



Foreclosure Reform Bill Passes the House *“Fair and balanced” HB 3 Heads to Senate*

May 20, 2009

FOR IMMEDIATE RELEASE

Contact: Suzanne Gravette Acker

614-280-1984

COLUMBUS - Foreclosure reform proponents today lauded the passage in the House of Substitute House Bill 3 (Foley, D-Cleveland), even though the vote followed mostly along party lines (54-43). “HB 3 is a good, strong, fair and balanced bill,” said Bill Faith, executive director of the Coalition on Homelessness and Housing in Ohio. “Foreclosure reform should be a priority in our state, regardless of party affiliation. Left untended, foreclosures will continue to gut our communities, strain our local and state governments, and strip wealth from Ohio families.”

The bill now heads to the Senate. It has three main components: a 6-month foreclosure moratorium; a foreclosure filing fee of \$750 paid for by the lender; and the regulation of servicers, the middlemen between investors and homeowners.

Faith said the moratorium would provide a time out to allow homeowners and lenders to take advantage of new federal programs and give our state the opportunity to implement changes to our foreclosure process. “This will keep owners in their homes, keep a steady funding stream to financial institutions and offer community relief from the blight and cost of vacant homes,” he said.

The foreclosure filing fee would be portioned out to provide for administration of new regulations, lender/owner mediation through the courts, investigation into illegal activities related to mortgage fraud and foreclosure prevention scams, and back into the communities for foreclosure prevention and mitigation programs. Faith calls the filing fee a great idea. “Let’s generate resources to help us recover from the damage of foreclosures; help get properties back to productive use; provide foreclosure counseling; and cover the costs of improving the system. At the same time, maybe it’ll make lenders think twice before filing.”

Faith also strongly supports the regulation of servicers, the drivers of the foreclosure process. Currently, servicers, who act on the lenders’ behalf, lack the capacity and incentives to process reasonable work-outs or loan modifications on a meaningful scale. HB 3 would require servicers to have aggressive modification efforts and to report those efforts to the state, or risk violating their licensure, Faith said.

HB 3 has been modified from its original form. Gone is the section on “judicial modification,” giving the courts the authority to modify loans. The filing fee has been cut in half, and exemptions have been added to the filing fee and the moratorium that include community banks and credit unions.

Faith said he hoped the Senate will see the merits in the bill and will not blindly oppose legislation just because it changes the status quo. “Last year we had more than 85,000 new foreclosures in Ohio. In March and April we had nearly 30,000 more. Surely, the Senate knows we can’t go on like this.”