



Leadership Conference on Civil Rights

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Asian American Justice Center

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Wade J. Henderson

Honorable Richard Durbin
United States Senate
309 Hart Senate Office Bldg.
Washington, DC 20510

Dear Senator Durbin:

We, the undersigned organizations, write to reiterate our support for legislation that would allow for court-supervised mortgage modification as a way to help families stay in their homes and avoid foreclosure. We greatly appreciate your continuing commitment to finding solutions to this growing national crisis.

Home foreclosures today are at an all-time high, and are projected to go higher. The impact of the record number of foreclosures is felt not only by individual families, but by neighborhoods, communities, and indeed, the economy as a whole. As enormous as the losses to date have been, projections of what lies ahead are more devastating still. According to industry projections, and taking into account subprime, "Alt-A," and prime mortgages, the number of homes predicted to be lost to foreclosure will reach 6.5 million – that's one in eight homes with an outstanding mortgage – over the next five years.

Ever since the mortgage foreclosure crisis erupted into the public eye last year, our organizations have advocated Chapter 13 judicial modification relief as an effective approach to stemming the foreclosure crisis – and one with **no cost to U.S. taxpayers**. We are fully aware that the financial services industry has opposed giving homeowners this option, arguing that it would make loans more expensive and cause instability in the marketplace. While we take such concerns seriously, our economic recovery depends upon stabilizing the housing sector, and this requires urgent measures to stop the flood of foreclosures. Reckless lending by many of these same institutions is part of the problem that judicial modification is needed to help solve.

The very clear lesson of the last 18 months is that the foreclosure crisis will not be resolved through voluntary efforts on the part of the financial services industry alone. Courts must be empowered to implement economically rational loan modifications where the parties are unwilling or unable to do so on their own. Loan modifications through the bankruptcy courts can help accomplish this on a sufficient scale and timeframe to have a meaningful impact. Moreover, the mere availability of bankruptcy relief may encourage mortgage servicers to step up their voluntary modification efforts, thus keeping the homeowner from needing to file for bankruptcy.

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Hubert H. Humphrey Civil Rights Award Dinner • May 7, 2009



Congress should lift the ban on judicial modification of primary residence mortgages, as part of the solution to stemming the tide of avoidable foreclosures and stabilizing the housing market and the broader economy. The need is urgent. The time for action is now.

Thank you for your consideration. If you have any questions, please contact Rob Randhava of the Leadership Conference on Civil Rights at (202) 466-6058 or Maureen Thompson at (703) 276-3251.

Sincerely,

Leadership Conference on Civil Rights
AFL-CIO
Association of Community Organizations for Reform Now
Center for Responsible Lending
Central Illinois Organizing Project
Consumer Action
Consumer Federation of America
Consumers Union
Lawyers' Committee for Civil Rights Under Law
Leadership Conference on Civil Rights
NAACP
National Association of Consumer Advocates
National Association of Consumer Bankruptcy Attorneys
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low income clients)
National Fair Housing Alliance
Opportunity Finance Network
Service Employees International Union
U.S. PIRG

cc: Senator Patrick Leahy, Chairman, Judiciary Committee
Senator Arlen Specter, Ranking Member, Judiciary Committee
Members, Senate Judiciary Committee