Bush defended the proposal by saying that it was necessary to thaw a frozen credit market so that banks could lend to each other and, in turn, to consumers and small businesses. Those opposed to the legislation argued that the proposal only bailed out corporate executives who had made mistakes with taxpayer dollars.

Focus of the Debate

Conservative View

Many of the more conservative members of Congress believe that a bailout for at-risk homeowners, lenders, or banks is irresponsible, as it would reward those who made bad business decisions at the expense of taxpayers who played by the rules. Republicans like Senator John McCain deride the idea of government intervention to save and reward banks or small borrowers who behaved irresponsibly. Other economically conservative members of Congress have emphasized the need to simply allow market forces to correct the situation in the housing market in order to ensure that the crisis is not extended. Conservatives in Congress who are in favor of government intervention believe that assistance should be based solely on preventing systemic risk that would endanger the entire financial system. This explains why enough Republicans supported the \$50 billion bailout of investment bank Bear Stearns. Even conservatives who are in favor of government intervention believe that assistance must be temporary and focused on honest at-risk homeowners rather than speculators and irresponsible home-buyers.

Indeed, especially in regards to political concerns, Republicans in Congress have less to gain from spending money to solve the foreclosure crisis because **“red” states**, particularly in the South and the Midwest, generally are experiencing fewer foreclosures than in **“blue” states** in the Northeast and in the West. In these latter regions, states like California are experiencing tens of thousands of foreclosures each month.

Liberal View

Citing the Republican Party’s stance on the foreclosure crisis as “out of touch” with the concerns of the working class and the American people, liberals have strongly supported helping companies and individuals emerge from the foreclosure crisis. As House speaker Nancy Pelosi of California noted, “The crisis demands actions, and we are working to protect families who have lost their homes or are in danger of foreclosure.”

Most Democrats are in favor of one or both of two proposals: (1) providing more money to groups that help homeowners renegotiate their loans, and (2) temporarily allowing Fannie Mae and Freddie Mac, the huge government-sponsored mortgage financiers, to hold more mort-

Red state—a state with a tendency toward electing members of the Republican Party.

Blue state—a state with a tendency toward electing members of the Democratic Party.

gages in their own **investment portfolios**. This would effectively give mortgage lenders more money to work with to prevent them from filing for bankruptcy. Several senior Democrats have even considered giving bankruptcy judges the authority to change the terms of a mortgage for borrowers and lenders, creating new traditional **30-year fixed interest mortgages** that will be affordable for both borrowers and lenders in the long run. Supporters of the measure argue that bankruptcy judges are the only people in a position to modify mortgages that have been bundled into complex securities and may be owned by investors anywhere in the world.

Still, other Democrats are in favor of using tax dollars to give homeowners immediate relief in the face of foreclosures. During her campaign for the presidency, Senator Hillary Clinton proposed the creation of a \$30 billion Emergency Housing Fund for states and communities struggling with mounting foreclosures. The Emergency Fund would give governors, mayors, and community organizations the resources they would theoretically need to stem the downward economic spiral that accompanies concentrated foreclosures. Specifically, they would give funds to local and state governments to rehabilitate and put foreclosed properties back into constructive use, expand foreclosure prevention and counseling programs, and support community-level efforts to combat poverty.

Presidential View

Barack Obama's plan for the housing crisis would allow for all homeowners, even those with bad credit, to refinance their loans and create new 30-year fixed mortgages as long as they are able to prove that they have the ability to make new payments. As Obama has noted, "We can extend a hand to people who have been struggling on Main Street." He has also called for a \$10 billion fund for increased counseling for at-risk homeowners as well as for change in bankruptcy laws so that homeowners can also renegotiate their mortgages with lenders. Although economists and experts believe that this plan is useful in the short term, they argue that it does not create a long-term solution that would prevent the housing crisis from occurring again in the future.

Interest Group Perspectives

Heritage Foundation

The Heritage Foundation, a conservative think tank which has often been referred to as the voice of the Republican Party, strongly criticizes proposals that bail out companies and homeowners who have been irresponsible in lending and borrowing funds for mortgages. The Heritage Foundation focuses instead on long-term approaches to fixing the housing market, which it believes comes first from reforming

Investment portfolio—*the strategy of investing in a range of different investment product, which allows the investor to spread out the risk of possible overall loss.*

30-year fixed interest mortgage—*mortgages with an interest rate that will not change for the next 30 years.*

Freddie Mac and Fannie Mae, two government-sponsored, yet publicly-owned, companies that were created in the 1930s to help increase home ownership by expanding the flow of money into the housing market. The Heritage Foundation points to the \$5 trillion in liabilities from mortgage-backed securities and other debt in “Freddie and Fannie” as the core problem of the housing crisis as the two companies were given approval in 1995 to buy subprime securities that included risky loans to low income borrowers. Since then, the two companies have accounted for up to 44% of the subprime market, funding subprime mortgage lenders. The Heritage Foundation believes that cutting government funding into these companies will prevent further irresponsible borrowing and lending of funds for mortgages in the future and will inject confidence into the marketplace.

