

NATIONAL
CONSUMER LAW
CENTER INC



1001 Connecticut Avenue, NW,
Suite 510
Washington, DC 20036
Tel. (202) 452-6252
Fax (202)463-9462
consumerlaw@nclc.org
<http://www.consumerlaw.org>

May 20, 2008

The Honorable Doris Matsui
U.S. House of Representatives
Washington, DC 20515

Dear Representative Matsui:

As the nation faces the greatest foreclosure crisis since the Great Depression and over one in 500 households face the loss of their home, the National Consumer Law Center, on behalf of its low-income clients, appreciates your leadership in introducing H.R. 6076, the “Home Retention and Economic Stabilization Act of 2008.”

Voluntary workouts from mortgage servicers are not keeping pace with the crisis. Short-term repayment plans far outnumber loan modifications. Less than 5% of borrowers with outstanding subprime ARMs resetting during a recent period received loan modifications lasting five or more years.

H.R. 6076 will provide a 9-month cushion during which homeowners facing unaffordable mortgages can avoid foreclosure and seek more permanent solutions to their situations. During this period, homeowners would make reasonable payments on their mortgages while seeking permanent loan modifications or refinancings in order to save their homes. This time-out also would provide an opportunity for policymakers to pursue more permanent solutions to the foreclosure crisis.

H.R. 6076 would target the homeowners most in need by applying to: loans that are subprime or contain negative amortization; homeowners with income below 200 percent of area median income and for whom the property is a principal residence; homeowners who continue to make reasonable monthly payments during the freeze period. It also encourages long-term, affordable loan modifications by exempting from the program homeowners who have received such modifications. Importantly, it also allows states to provide additional foreclosure protections to their residents.

Thank you for your support for families facing foreclosure. If you have any questions, please do not hesitate to contact me at (202) 452-6252 x 102 or at acohen@nclcdc.org.

Sincerely,

Alys Cohen
Staff Attorney