

Washington, D.C.

Homeowners need new options

U.S. Rep. John Conyers Jr.

One of the most significant factors in our nation's current economic troubles is the endless cycle of home mortgage foreclosures, a cycle that unfortunately appears to be continuing rather than drawing to a close.

In addition to undermining our nation's economy, these foreclosures devastate families, neighborhoods, and local governments.

According to the TARP Congressional Oversight Panel, 6 million homeowners are currently more than 60 days delinquent on their mortgage payments.

In fact, there could be up to 13 million foreclosures over the next 5 years.

Last year, 2.8 million homeowners received a foreclosure notice. Bank repossessions of foreclosed homes increased 38 percent in the second quarter of 2010, for a record total of 269,952 for the quarter. By some estimates, there could be a record number of repossessions on foreclosed homes in 2010.

With these statistics, Treasury Department's plan, Making Homes Affordable Program, has proven to simply not be enough to help people keep their homes. Under this program, cash incentives are given to lenders to voluntarily modify mortgages headed to foreclosure. Financial institutions are then encouraged to rewrite mortgages to help families stay in their homes.

Unfortunately, fewer than 400,000 homeowners have received permanent mortgage modifications under this program. To stop this tragic cycle of foreclosures, Americans need new options.

I am working on bills at the federal level that would provide homeowners with relief.

First, I sponsored H.R. 5028, the "Right to Rent Act" with my colleagues, Rep. Raul Grijalva, D-Ariz., and Marcy Kaptur, D-Ohio. This bill would allow homeowners facing foreclosure to remain in their homes by paying rent at fair market value for up to five years.

Additionally, I plan to soon introduce legislation that would impose a temporary foreclosure moratorium that would allow homeowners more time to stay in their homes and to require the homeowner and lender to undergo mandatory mediation under certain circumstances. A key component of any effort to modify the terms of a mortgage is to establish a dialogue between the homeowner and lender.

But I believe states also have a role to play. Legislation currently pending in the Michigan legislature, S.B. 29, may also provide some relief to homeowners struggling to pay their mortgages. This bill would stay the foreclosure of certain residential mortgages, provided the homeowner paid a "fair amount" for retaining possession of his or her home based on various factors. This legislation is substantially similar to the Right to Rent Act, as well as the Michigan Mortgage Moratorium Act, a Depression-era statute that allowed a homeowner to obtain a stay on foreclosure if he or she paid a fair rent, as determined by the court.

Foreclosed and abandoned homes lead to a decline in neighborhood property values that, in turn, force more homeowners "underwater." This eventually leads to more foreclosures in a destructive downward spiral. State and local governments lose money in the form of tax revenues. Badly needed improvements to hospitals, schools, and roads go unfunded.

As we've seen in the last three years, home foreclosures uproot families, devastate local communities, and stunt economic recovery. If we are going to stem the still-rising tide of foreclosures, we need more than incentives for Wall Street -- we need to take real action and give homeowners more options to save their homes.

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