

Castle: Curb Mortgage Crisis Now, Help Homeowners Avoid Foreclosure -- November 21, 2007

Washington, D.C. -- Delaware Congressman Michael N. Castle today expressed interest in the recent announcement by California Governor Arnold Schwarzenegger to save thousands of California homeowners from foreclosure.

The Governor announced a deal Tuesday with four mortgage servicers to freeze adjustable interest rates for some of the state's highest-risk borrowers. Under the arrangement, the four servicers agree to contact borrowers before their rates adjust and establish a streamlined process for handling loan modifications. They also will provide data on the loans they service so the state can track their changes.

Rep. Castle today encouraged federal regulators to learn from the California model as it moves forward. "What Governor Schwarzenegger has done may be very helpful to thousands who face uncertainty in their current home mortgage situation," Castle said. "Federal regulators should be watching closely and considering similar negotiations with loan servicers."

To help address the growing mortgage crisis, Rep. Castle has introduced H.R. 4178, the Emergency Mortgage Loan Modification Act. Rep. Castle's bill would create a legal safe-harbor from legal liability for mortgage servicers that modify "at-risk" mortgage loans. This six-month window would help some homeowners avoid falling delinquent or into foreclosure by encouraging servicers to modify the terms of their loans. A hearing on Rep. Castle's bill in the House Financial Services Committee is set for December 6th.

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