

protect the savings of every American and will increase confidence in the banking systems both here and abroad.

Mr. Chair, I urge my colleagues to support passage of H.R. 1106.

HELPING FAMILIES SAVE THEIR  
HOMES ACT OF 2009

SPEECH OF

**HON. CAROLYN B. MALONEY**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, February 26, 2009*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1106) to prevent mortgage foreclosure and enhance mortgage credit availability:

Mrs. MALONEY. Mr. Chair, I rise today in strong support of H.R. 1106, the "Helping Families Save Their Homes Act." This legislation is needed now more than ever, and I want to commend Chairman FRANK, Chairman CONYERS, and the Leadership for working together to bring this bill to the Floor.

It is important to remember that behind the economic and housing statistics are real people—the hard-working Americans and their families who are facing difficulties paying their bills every day. H.R. 1106 contains several key provisions to ensure that homeowners will have more options available to them to stay in their homes.

The bill before us would make necessary improvements to the Hope for Homeowners program including reducing current fees that have discouraged lenders from voluntarily participating and offering a \$1,000 incentive payment to servicers for each successful refinancing of existing loans. H.R. 1106 will ensure that predatory lenders, who bear some of the responsibility for today's housing situation, will not be approved as lenders under FHA programs. The legislation also provides a safe harbor from liability to mortgage servicers who engage in certain loan modifications, and it makes permanent an increase, from \$100,000 to \$250,000, in the amount of bank or credit union deposits insured by Federal banks and credit union regulators. H.R. 1106 establishes a 5-year restoration plan for the National Credit Union Administration (NCUA) which is currently required to restore the equity ratio of the Share Insurance Fund within one year.

I think most of us agree that bankruptcy should be the option of last resort. However, for those homeowners facing bankruptcy, H.R. 1106 will allow bankruptcy judges to reduce the principal, extend the repayment period, or authorize the reduction of an exorbitant interest rate to a level that helps make a mortgage more affordable. I am glad that we have been able to make changes to this legislation that will enable homeowners to stay in their homes, while at the same time providing greater certainty to lenders and to the secondary market.

I am hopeful that this bill will help to stem the tide of foreclosures and ensure that our neighborhoods do not experience a cascade of increased vacant lots and decreased property values.

The President has proposed a plan to help make it easier for homeowners, including those who are still in repayment but at risk for

default, to refinance their mortgages at around the current market rate, or modify their loans. H.R. 1106 is an important step in moving forward with that plan. We must act now. The American people deserve no less than our full commitment to helping them through these troubled times.

I urge my colleagues to support this legislation.

HELPING FAMILIES SAVE THEIR  
HOMES ACT OF 2009

SPEECH OF

**HON. RUSH D. HOLT**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Thursday, February 26, 2009*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1106) to prevent mortgage foreclosures and enhance mortgage credit availability:

Mr. HOLT. Mr. Chair, I rise today in support of the Helping Families Save Their Homes Act of 2009 (H.R. 1106), and to commend Chairman FRANK, Chairman CONYERS, and the Financial Services and Judiciary Committees for their leadership and hard work on this measure. I urge my colleagues to support it.

No doubt, the experience of my colleagues is the same as when the economy spiraled out of control last year, my constituents did not call me and write me and come to my Town Hall meetings saying "please give my hard-earned taxpayer dollars to Wall Street. Wall Street is really hurting, and I want to do my part to help." No, they came to me saying "I am in trouble. I played by the rules. I did everything right, but my life is falling apart, and my home is about to be taken away. Please help me." We responded a few weeks ago by enacting the American Recovery and Reinvestment Act to help stimulate the economy and get people back to work while providing for the essential services people need to get by. Today, we are taking another very important step by responding to the foreclosure crisis that is at the root of the recession.

The foreclosure crisis is a vicious cycle. Due to plummeting home values in recent years, an estimated 14 million homeowners owe more on their homes than their homes are worth; their mortgages are "under water". For a variety of reasons, including predatory lending abuses, exploding adjustable rate mortgage payments, and increasing job losses, homeowners all over the country have tried to refinance their mortgages into lower rates just to make ends meet. But the decreased values of their homes made that impossible. Unable to afford their current mortgage payments, unable to refinance them, and unable to sell the homes due to the depressed housing market, many face foreclosure. According to the trade research organization RealtyTrac, lenders made foreclosure filings on 2.3 million properties last year alone. Each foreclosed home reduces nearby property values by as much as 9 percent, sending those surrounding homes down the path towards being under water. And the cycle continues. Congress must act, must act now, and must act with force and determination.

