

June 10, 2010

The Honorable Christopher Dodd  
The Honorable Barney Frank  
[other conferees]

Re: Preventing foreclosures for the unemployed

**We strongly encourage the Conference Committee to support inclusion of the House passed provision to create a loan program for jobless homeowners in the final version of the Financial Reform bill they are negotiating this month. This provision is in Title VIII, Section 10001 of HR 4371 as passed by the House.**

Unemployment is now the leading cause for delinquency for families facing foreclosure. A recent study by NeighborWorks looking at reasons that people are falling behind on their mortgages found that 58% of delinquent homeowners were behind due to job loss. This has had a particular impact on minority communities who face high rates of joblessness.

Home repossessions climbed to a record high in April (92, 432), up 45% from a year earlier. Nearly 5% of all mortgages were in foreclosure in the first quarter of 2010, also a record, as high unemployment rates and lack of capacity overwhelmed attempts to modify loans by mortgage servicers.

The Obama Administration's foreclosure prevention program, Making Home Affordable, was designed to assist homeowners in costly subprime loans. It has had mixed success dealing with that population. However, the only provision focused on the unemployed guarantees a mere three month's forbearance to those without jobs. This is totally inadequate and offers homeowners little more than is already the practice in the private market.

Long term unemployment is at historic highs in the nation with the average worker out of work for eight months and with 6.7 million or 45% of the jobless classified as long term unemployed. Prime foreclosure rates have risen steadily as a result. Thus, we currently have a foreclosure prevention program which effectively leaves 58% of threatened homeowners (the unemployed) with no useful assistance.

The House bill includes a provision in Title VIII that creates a program to assist unemployed homeowners facing foreclosure. It is funded by \$3 billion in TARP funds already allocated for foreclosure prevention activities. These funds would enable HUD to provide short term bridge loans of up to 24 months to laid off homeowners to give them time to become reemployed.

**We strongly encourage the Conference Committee to support inclusion of this provision for a loan program for jobless homeowners in the final version of**

**the bill that they are negotiating this month.** This provision could help many hundreds of thousands of homeowners prevent needless foreclosures due to temporary unemployment and fill a major gap in current foreclosure prevention efforts.

American Federation of Labor-Congress of Industrial Organizations, AFL-CIO  
Americans for Financial Reform  
Campaign for Community Change  
Center for Responsible Lending  
Consumer Action  
Consumer Federation of America  
International Union, United Automobile, Aerospace & Agricultural Implement Workers of America, UAW  
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 Council of La Raza  
National Employment Law Project  
National Fair Housing Alliance  
National People's Action  
PICO National Network  
Service Employees International Union  
United Food and Commercial Workers

Brockton Interfaith Community, MA  
Brooklyn Congregations United  
Catholic Social Services, Philadelphia  
Center for New York City Neighborhoods  
Church of the Advocate, Philadelphia  
Citizens Action of Wisconsin  
Community Legal Services of Philadelphia  
Connecticut Fair Housing Center  
Consumer Credit Counseling Service of Delaware Valley  
Georgia Citizens Coalition on Hunger  
Housing Alliance of Pennsylvania  
Illinois People's Action  
Jewish Labor Committee of Philadelphia  
Massachusetts Communities Action Network  
Maine People's Alliance  
Maine People's Resource Center  
Main Street Alliance  
Montgomery County Community Action Development Commission, PA  
Neighborhood Economic Development Advocacy Project, New York, NY  
New Kensington CDC, Philadelphia

Northwest Federation of Community Organizations  
Oakland Community Organization, CA  
Office of Consumer Affairs, City of Philadelphia  
Pennsylvania Council of Churches  
PA Federation Brotherhood of Maintenance of the  
Way Employees Division, IBT  
Philadelphia Council for Community Advancement  
Philadelphia Unemployment Project  
Philadelphia VIP  
Progressive Leadership Alliance of Nevada  
SE PA Area Labor Federation, AFL-CIO  
United Food and Commercial Workers Local 1776  
Washington Community Outreach Foundation, PA  
WIN Action Organizing Project, Cincinnati Ohio