



JOINT ECONOMIC COMMITTEE
SENATOR CHARLES E. SCHUMER
CHAIRMAN



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SCHUMER STATEMENT ON THE JOINT GUIDANCE ON SUBPRIME MORTGAGE SERVICING ISSUED BY FEDERAL BANKING REGULATORS

Today, U.S. Senator Charles E. Schumer, the Chairman of the Joint Economic Committee and the Housing Subcommittee on the Senate Banking Committee, released the following statement in reaction to federal banking regulators jointly issuing a guidance to banks and lenders on servicing subprime mortgage holders:

"Federal regulators are doing the right thing by jawboning lenders and banks to help families get out of bad subprime mortgages and into more affordable ones to keep their homes. To stave off the foreclosure wave that is anticipated this fall, it is important for the private sector to reach out to their troubled borrowers before it is too late.

"But to maximize the ability of lenders and loan servicers to modify loans, we need to direct more resources to local non-profits specializing in foreclosure prevention. These groups are effective mediators between the private sector and families who need loan modifications. I hope the President and federal regulators can help us dramatically increase the funds and resources available to these community non-profits as soon as possible."

Senator Schumer has led Congressional efforts to contain the subprime market crisis and ensure that irresponsible underwriting of this magnitude is not allowed to happen again. In May, Schumer introduced the first major legislation to deal with unscrupulous lending practices this Congress, the Borrowers Protection Act, which would upgrade standards that mortgage brokers must abide by when making new loans to borrowers.

Schumer has also won approval by the Senate Appropriations Committee for \$100 million in federal resources targeted to community foreclosure prevention specialists to help stem the tide of foreclosures that threaten to cost more families their homes and further weaken the housing market. With these funds, non-profit agencies will be able to provide individual counseling by working one-on-one with borrowers who are in unaffordable subprime loans.

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