

**REMARKS OF CHAIRMAN CHRISTOPHER J. DODD**  
**U.S. SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS**  
***PRESERVING HOMEOWNERSHIP: PROGRESS NEEDED TO PREVENT FORECLOSURES***  
**THURSDAY, JULY 16, 2009**

I'm glad you could all join us today, but I have to be honest with you: I am frustrated that we have to hold this hearing.

For over two years, this committee has worked to stem the tide of foreclosures in America. We've gotten plans and proposals from the administration. We've passed legislation, made changes asked of us, and passed some more. We've received assurance after assurance from the industry.

Everybody agrees that the crisis in our housing market was the catalyst for the broader economic crisis. And everybody understands that getting out of this broader crisis requires that we stabilize our housing market and stem the tide of foreclosures.

So I'm hoping that, with stakes this high, somebody can explain to me why nothing has changed.

Today the Associated Press is reporting "The number of U.S. households on the verge of losing their homes soared by nearly 15 percent in the first half of the year as more people lost their jobs and were unable to pay their monthly mortgage bills."

Why am I still reading about lost files, under-staffed and under-trained servicers, and hours spent on hold?

Why does the National Foreclosure Mitigation Program tell us that homeowners are waiting an average of six to eight weeks for a response?

Why am I still reading stories about homeowners, community advocates, even my own staff acting on behalf of constituents, shuffled from voicemail to voicemail as they attempt to help people stay in their homes?

**Why are servicers and lenders refusing to accept principal reduction so that homeowners can start building equity and get the housing market moving again?**

Two years ago I brought together banks, lenders, mortgage firms, regulators, and consumer groups for a Homeownership Preservation Summit.

We all agreed, upon a statement of principles.

- First, servicers should attempt to contact subprime borrowers before loans reset, in order to identify likely defaults early enough for the loan to be modified.

- Second, modifications should be made affordable for the long-term.
  
- Third, servicers should have dedicated teams of professionals to implement those modifications.
  
- And finally, we agreed that we needed real accountability, a system for measuring the progress.

We were able to come to this agreement because we all understood that nobody wins when a home is foreclosed upon.

Nobody wins when a bank has to sell a house at auction for less than it would get if it simply refinanced.

Nobody wins when a home loses \$5,000 in value for every foreclosure on the block.

Nobody wins when foreclosure rates are the single biggest threat to economic recovery.

So what happened? And what are we going to do differently? Today, I want answers.

Foreclosure is not an abstract concept. It's very real pain for American families. It's not just the loss of a house. It's the loss of a home. It's the anguish of having to uproot your family. It's the sadness of feeling like you let them down.

And it's the terrible heartache caused by the violation of the sacred promise that has long defined the American middle class: that if we work hard and play by the rules, we can build something better.

Most people in foreclosures worked hard and played by the rules. They budgeted, they saved, and they relied on brokers and lenders – professionals who were supposed to be experts – to help them achieve their dream of homeownership.

But then someone lost a job, gets sick, or, in far too many cases, discovered that they'd simply been cheated.

Last year, I met Donna Pearce – a grandmother from Bridgeport, Connecticut, where there are 5,000 families with subprime mortgages in danger of foreclosure. Donna was assured by her lender that she could refinance in six months, but he didn't mention the thousands of dollars in penalties that refinancing would cost – penalties she couldn't afford.

People like Donna didn't deserve to lose their homes. Neither do the 10,000 families that will receive a foreclosure

notice today or the 60,000 families in my home state of Connecticut that could find themselves in foreclosure over the next four years.

I know I speak for my friend Senator Shelby and our colleagues on this committee when I say I'm glad to have the support of the administration and the industry in our effort to stem this dangerous tide.

But what we don't have is results. And so here we sit. Again. And the American people are demanding to know why.