



ACTION ALERT

Homeowner Affordability and Stability Plan

President Barack Obama introduced his Homeowner Affordability and Stability Plan in a speech he gave in Arizona on February 18. His plan provides for the opportunity for an estimated four to five million currently ineligible homeowners who receive their mortgages through Fannie Mae or Freddie Mac to refinance their mortgages at lower rates. The plan will also create new incentives so that lenders work with borrowers to modify the terms of sub-prime loans at risk of default or foreclosure. The President expressed a commitment to take major steps to keep mortgage rates low for millions of middle class families looking to secure new mortgages, and pursue a wide range of reforms designed to help families keep their homes and avoid foreclosures. In January Congress introduced the Helping Families Save Their Homes in Bankruptcy Act of 2009 (H.R. 200 and S. 61). This Act would lift the ban in the bankruptcy code on modifying a home mortgage down to the value of the home in chapter 13 bankruptcy. The President said that he would continue to support reforming bankruptcy rules so that judges will be allowed to reduce home mortgages on primary residences to their fair market values—as long as borrowers pay their debts under a court-ordered plan. The U.S. Treasury Secretary Timothy Geithner previously announced that the Administration will use \$50 billion of the \$700 billion Trouble Asset Relief Program (TARP) to prevent mortgage foreclosures. As the faith community joined together last month to send a letter to the President calling for a just economic stimulus, this month faith leaders have come together to call for a nationwide moratorium on foreclosures and to urge the Treasury to move quickly to develop a comprehensive foreclosure prevention program.

Faith leaders call for urgent action by U.S. Treasury to prevent more (3 million+) foreclosures

-From PICO National Network (www.piconetwork.org)

Washington, DC - PICO National Network welcomes Secretary Geithner's initial announcement that the Treasury finally plans to dedicate TARP funds to preventing unnecessary foreclosures, and that it will require banks receiving taxpayer funds to implement systematic loan modification programs that reduce monthly payments by borrowers to affordable levels.

With more than 40,000 foreclosures each week in the United States, PICO urges Secretary Geithner to act swiftly and boldly to prevent at least 3 million unnecessary foreclosures. The Treasury must now put real flesh on the bones of its Financial Stability Plan in order to fulfill its responsibilities to American taxpayers.

For far too long Americans have watched in dismay as the Treasury and Federal Reserve have pumped hundreds of billions of dollars into banks without strings attached, while spending not a cent to address the root cause of the economic crisis, the sub-prime lending debacle and resulting tidal wave of foreclosures that are forcing families from their homes and devastating communities.

As faith-based organizations working in the trenches to keep people in their homes, we know that it is possible to prevent unnecessary foreclosures. Yet every day our nation waits for an effective foreclosure prevention program, another 5,700 families lose their homes.



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For this reason, PICO supports Chairman Barney Frank's call for a nationwide moratorium on foreclosures, and urges the Treasury to move quickly to develop a comprehensive foreclosure prevention program that prioritizes the needs of homeowners and communities and not just the interests of banks that have already received hundreds of billions of taxpayer money, by:

1. Dedicating the full \$100 billion in TARP funds to prevent foreclosures by guaranteeing sustainable loan modifications; subsidizing interest rate payments to produce affordable payment levels; and providing \$1,000 fees to servicers to modify mortgages.
2. Changing the tax rules governing mortgage trusts so that the government can purchase whole loans out of securities and so that trusts contracts do not artificially restrict loan modifications.
3. Lifting the ban on judicial modification, which would prevent hundreds of thousands of foreclosures at no cost to the taxpayer. By making foreclosure prevention the #1 priority the U.S. Treasury can help millions of families remain in their homes, while putting the U.S. housing market on a path to recovery.

PICO is a national network of faith-based community organizations working to revitalize neighborhoods in 150 cities and 17 states. To learn more about PICO's foreclosure campaign, visit www.piconetwork.org



Contact your Congressional Representative and Senators and urge them to act on the Helping Families Save Their Homes in Bankruptcy Act of 2009 (HR. 200 and S.61) which supports the initiative to restructure bankruptcy laws. To contact your legislators call the Capitol Switchboard at (202) 224-3121. To learn more about these bills visit the Library of Congress website at <http://thomas.loc.gov/> or call your legislators.

Read *The Book of Resolutions 2008* ¶163. IV. The Economic Community (pg. 535).

For further information about the Homeowner Affordability and Stability Plan visit the White House website at <http://www.whitehouse.gov/blog/09/02/18/Help-for-homeowners/>

Read our January 2009 Action Alert *Faith Community Calls President Obama to Bring About a Just Economic Stimulus*. Visit our website at <http://new.gbgm-umc.org/umw/news/action-alerts/>

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