Legislative Highlights

Consumer Group Pans Voluntary Anti-foreclosure "Project Lifeline"

he Center for Responsible Lending criticized the Treasury Dept.'s announced "Project Lifeline" plan announced in mid-February to temporarily pause foreclosures for 30 days while a repayment plan can be arranged. "This is a small step that isn't likely to make a significant difference for the hundreds of thousands of homeowners who are at risk of losing their homes," the group said in a statement. Recent data from mortgage servicers participating in the various Treasury initiatives announced since last fall shows that distressed loans receiving meaningful fixes continue to be dwarfed by the rising number of foreclosures. During the fourth quarter of 2007, for example, the group said that mortgage servicers modified 141,000 distressed loans, but they started foreclosures on 458,000. "In short, voluntary foreclosure prevention isn't working," the group concluded, calling on Congress to move legislation to allow bankruptcy courts to modify home mortgages in chapter 13. Meanwhile, FDIC chair Sheila Bair told the Senate Banking Committee that "temporary repayment plans will not provide stability to the borrower, investors, or the market."

Senate Housing Stimulus Package Includes Mortgage Stripdown in Chapter 13

Just before the President's Day recess, Senate Majority Leader Reid announced that the Senate would take up "The Foreclosure Prevention Act of 2008" (S. 2636) post recess. The package includes the mortgage modification legislation proposed by Sen. Dick Durbin (D-Ill.). A chart summarizing the provision of the various mortgage-modification bills can be found on the homepage of ABI World. A coalition led by the mortgage industry is opposing the legislation. They have created a Web site at www. mortgagebankers.org/stopthecramdown. Sen. Reid will need at least 60 votes to take up the package and at least 67 votes to pass it, given the expected Presidential veto.

Builders: No More Campaign Contributions

The National Association of Home Builders announced in February that it is cutting off contributions to federal congressional campaigns, saying law-makers and the Bush administration have not done enough to stabilize the housing market. Since 1990, NAHB has given nearly \$20 million to federal candidates of both parties. The President signed a \$168 billion economic stimulus package that contained several housing initiatives, including expanded lending authority for FHA and higher loan maximums (up to \$729,750) for Fannie Mae and Freddie Mac.

Credit Card Holders Bill of Rights

H.R. 5244 was introduced on Feb. 7 by Rep. Carolyn Maloney (D-N.Y.). The bill would make a number of changes to the Truth in Lending Act to eliminate universal default provisions and double-cycle billing, while requiring 45-day advance notice of any change in credit card account terms, among several changes. The bill is similar to one introduced earlier by Sen. Chris Dodd, and was referred to the House Financial Services Committee. Consult the ABI homepage for a list of hearings in both the House and Senate on this topic.

Student Loan Forgiveness Amendment Defeated

The House of Representatives, by a 179-236 vote on Feb. 7, beat back an effort by Rep. Danny Davis (D-Ill.) to repeal the enhanced nondischargeability provisions included in BAPCPA. That 2005 amendment made it hard for debtors to discharge private student loans, expanding the hardship discharge rule to include private loans—loans that have been growing as a share of total student debt due to the rising cost of college and the caps on governmentbacked or direct loans. The Davis amendment was offered to the reauthorization of the Higher Education Act. The Act passed without the amendment.