

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