

Rep. Doris Matsui and Senator Bob Menendez Reintroduce Legislation to Provide a Timeout on Housing Foreclosures Will Provide Immediate Relief to Struggling Homeowners

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Washington, D.C. - Today, Rep. Doris Matsui (CA-05) and Senator Bob Menendez (D-NJ) reintroduced bicameral legislation that would defer foreclosure activity for up to nine months for certain responsible homeowners who are struggling with their home loans. The Home Retention and Economic Stabilization Act would apply to homeowners making less than a certain income who are stuck in costly home loans, such as sub-prime or payment option arm mortgages, and would require them to continue to make mortgage payments and remain responsible during their deferment period.

"Over the last year, I have met with many Sacramento area families who are struggling with their mortgages in today's volatile economy. I believe that we must preserve the American dream of homeownership, and help hard-working Americans to weather these uncertain economic times," said Rep. Matsui.

Sacramento ranks amongst the top cities in the nation in the amount of foreclosures happening everyday. Nationally, an estimated 8.1 million homeowners will reach foreclosure in the next four years, according to Credit Suisse. This equates to one in six mortgages in the United States going into foreclosure proceedings.

"With the new wave of home foreclosures expected and unemployment rising, this is timely and necessary legislation to provide responsible relief to homeowners who are struggling with bad home loans." Rep. Matsui continued, "We need to bring immediate and responsible relief to both homeowners and lenders. Homeowners need to be reassured that they will be able to stay in their homes for years to come. We must calm the turbulent waters of the economic crisis, while giving financial institutions confidence in offering lending services in the future."

"Sacramento has been particularly hard-hit by the housing crisis. My intention is to find responsible relief for homeowners and viable solutions to their financial challenges. I will continue to work to find solutions to help Americans handle the housing crisis. By addressing the housing crisis with these solutions now, we can ensure a better, more stable America in the future," concluded Rep. Matsui.

"A timeout on foreclosures is a necessary, common-sense stop-gap measure that will give lawmakers, regulators and homeowners some breathing space while everyone works to craft a fair, sensible and lasting solution to the foreclosure crisis at the heart of the economic meltdown."

--Center for Responsible Lending president Michael Calhoun

"NeighborWorks Sacramento commends Representative Matsui and Senator Menendez for reintroducing the Home Retention and Economic Stabilization Act. This will offer a meaningful timeout on foreclosures for thousands of families in the Sacramento Region. It is timely, since so many Sacramento-area families continue to suffer from record levels of mortgage foreclosures. As Congress works to stem the rise in foreclosures, this action will help to stabilize neighborhoods in Sacramento and throughout our country."

--Pam Canada, CEO, NeighborWorks HomeOwnership Center, Sacramento

Legislation Information

The Home Retention and Economic Stabilization Act will call for a temporary "timeout" and provide stability to prevent more hardworking Americans from falling into foreclosure activities. Specifically, this bill would give responsible primary residents, who fall within a specific income cap, the right to defer foreclosure activity for up to nine months on their principal mortgage. During the deferment period, eligible homeowners would be required to continue making market rate monthly payments, maintain their property, and work with their lender or servicer to reach a new affordable loan modification.

This bill would also require the mortgage holder/servicer to provide a detailed notification letter to homeowners 120 days prior to any adjustment to their mortgage. The notification would include, among other items, a good faith estimate of the amount of the monthly payment that will apply after mortgage reset and a list of alternatives consumers may pursue.

Lastly, this proposal would authorize \$200 million housing counseling assistance. The funding will go through the Neighborhood Reinvestment Corporation to be allocated to states and areas impacted the most by foreclosures.

The Home Retention and Economic Stabilization Act enjoys wide support, including from:

The Center for Responsible Lending, AARP, National NeighborWorks Association, Consumer Federation of America, American Federation of Government Employees, AFL-CIO, AFSCME, American Federation of Teachers (AFT), IBEW, UAW, Communications Workers of America (CWA), National Education Association (NEA), SEIU, United Steelworkers, Brotherhood of Railroad Signalmen, Leadership Conference on Civil Rights, National Council of La Raza, NAACP, Black Leadership Forum, National Fair Housing Alliance, Jewish Labor Committee, Jewish Council for Public Affairs, Asian American Justice Center, Community Action Partnership, and National Rural Housing Coalition.

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