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URGENT ACTION ALERT

DATE: April 29, 2009
TO: Concerned Parties
FROM: Hilary O. Shelton, Director, Washington Bureau

NAACP-Supported Homeowner Mortgage Rescue Restructuring Bill Scheduled for Vote Tomorrow by U.S. Senate

JUDICIAL SUPERVISION RESTRUCTURING OPTION COULD SAVE MILLIONS OF HOMES

THE ISSUE:

In the United States today one home is foreclosed upon every thirteen seconds. Home foreclosures have hit the African American community especially hard: for decades predatory, sub-prime loans (which have led to many of the foreclosures) were targeted at African Americans and other racial and ethnic minorities. In 2006 and 2007, at least half of all the home loans sold to African-Americans and at least 40% of all the home loans that Latinos received were subprime. These disparities occurred even when people of color had similar qualifications to white applicants. It has been reported that communities of color will lose an estimated \$213 billion of wealth as the result of foreclosures due to abusive subprime lending. For this reason predatory lending and home foreclosures have been and continue to be a major civil rights issue in America today.

We clearly need a multi-pronged approach to solving our Nation's foreclosure crisis and getting many of these homeowners into sustainable, long-term mortgages that accurately reflect the true market price of the home. One way to do this, at no cost to U.S. taxpayers, is to enact a minor reform of our nation's bankruptcy laws. Currently, if an individual files for bankruptcy, a judge cannot require a financial institution which is foreclosing on that person's home to renegotiate the loan to attempt to make it more reasonable and sustainable so that the person, and their family, can stay in their home. The subprime lenders who created this foreclosure crisis are able to seek relief through bankruptcy as well as investors, but homeowners trying to save their primary residence cannot.

Senator Richard Durbin (IL), who has been a long-time champion addressing this issue, is scheduled to offer an amendment on Thursday, April 30 to allow judges to require loan modifications. His proposal would help close the loophole and allow impartial judges to require lenders to enter into loan modification negotiations with a person facing bankruptcy. Court supervised loan modifications are a major solution to help families avoid foreclosure while still paying a market-rate mortgage for their home. It is estimated that if enacted this legislation could reduce coming foreclosures by 20% -- amounting to 1.8 million homes at no additional cost to taxpayers or investors.

Many foreclosures today could be avoided, although this is not happening because we are currently relying on lenders to voluntarily enter into modification negotiations. As a result, only 3.5 percent of delinquent subprime loans received modifications in August 2008 – and in many cases, these “modifications” actually *increased* the borrower's monthly payments. Clearly, current voluntary efforts to avoid foreclosures are insufficient, and we need to give judges who are dealing with homeowners facing foreclosure more power.

Many of the impending foreclosures are unnecessary because the homeowner could afford to pay a market rate mortgage, for the full current value of the house – an outcome that is far preferable to foreclosure for homeowner and mortgage lender alike. All the lender would have to do is to modify the loan to make it economically rational, and sustainable. The Durbin amendment would result in more mortgage modifications and fewer foreclosures, and could be a key tool in stemming the foreclosure crisis.

[More...](#)

THE ACTION WE NEED YOU TO TAKE:

Contact ***both*** your Senators and **urge them TO SUPPORT THE DURBIN AMENDMENT ALLOWING BANKRUPTCY JUDGES TO REQUIRE LOAN MODIFICATIONS FOR FAMILIES FACING FORECLOSURE.** To contact your Senators, you may:

✓ **Make a Phone Call:**

Call your Senators in Washington by dialing the Capitol Switchboard and asking to be transferred to their offices. The switchboard phone number is **(202) 224-3121** (see message section, below).

Write a Letter

To write a letter to your Senators, send them to:

The Honorable (name of Senator)

United States Senate

Washington, D.C. 20510

**A SAMPLE
LETTER IS
ATTACHED**

No time
to mail a
letter!
Call, fax
or e-mail
today!

