

**Congressman Daniel B. Maffei (NY-25)**  
**Statement in support of Servicers Safe Harbor Bill, H.R. 788**  
**House Committee on Financial Services**  
**February 4, 2009**

I am pleased to see the Committee taking up the Servicer Safe Harbor provisions that we passed previously out of this committee as part of H.R. 384.

Struggling homeowners often reach out to their loan servicers only to learn the servicer cannot help them modify the loan and stay in their home. Even when it is in the best interest of all of the parties involved to make a slight modification to interest rate, principal or other loan terms, servicers feel that their hands are tied.

Many servicers feel constrained from rapidly and efficiently reaching agreement with homeowners on appropriate loan modifications because various investors have an indirect and conflicting financial interest in these mortgages.

The Judiciary Committee, on which I also sit, has reported out a bill which would allow bankruptcy judges to modify loan terms which provides one option for struggling homeowners to remain in their homes. It is critical that we encourage homeowners to seek modification prior to bankruptcy – today's safe harbor bill in combination with the bankruptcy bill provide a critical safety net to homeowners struggling to keep a roof over their heads.

Without the Servicer Safe Harbor provisions we are discussing today, the bankruptcy legislation recently reported out by the House Judiciary Committee may not reach the intended result of encouraging pre-bankruptcy filing modifications. It could instead drive more homeowners in to bankruptcy court. Bankruptcy should be seen as a last resort, not the only option to struggling homeowners.

The "Safe Harbor" provides necessary protection to servicers who work with struggling homeowners to agree to a reasonable modification. This is a goal we all share and I support our committee's efforts to help homeowners stay in their homes and commend the Chairman for bringing this bill before us today.