

Washington, DC - This afternoon, the House of Representatives passed the Helping Families Save Their Homes Act of 2009 (HR 1106). The bill would work to stabilize our economy by stemming the flood of home foreclosures that has been sweeping the nation. Congressman Charlie Gonzalez (TX-20), an original co-sponsor of the bill, issued the following statement applauding passage.

“The collapse of our real estate markets helped trigger our economic downturn, and stabilizing those markets is a vital step towards recovery. This bill will allow bankruptcy professionals, experts in the field, to restructure mortgages to keep families in their homes and to protect the majority of the lenders' investment. By establishing reasonable home values, it would also begin the process of revaluing the toxic mortgage-backed securities that are freezing our credit markets. All of this at no cost to the American taxpayer.

“HR 1106 will only help people who are serious about repaying what they owe and have exhausted all other options. It won't help the reckless borrower, but it will help a family that was OK until their son got sick and medical expenses devastated their finances. His neighbors' homes would also be protected from the average 9% loss in neighborhood home values when a house goes into foreclosure.

“Bankruptcy courts already have the authority to handle a CEO's failing multi-million dollar corporation as well as that CEO's vacation homes. It's time for a little justice for the former employees of that same company who are struggling to maintain a home for their families.”

Homeowners must meet several requirements to be eligible for this assistance, including first attempting to restructure with their lender and proving that they are able to pay a restructured mortgage but incapable of paying their existing mortgage. It also contains provisions whereby lenders can recoup or “claw-back” any profits the homeowner might make if property values quickly recovered.

In addition to allowing bankruptcy courts to restructure mortgages on primary residences, a practice proscribed by a 1978 law, the bill also includes provisions to allow lenders to renegotiate securitized mortgages and provides needed fixes to encourage lenders to utilize the Federal Housing Administration's Hope for Homeowners program.

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