Citizens Against Government Waste (CAGW)

The Citizens Against Government Waste, an organization devoted to limiting the size of the federal budget by lowering taxes and cutting spending, is strongly opposed to any government bailouts or intervention in the housing crisis which would spend taxpayer dollars. In April 2008, when the Senate was considering S.236, *The Foreclosure Prevention Act of 2008*, CAGW opposed the legislation, which would have allocated \$4 billion for **Community Development Block Grants** to purchase and rehabilitate foreclosed properties. CAGW argued, “The market situation should be allowed to play out in order not to create a moral hazard. Ultimately this bill will do more harm than good to taxpayers and for home buyers and sellers, now and far into the future.” CAGW believes that the housing market has reached its low point, does not expect the crisis to worsen, and views government intervention as both unnecessary and wasteful.

Community Development Block Grant—a program funded by the US Department of Housing and Urban Development that provides resources for affordable housing, infrastructure improvements, and anti-poverty programs.

Cato Institute

The Cato Institute, a think tank centered on the principles of free markets, strongly argues that the decline in the housing industry is a natural part of the business cycle, as all industries which inevitably go through periods of growth and decline. In a recent article titled “The Housing Crisis: Maybe We Should Do Nothing,” the Cato Institute argues that, although there may have been some mistakes on the part of mortgage lenders, the majority of these mistakes were made in the subprime mortgage market, which represents over 70% of foreclosing properties. They argue that the primary mistake, however, was that monthly payments were not high enough to cover for the risk in lending money to borrowers.

Furthermore, Cato points to government intervention as a solution which may just prolong the situation further, similar to the ways the Japanese government tried to rehabilitate its struggling economy in the

1990s, only to lead to a decade of economic stagnation. Indeed, Cato supports a policy of laissez-faire economics, expecting that investors will pull out of the housing market and begin to fund investments in alternative forms of energy and conservation. Cato believes that if the US offers intervention, the incentives of investors will only become skewed, preventing the “invisible hand” of economics from bringing the United States economy back into a state of recovery.

Possible Solutions

When thinking about the possible solutions to address the crisis in the housing market, it is important to both consider short-term and long-term policies. Some proposals offer short-term relief to borrowers, lenders, and underwriters, while other proposals involve long-term regulatory changes which are intended to prevent another housing crisis in the future.

Do Nothing

One possible solution to the current housing crisis is to recognize that the housing market is simply going through a period of decline that will eventually stop and lead to a period of economic recovery. Proponents of inaction believe that any intervention that the government takes may only prolong the crisis, as investors may remain in a dying industry longer than they should. Those who support this plan argue that homeowners must be allowed to default on their loans and that the economy should recover on its own over time.

Fund Homeowners and Lenders

The opposite of the above proposition is the plan to allocate federal funds for homeowners who are at-risk for defaulting and/or for lenders who find themselves in tremendous debt as a result of the many foreclosures that have hit the market. However, supporting this issue requires deciphering who should be funded and who should be denied a taxpayer-funded bailout. While some believe that homeowners who had no business purchasing homes in the booming housing market after the turn of the century should receive these funds, others prefer to fund homeowners who can make their monthly payments and stay in their homes with some governmental assistance.

Change Bankruptcy Laws

In order to allow loans to be refinanced, many politicians believe that the best way to fix the situation, both in the short-term and in the long-term, is to change bankruptcy laws to allow for mortgage refinancing midway through the mortgage, whether initiated by homeowners or judges. Most of the foreclosures which have occurred in the US have

“Invisible hand”—a metaphor coined by the economist Adam Smith which explains how the free market can maximize the good of an individual pursuing her own self interests as well as the good of the community as a whole.

been through mortgage payments which have suddenly become too high too quickly after the initial “teaser” rates. Allowing for refinancing negotiations to occur would potentially allow for transforming unaffordable mortgage payments into traditional 30-year fixed rate mortgages, which would keep more homeowners with their properties.