The Helping Families Save Their Homes Act attacks the foreclosure crisis aggressively, and

approaches the problem from many angles at once, but is measured in its application. The bill would help millions of homeowners stay in their homes, by including incentives to encourage lenders to negotiate affordable mortgages for homeowners whose mortgages are under water, who are at risk of foreclosure, and who are facing bankruptcy. For example, it would modify the Hope for Homeowners program by reducing the fees that discouraged lenders from voluntarily participating in that program last year, and by providing for a \$1,000 incentive payment to servicers for each successful refinancing of an existing loan.

The bill also provides special protections for veterans, by allowing the Department of Veterans Affairs, the Federal Housing Administration (FHA), and U.S. Department of Agriculture to guarantee and/or insure mortgage loans that have been administratively or judicially modified. Therefore the bill would provide additional financial incentives for lenders to voluntarily modify mortgage loans instead of foreclosing. The bill also would expand the FHA's mortgage loan modification abilities by allowing a reduction of interest payments of up to 30 percent of the outstanding loan balance.

Most importantly, the bill would pay for adjustments to existing programs by tapping into \$2.316 billion in already-authorized funding under the Troubled Assets Relief Program enacted last year. Therefore, to be clear—this is not a "new bailout." This bill gives back to taxpayers more than 2 billion taxpayer dollars that previously had been allocated to Wall Street by previously-enacted legislation.

In addition to incentivizing lenders to modify mortgages to keep families in their homes, the bill would give homeowners an important new tool to fend for themselves: judicial modification of primary home loans. By allowing bankruptcy judges to modify the terms of the home mortgages at the core of the economic crisis—the mortgages already issued prior to enactment of this bill under terms, conditions and circumstances that forced so many of them into foreclosure or the brink of failure—we help our constituents remain in their homes under revised payment plans they can afford. This important protection also does not cost taxpayers anything, but it could reduce foreclosures by 20 percent.

The mere fact that homeowners have judicial modification of primary home mortgages available as an option, which is already available for vacation home loans and other consumer loans, will further encourage lenders to modify mortgages before borrowers file for bankruptcy. In addition, as it would be further fine-tuned by the Conyers amendment, the bill would apply a "good faith" test to deny bankruptcy modification relief to individuals who can afford to repay their mortgages without it, and extend the negotiation period requiring the debtor to certify that he or she contacted the lender and sought to reach agreement on a qualified loan modification. As perfected, the amendment would also allow a court to consider, in lieu of reducing principal in a modification, reducing the interest rate to lower the borrower's monthly payment; enhance the "good faith" test restricting the use of judicial modification to reduce principal by requiring courts to determine whether a lender offered to modify the loan and whether the debtor could afford the offered modification; and increase the proportion of appreciation on a home that a lender could recoup in a sale

within five years after the modification. The bill already includes a provision protecting mortgage servicers from lawsuits by investors who may be unhappy with the mortgage modifications.

Some have expressed the concern that this bankruptcy option will increase the cost of borrowing for other homeowners. Compared to the alternative of foreclosure, however, judicial modification should maximize, rather than decrease, the value of troubled mortgages for the lender. According to economist Mark Zandi, “[g]iven that the total cost of foreclosure to lenders is much greater than that associated with a Chapter 13 bankruptcy, there is no reason to believe that the cost of mortgage credit across all mortgage loan products should rise.” In addition, because the bankruptcy modification right only applies to mortgages issued before enactment of the bill, home mortgages issued in the future will be viewed as more stable, reliable and predictable than loans that can be modified in bankruptcy, and capital should again in the future readily flow to the home mortgage industry as it did in the past.

The bill also recognizes that unchecked predatory lending activity was one of the root causes of the crisis we face today and attacks that problem directly in several ways. For example, it requires the Department of Housing and Urban Development (HUD) to approve all parties participating in the FHA single family mortgage origination process, allows HUD to impose a civil money penalty against loan originators which are not HUD-approved but participate in FHA mortgage originations, and establishes other rigorous conditions on eligibility for would-be participants in the program.

Finally, it makes permanent an increase, from \$100,000 to \$250,000, in the amount of bank or credit union deposits insured by Federal banks and credit union regulators, and increases these regulators’ authority to obtain additional liquidity from the US Treasury. It is an aggressive and comprehensive, but thoughtful and measured bill. It puts taxpayers first, and most of it costs nothing or is already paid for by taking taxpayer funds that had been allocated to Wall Street and returning them to Main Street. I urge my colleagues to support it.

HELPING FAMILIES SAVE THEIR  
HOMES ACT OF 2009

SPEECH OF

**HON. CHRIS VAN HOLLEN**

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Thursday, February 26, 2009*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1106) to prevent mortgage foreclosures and enhance mortgage credit availability:

Mr. VAN HOLLEN. Mr. Chair, I rise today in support of the Helping Families Save Their Homes Act.

This important bill will help more Americans stay in their homes by addressing a major flaw in the Hope for Homeowners Program and by extending to single residence homeowners an option currently only available to owners of second and third homes.

