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## ACTION ALERT

**DATE:** February 25, 2009  
**TO:** Concerned Parties  
**FROM:** Hilary O. Shelton, Director, Washington Bureau

### **NAACP-Supported Homeowner Mortgage Rescue Restructuring Bill Scheduled for Wednesday Vote by U.S. House of Representatives**

***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.

Legislation to be considered by the full House of Representatives as early as this week (H.R. 200 the ***Helping Families Save Their Homes in Bankruptcy Act of 2009*** introduced by Congressman John Conyers, MI) would close that 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. H.R. 200 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 your Representative and **URGE HIM / HER TO SUPPORT H.R. 200, THE *HELPING FAMILIES SAVE THEIR HOMES IN BANKRUPTCY ACT OF 2009***. To contact your Representative, you may:

### ✓ **Make a Phone Call:**

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

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

### ~~✓ **Write a Letter**~~

~~To write a letter to your Representative, send it to:  
The Honorable (name of Representative)  
U.S. House of Representatives  
Washington, D.C. 20515~~

**A SAMPLE  
LETTER IS  
ATTACHED**

### ✓ **Send a Fax**

If you would like to send a fax, call your Representative's office (through the Capitol switchboard) and ask for his or her fax number (you can use either the attached sample letter or the message box, below).

### ✓ **Send an E-Mail**

To send an e-mail to your Representative, go to [www.house.gov](http://www.house.gov), and click on "*Write Your Representative*" (on the left hand side, just under "find your Representative"). This will help you identify who your Congressman is and how to contact him/her.

## **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](http://www.naacp.org)

# Sample Letter

(date)

The Honorable \_\_\_\_\_  
United States House of Representatives  
Washington, D.C. 20515

**RE: STRONG SUPPORT FOR H.R. 200, THE *HELPING FAMILIES  
SAVE THEIR HOMES IN BANKRUPTCY ACT OF 2009***

Dear Representative \_\_\_\_\_;

As your constituent, I am writing to express my strong support for H.R. 200, the *Helping Families Save Their Homes in Bankruptcy Act of 2009*. I understand this legislation will be coming before you on the House floor in the very near future, 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. H.R. 200 the ***Helping Families Save Their Homes in Bankruptcy Act of 2009*** 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 H.R. 200 is a necessary step to help homeowners; allowing lenders to voluntarily enter into loan modification negotiations are clearly not working. Please support H.R. 200 when it comes before you on the House floor. 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)