✓ **Send a Fax**

If you would like to send a fax, call your Senators' offices (through the Capitol switchboard) and ask for their fax numbers (you can use either the attached sample letter or the message box, below).

✓ **Send an E-Mail**

To send an e-mail to your Senators, go to www.senate.gov; click on "*Find Your Senators*". Look up your Senators by state; go to their web sites for e-mail addresses.

Remember to contact BOTH your Senators!!!!

THE MESSAGE

- In the United States today one home is foreclosed upon every thirteen seconds. Because for decades predatory, sub-prime loans (which have led to many of the foreclosures) were targeted at African Americans and other racial and ethnic minorities, predatory lending and home foreclosures have been and continue to be a major civil rights issue in America today.
- We clearly need a multi-pronged approach to solving our Nation's foreclosure crisis and getting many of these homeowners into sustainable, long-term mortgages that accurately reflect the true market price of the home.
- One way to help homeowners, at no cost to U.S. taxpayers, is to enact a minor reform of our nation's bankruptcy laws and allow impartial judges to require lenders to enter into court supervised loan modification negotiations with homeowners. Court supervised loan modifications are a major solution to help families avoid foreclosure while still paying a market-rate mortgage for their home.
- It is estimated that if enacted this legislation could reduce coming foreclosures by 20% -- amounting to 1.8 million homes at no additional cost to taxpayers or investors.

THANK YOU FOR YOUR ATTENTION TO THIS IMPORTANT MATTER!!!
If you have any questions, call Hilary Shelton at the Washington Bureau at (202) 463-2940.

MEMBERSHIP IS POWER! JOIN THE NAACP TODAY.

To become an NAACP member or to sign up for e-mail legislative and press updates, visit www.naacp.org

Sample Letter

(date)

The Honorable _____
United States Senate
Washington, D.C. 20510

**RE: STRONG SUPPORT FOR AMENDMENT TO BE OFFERED BY
SENATOR DURBIN (IL) ALLOWING BANKRUPTCY JUDGES TO REQUIRE
LOAN MODIFICATIONS FOR FAMILIES FACING FORECLOSURE**

Dear Senator _____;

As your constituent, I am writing to express my strong support for an amendment to be offered by Senator Durbin (IL) allowing judicial modification of mortgages. I understand this amendment will be coming before you on the Senate floor for a vote tomorrow, and I really hope that you will support it. It is a key step in helping to stem the foreclosure crisis that is currently gripping our nation and threatening to further ruin our economy.

In the United States today one home is foreclosed upon every thirteen seconds. Foreclosures ruin lives, families and communities and this number is much too high. We clearly need a multi-pronged approach to solving our Nation's foreclosure crisis and getting many of these homeowners into sustainable, long-term mortgages that accurately reflect the true market price of the home.

One way to help homeowners, at no cost to U.S. taxpayers, is to enact a minor reform of our nation's bankruptcy laws and allow impartial judges to require lenders to enter into court supervised loan modification negotiations with homeowners. Court supervised loan modifications are a major solution to help families avoid foreclosure while still paying a market-rate mortgage for their home. The Durbin amendment will allow judicial modification of mortgages would allow impartial judges to require lenders to enter into loan modification negotiations with a person facing bankruptcy. Court supervised loan modifications are a major solution to help families avoid foreclosure while still paying a market-rate mortgage for their home. It is estimated that if enacted this legislation could reduce coming foreclosures by 20% -- amounting to 1.8 million homes at no additional cost to taxpayers or investors.

I hope that you agree with me that the Durbin amendment is a necessary step to help homeowners; allowing lenders to voluntarily enter into loan modification negotiations are clearly not working. Please support Senator Durbin when his amendment comes before you on the Senate floor and allow judges to require loan modification negotiations. I look forward to hearing from you in the very near future so you can let me know what you intend to do and what I can do to help abate the foreclosure crisis in America today.

Sincerely,

(sign and print your name and
remember to include your address)