The Hope for Homeowners program was established in October of last year by the

Bush Administration to help more Americans refinance. The Congressional Budget Office projected the program would let 400,000 troubled homeowners swap risky loans for conventional 30-year fixed rate loans with lower rates.

But, because of flaws in the program, and despite the tremendous resources the government is making available to banks, none of the major mortgage lenders have been willing to make the new mortgages required to refinance distressed properties. To date, only 25 loans have been renegotiated nationwide.

So we gather here today to make the changes necessary so that more homeowners can take advantage of this important program.

The bill makes two important changes: It reduces the fees and administrative burdens to loan underwriters by making the requirements associated with refinances more consistent with standard FHA practices. Also, the bill permits the Hope for Homeowners Program to pay lenders up to \$1,000 to refinance each mortgage, and provides a safe harbor from liability to mortgage servicers who engage in loan modifications, workouts or other loss mitigation.

To pay for these important changes, the bill is offset by a \$2.316 billion reduction in the \$700 billion Troubled Asset Relief Program.

For those homeowners facing bankruptcy, the bill permits judges to reduce the principal, interest rates, and fees owed on mortgages for primary residences. This is the same option already available for owners of yachts and vacation homes. The measure allows courts to reduce the principal on such mortgages to the current market value of the home, from the higher amount specified in the original mortgage. This provision should encourage banks to work with homeowners upfront and to exhaust every option so as to avoid having to settle the issue before a judge.

I encourage my colleagues to join me in support of the Helping Families Save Their Homes Act. By helping struggling homeowners, we are helping reduce the number of foreclosed homes in our communities which should help stabilize home prices and strengthen our economy.

INCREASED STUDENT ACHIEVEMENT THROUGH INCREASED STUDENT SUPPORT ACT

**HON. EDOLPHUS TOWNS**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 5, 2009*

Mr. TOWNS. Madam Speaker, I rise in support of the “Increased Student Achievement through Increased Student Support Act,” which Congresswoman LINDA SÁNCHEZ, Congressman POLIS and I proudly reintroduced today. This bill will increase the number and availability of school counselors, school social workers, and school psychologists in qualified urban and rural low-income districts.

More and more we are finding that schools in underserved communities suffer disproportionately from a lack of support services, with many schools sharing only one social worker, school psychologist, or school counselor with neighboring schools. With this poor ratio of personnel to students, it is difficult to effectively and adequately address the needs of

students, leaving the important job of monitoring the child’s emotional and mental wellbeing to the teacher. When teachers are left to address these issues on their own, they have less time to deliver quality instruction and raise student achievement. It is not surprising then, that low-income schools experience high teacher turnover and frequent complaints of inadequate support. In fact, in our urban, public schools in 2003–04, 30.2 percent of teachers reported student acts of disrespect for teachers on at least a weekly basis and 18.5 percent reported student verbal abuse of teachers on at least a weekly basis.

To address these social and behavior issues, students require the attention of school counselors, school social workers and school psychologists.

For these reasons, along with Congresswoman LINDA SÁNCHEZ and Congressman JARED POLIS, I am reintroducing the Increased Student Achievement through Increased Student Support Act. This legislation will create funding to form partnerships between higher education institutions that train school counselors, school social workers and school psychologists and qualified low-income schools, placing these student support professionals where they are needed most.

I urge my colleagues to support the “Increased Student Achievement through Increased Student Support Act” to ensure quality education for our children nationwide.

HELPING FAMILIES SAVE THEIR  
HOMES ACT OF 2009

SPEECH OF

**HON. PATRICK J. KENNEDY**

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

*Thursday, February 26, 2009*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1106) to prevent mortgage foreclosures and enhance mortgage credit availability:

Mr. KENNEDY. Mr. Chair, I rise in support of the Helping Families Save Their Homes Act and in support of President Obama’s Homeowner Affordability and Stability Plan.

We simply cannot overstate the effect that the housing crisis has had on our economy. Foreclosures continue to decimate both our financial system and the neighborhoods that we call home. In Rhode Island, we are suffering from the highest foreclosure rate in New England and housing prices have dropped 25 percent in the last year.

President Obama’s plan is a welcome recognition that we cannot begin to resolve our economic crisis without first stemming the tide of foreclosures. Under his leadership, the Homeowner Affordability and Stability Plan will help up to 7 to 9 million American families restructure their mortgages to avoid foreclosure. This plan will help responsible homeowners in danger as well as our neighbors, our banks and our local economies. For example, this initiative will save the average homeowner from price declines of as much as \$6,000 in the value of their home.

It is long past time for a President who recognizes that bold action is needed to curb the foreclosure crisis. Bankruptcy judges must be given the power to adjust mortgages on primary residences. The language in the bill we