

## **HOUSE DEMOCRATS AND SENATE REPUBLICANS SPAR OVER FORECLOSURE BILLS**

House Democrats accused Senate Republicans of stonewalling efforts to relieve the foreclosure crisis Tuesday and urged the chamber to quickly pass legislation to maximize the impact of \$172 million in federal funding that Ohio is slated to receive.

Republicans pushed back, saying Democratic proposals would do little to address the root cause of foreclosure in Ohio - job loss, and said Democrats should act on GOP bills designed to spur the economy.

Rep. Mike Foley (D-Cleveland), joint co-sponsor of an extensive foreclosure measure in the House, said during a news conference that majority Republicans in the Senate were ignoring a critical issue that is afflicting thousands of Ohioans and dragging down the economy.

"Basically the Ohio Senate has done nothing," he said about the proposal (HB 3) to impose a six-month moratorium on most foreclosure proceedings, implement a filing fee for lenders to pay for foreclosure prevention counseling, and regulate loan servicers. "We are greatly disappointed by that, and some of us are really angry."

Rep. Foley said the General Assembly realistically only has three weeks remaining to work on foreclosure legislation after the Senate returns from break after the May 4 primary election and before summer recess.

Joint co-sponsor Rep. Denise Driehaus (D-Cincinnati) said the \$172 million that the Obama Administration announced for Ohio Monday, would help many more homeowners stay in their homes if combined with the six-month moratorium on foreclosure.

Bill Faith, executive director of the Coalition on Homelessness and Housing in Ohio, said the federal funding was "great news" for the state, but passing the bill would help focus the money more effectively to prevent additional foreclosures.

While the federal funding is a "carrot" that could help encourage lenders to modify mortgages for troubled homeowners, licensing loan servicers at the state level would provide the "stick" to ensure they follow through, he said.

Rep. Ted Celeste (D-Grandview Hts.) urged senators to at least pass his bill (HB 9) designed to protect tenants unwittingly caught up in their landlord's foreclosure problems. About one-third of the Ohioans losing their homes due to foreclosure are renters.

Asked during a separate event for his view of the situation, Gov. Ted Strickland endorsed the House's proposals.

"I've been supportive of that and encouraging the Senate to take strong action as I think is reflected in the House bill," he said.

The Senate's second ranking member, Sen. Tom Niehaus (R-New Richmond) said House legislation fails to address the underlying problem driving foreclosures and would merely delay the inevitable.

"Clearly the best way to resolve the unfortunate situation people find themselves in with foreclosure is to have a job," he told reporters.

Most loan modifications fail to save homeowners from foreclosure because people simply can't afford to pay their mortgages, he said. The House's proposed moratorium would delay resolution of the problem and creating foreclosure filing fees would clog the legal system.

"We'd like the House to focus more on some of the pro-job

opportunities through legislation that we passed this year - workers' comp reform, regulatory reform - both issues that affect small businesses," he said. "That's how we will help people that are currently in foreclosure."

Because foreclosure is caused by a variety of reasons, such as job loss, divorce, and illness, it is best handled on an individual basis, Sen. Niehaus said, pointing to legislation the General Assembly passed a bill last year that encourages judges to provide foreclosure mediation (HB138, 127th General Assembly).

Pointing to recent announcements from Citigroup and Bank of America to join a federal program designed to help troubled borrowers to reduce their loan payments, Sen. Niehaus said, "There is a lot happening nationally. It's happening on an individual basis, it's happening on a one-on-one basis and we think that's the appropriate way to do it."

Rep. Driehaus said Republicans' focus on the economy as the primary cause of foreclosure ignored the fact that the foreclosure crisis is exacerbating the recession due to the proliferation of abandoned and deteriorating houses that drag down surrounding neighborhoods and property values.

"There are already impacts to economic development. The foreclosure crisis makes it worse," she said.

House members are willing to negotiate with senators to devise a proposal that includes provisions of a Republican mediation bill (SB 197 & HB 306), she said.