



The United States Conference of Mayors

1620 Eye Street, N.W. • Washington, D.C. 20006
Phone (202) 293-7330 • Fax (202) 293-2352
E-mail: info@usmayors.org URL: usmayors.org

For Immediate Release

January 24, 2007

Contact: Karen Hinton, 703-798-3109; Karen@hintoncommunications.com or
Elena Temple, 202-309-4906; etemple@usmayors.org

MAYORS URGE CONGRESS & LENDERS TO IMPLEMENT RECOMMENDATIONS TO HELP MITIGATE ECONOMIC DISTRESS OF MORTGAGE FORECLOSURES

Washington, DC -- The U.S. Conference of Mayors released today recommendations for Congress and the lending industry to help mitigate the economic distress of the mortgage crisis by reducing the number of foreclosures, helping borrowers facing foreclosures now and stabilizing neighborhoods suffering from vacated, foreclosed properties.

“Up to 2 million homeowners face foreclosure this year. The word ‘recession’ is on everyone’s lips. Now is not the time to be timid. We need strong and immediate action from both Congress and the mortgage industry,” said USCM President Douglas Palmer, Mayor of Trenton, NJ, who led a delegation of mayors to Detroit this past November to discuss possible remedies with mortgage lenders and community activists. During that meeting, the mayors unveiled a report that projected the foreclosure crisis would result in 524,000 fewer jobs being created this year and a potential loss of \$6.6 billion in tax revenues in ten states.

The recommendations include passing legislation to give the Federal Housing Administration more authority to help borrowers facing defaults and foreclosures, increasing the loan limits for government-sponsored entities, having lenders report on the number of loans they have modified, promoting toll-free numbers for troubled borrowers to call for help and encouraging lenders to partner with nonprofits that help borrowers work out troubled loans.

Below is a summary of the recommendations that Mayors want enacted by Congress within the next 45 days:

- Reform the Federal Housing Administration so the agency can help more borrowers who are facing defaults and foreclosures; The Federal Housing Administration Reform and Modernization Act has passed both the House and Senate.

- Increase the loan limits for Fannie Mae and Freddie Mac so the government-sponsored entities can increase the flow of capital available to jumpstart the housing market and help borrowers, particularly in high-cost areas.
- Increase the Community Development Block Grant funding to help stabilize neighborhoods that are suffering from the negative effects of foreclosures on surrounding properties and neighborhoods;
- Expand the mortgage revenue bond volume cap by \$10 billion for re-financings, which would allow states to raise money for mortgage capital for borrowers;

And during this year:

- Approve legislation to strengthen underwriting standards, prevent predatory lending, protect consumers, and preserve access and availability of mortgage capital for future homeownership. The legislation should provide for on-going funding of comprehensive financial education programs and more systematic and available homeownership counseling services.

Additionally, the Mayors recommend that the mortgage industry:

- Report monthly on the number of loan modifications and restructurings achieved nationally and by jurisdiction so that the federal government, states and cities can evaluate the extent of progress, the effectiveness of loan modification approaches and re-underwriting strategies, and outreach activities. This reporting is necessary to ensure that the mortgage lending industry is keeping its word to move aggressively.
- Promote the 1-888-995-HOPE National Counseling Hotline and fund public and private advertising and outreach campaigns to reach homebuyers at risk of foreclosure. Currently 50 percent of all families who go through foreclosures never call their lender or seek the assistance of a housing counselor.
- Partner with effective non-profits that have proven and innovative re-underwriting programs that can move people to solutions with their mortgages as soon as possible.

###