Additionally, many politicians further believe that the long-term solution to the problem is to outlaw these innovative mortgage solutions altogether, essentially forcing all new home-owners to use 30-year fixed rate mortgages. This would also keep unqualified first-time buyers out of the market. Such a solution would have an impact on the incentives of home-buyers and speculators and would change the US housing market drastically.

Reforming Freddie and Fannie

Still another solution, which many politicians have supported, is reforming the two largest funders of mortgage lenders, Freddie Mac and Fannie Mae, the government-sponsored companies that provide funds to mortgage lenders who focus on allowing first-time homebuyers to purchase houses and property. Many in Congress believe that funds to these two companies should be cut so that fewer first-time buyers, who are usually at higher risk of defaulting, receive loans on their first homes. Others believe that a necessary short-term solution to the housing crisis actually involves doing the opposite: extending the funds of Fannie Mae and Freddie Mac so that homeowners can re-enter the market and begin to purchase the many properties which are for sale in the country.

Other Solutions

An important point to consider in the housing debate is that there are still many solutions which have yet to be developed. A few of the many solutions that are currently being considered by Congress include: tax incentives and rebates for home construction developers and buyers of foreclosed homes, Federal Housing Administration reform, funds for home rehabilitation, government-sponsored counseling for at-risk homeowners, creation of new low-income housing, and subsidies to other members of the housing industry.

Questions for Policymakers

Because this topic deals both with a short-term crisis and the need for a long-term solution, successful bills will have a number of important questions to answer. In the short run, should the government step in and bail out homeowners, lenders, or banks? If so, who should be bailed out? In the long run, how will another crisis be **averted**? Do regulations and rules regarding mortgages need to be changed? If the

Avert—to avoid.

legislation calls for additional funding, where will the money come from? Given the extraordinary amount of money needed for potential bailouts, the funding question is vital to address in the bill. What will be the implications of any bill on the housing market and the rest of the United States economy?

Conclusion

The United States economy has been dramatically affected by the financial crisis that foreclosures and the failure of the mortgage industry have created, and Congress has the difficult, yet immensely important, task of determining how to best assist homeowners, lenders, and banks. Now that Congress has finally recognized the severity of the situation, the time has come to act. Some members of Congress believe that the job of the government is to leave the situation alone, whereas others argue that the US government must intervene in the crisis and help middle-class Americans. Still others believe that long-term solutions are necessary to ensure that another crisis like this one will never occur again.

Guide to Further Research

The housing crisis is a confusing and complex topic. As such, you may want to do your own background research on the topic to help you understand why the market bubble burst in 2007. Through perseverance in your research, it is possible to make yourself more informed on this economic crisis. Below are a few websites that may help you in your research. Remember that this is only a starting point—newspapers, websites, magazines, and other media sources will also be useful in explaining the housing crisis as well.

- <http://www.youtube.com/watch?v=TeWJZiJGc2s>
This is a video created by Ken Denninger that explains the Housing Crisis. Denninger is an expert on housing and mortgage issues, but keep in mind that there is probably some bias in the video, especially against corporations and executives. Denninger also is strongly opposed to a bailout of the housing industry.
- http://images.businessweek.com/ss/08/01/0131_housing_economics/index_01.htm
Businessweek created an image **montage** of graphs and charts that show the depth of the problem that the housing crisis poses to the US economy. By flipping through the ten images on their

Montage—a composite image made by combining several smaller images.

website, you will have a better idea of where the US housing market has been and where it is going.

- <http://www.fanniemae.com> > and < <http://www.freddiemac.com>
These two companies are the government-sponsored, but privately-owned, corporations that have recently been hit hard because of the loans they offered to lenders who have been defaulting. Clicking on the “About Us” links will give insight into how the housing loan system works in the US and how the relationship among homeowners, lenders, and banks is usually structured.
- <http://news.google.com>
Google News is one great resource for finding recent congressional action and developments for any topic of political interest in the United States. A search of “housing crisis” or “housing bubble” will give all of the stories in United States newspapers which have recently discussed the topic. Pay close attention to the stories that talk about representatives and senators in Congress as well as what the White House may have said regarding this topic.
- <http://www.responsiblelending.org/issues/mortgage/subprime-mortgage-crisis.html>
Responsible Lending is an organization that offers useful information on the different types of mortgages in existence. It also provides a video by Martin Eakes, another expert in the housing market.

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