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## ***CARDIN VOTES TO PROTECT HOMEOWNERS FACING BANKRUPTCY; FULL SENATE BLOCKS ACTION***

WASHINGTON – U.S. Senator **Benjamin L. Cardin** (D-MD), a member of the Judiciary Committee, today expressed disappointment that Republicans prevented the Senate from passing legislation that would allow judges to modify mortgages on principal residences in bankruptcy. Despite receiving preliminary approval from the Judiciary Committee earlier in the day, the Senate voted to table the *Helping Families Save Their Homes in Bankruptcy Act*, authored by Senator Richard Durbin (D-IL) and co-sponsored by Senator Cardin.

“It makes no sense at all that judges can adjust the terms of a mortgage on a vacation home or a loan for a boat but they cannot make accommodations for a principal residence,” **said Senator Cardin**. “As the Congress moves quickly to provide assistance to homebuyers, homebuilders, communities and lenders, it is critical that we provide a lifeline to homeowners at the epicenter of this crisis.”

It has been estimated that more than 2.2 million Americans who took out subprime mortgages between 1998 and 2006 are in jeopardy of losing their homes during the next two to three years, representing \$160 billion of potential loss of wealth. Maryland has experienced a 39% increase in foreclosures in the last quarter and jumped from 40<sup>th</sup> in the country to 18<sup>th</sup> in the number of foreclosures.

“I regret that we have been stalled in our effort to help American families keep their homes. I will continue to support the measures contained in this bill that would provide direct help to Americans caught in the housing crisis,” Senator Cardin said.

The legislation, which as offered as an amendment, to *the housing bill* currently being considered by the Senate, could help more than 600,000 financially-troubled families keep their homes, by allowing them to modify their mortgages in bankruptcy. To help families save their homes, the bill would:

- Eliminate a provision of the bankruptcy law that prohibits modifications to mortgage loans on the debtor’s principal residence for homeowners who meet strict income and

expense criteria, so that for these families primary mortgages are treated the same as vacation homes and family farms.

- Extend the time frame debtors are allowed for repayment, to support long-term mortgage restructuring.
- Waive the bankruptcy counseling requirement for families whose houses are already scheduled for foreclosure sale, so that precious time is not lost as families fight to save their homes.
- Ensure that only families facing the current crisis are eligible, by only allowing subprime and nontraditional mortgages originated as of the date of enactment to be modified.
- Ensure that lenders are treated equitably when homes are resold during the life of the bankruptcy plan, by returning the difference of the sale price and the stripped down mortgage principal to the lender.

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