

June 4, 2009

I rise today in support of the Helping Families Save Their Homes Act of 2009 (S. 896), companion legislation to similar legislation we approved in the House in March to combat the foreclosure crisis. I commend Senator Dodd and the Members of the Senate Committee on Financial Services for their leadership in crafting and fine-tuning this legislation, and I urge my colleagues to support it.

According to a leading foreclosure research organization, mortgage foreclosure activity increased by 24 percent during the first quarter of 2009, compared to the first quarter 2008. One in every 159 housing units in the United States received a foreclosure notice during the first quarter of this year. In addition, foreclosures in March increased by 17 percent from February, and by 46 percent compared to March 2008. We must act now, and we must act decisively and comprehensively, to stem this crisis. The Helping Families Save Their Homes Act attacks the foreclosure crisis aggressively and approaches the problem from several angles at the same time, but is measured in its application.

The bill amends the HOPE for Homeowners Program, to provide greater incentives for mortgage servicers to modify mortgages under the Program, to reduce administrative burdens to loan underwriters, and to permit payments to loan servicers and underwriters for each successful refinancing. It would also re-instate the authority of the Department of Housing and Urban Development (HUD) to conduct an auction to refinance loans on a wholesale or bulk

basis. These modifications use funding already authorized under the Emergency Economic Stabilization Act enacted in October 2008.

The bill also contains provisions to ensure better that predatory lenders are not allowed to participate in the FHA home mortgage insurance program. At the same time, it protects helpful mortgage lenders and servicers, who might otherwise be subject to litigation for changing the terms of a mortgage after closing. The bill provides a safe harbor from liability to mortgage servicers issuers, trustees, loan sellers, depositors, and others who participate in loan modifications, to the extent they were required to assist and the modification complied with the Hope for Homeowners program or was otherwise consistent with the Administration's foreclosure mitigation programs.

Importantly, the bill will also extend through 2013 the temporary increase to \$250,000 in deposit insurance coverage for both the Federal Deposit Insurance Corporation (FDIC)-insured deposits and National Credit Union Administration (NCUA)-insured deposits, which is currently scheduled to expire in December 2009. It also permanently increases the FDIC's borrowing authority to \$100 billion (with an increase until the end of 2010 to \$300 billion), and increases the NCUA's borrowing authority to \$6 billion (with a temporary increase to \$30 billion).

And the bill includes the first major reauthorization of funding under the McKinney-Vento Homeless Assistance Act. I was pleased to support \$100 million for McKinney-Vento under the American Recovery and Reinvestment Act enacted into law earlier this year. This important collaborative program between the public and private sectors has disbursed more than \$2 billion in funding to provide shelter, food and support services for homeless and hungry individuals nationwide in just over 20 years of existence, and this bill will authorize that amount for Fiscal Year 2010 alone. I will work with my colleagues to make sure we fully fund this authorized level of funding, to assisting America's neediest and most vulnerable citizens.

This bill takes many important and decisive steps to help mitigate the foreclosure crisis and ease the suffering of our Nation's homeless and hungry, and I urge my colleagues to support it.