

**PREPARED FOR DELIVERY**

**Remarks by Joseph Murin  
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Thank you for that kind introduction. It is an honor to be here and to have the opportunity to address members of Mortgage Bankers of Southwestern Pennsylvania.

We all know that the housing and housing finance industry has been under extraordinary stress. In fact, the ongoing housing recession is the worst in five decades.

Banks and other key financial institutions have seen their capital virtually dry up and their balance sheets burdened with troubled assets.

Consumers' trend line of declining credit demand toward a mindset of saving and consumption balance shows that economic recovery is likely to be slow regardless of any stimulus, according to some economists.

Michigan's Consumer Sentiment Index [fell] in [February] for the first time in three months to near its lowest level since 1980.

New housing construction slowed to [466,000] in [January], an all time record low.

And the Fed lowered its growth forecasts for this year during its policy-setting meeting last month.

Yet despite the current national economic crisis, the Southwestern Pennsylvania region appears to show a more durable overall economy and housing market. And bright spots in the housing market DO exist:

According to the Conference Board's Index of Leading Indicators, for example, [January's] back-to-back improvement in the index suggests that the economic downturn is no longer intensifying...a welcoming piece of good news.

And National Association of Realtors data shows that while housing inventory remains near its peak and foreclosures come close to replacing sales, inventory IS down from its absolute peak...and with lower expected mortgage rates, an incremental addition of owners will help.

Signs of hope also come from the short-term credit markets. One-month and three month interbank interest rates have fallen significantly from their peak levels in the October 2008 time frame. In fact, the one-month rates are nearly back to normal levels.

So, I want to use my time with you this afternoon to share my perspective on this crisis and to enlist your help in navigating out of it.

You see, I'm an optimist. I believe that the way out of this mess is not complicated. It may not be easy, but it is, in fact, simple. And I have confidence that, if we handle this correctly and all pull in the same direction, we will get it right.

So what's the solution?

I believe the housing industry's troubles stem from a decline in caution in decision making. The vast majority of people who enter the housing market would not willingly and knowingly take a gamble with their investment. They are families

wanting nothing more than to realize the American dream of owning a home. In these decisions, prudence is essential, yet at times it has been abandoned.

There are lessons to be learned from what has happened, but we can't fixate on what went wrong. As an industry, we have to learn from this situation, but our focus must be not on the past, it must be on the future -- on solutions, on moving forward.

A major reason for my optimism is what our government is doing. We are focused on rebuilding the housing and credit industry and helping our economy recover to emerge stronger than before.

I am particularly optimistic about the signals coming from President Obama's Administration. I have had the opportunity to talk with administration officials, and I believe that they "get it." During this past month the Administration has taken a number of steps toward economic recovery by addressing one of the biggest causes of our economic problems: the foreclosure crisis. I believe the Administration has a keen appreciation for the role each participant in the housing market plays and is committed to providing the market with those tools necessary to bring about resolution.

Just last month, for example, the President signed into law the American Recovery and Reinvestment Act, otherwise known as the stimulus plan, which included raising FHA loan limits back to \$730,000, providing HUD Secretary Donovan the discretion to set higher FHA and GSE loan limits in subareas and providing \$2 billion to rehabilitate abandoned and foreclosed properties (Neighborhood Stabilization Program) tax credits for homeowners and other housing stimulus provisions.

The President shortly thereafter announced the Making Home Affordable Plan...a serious plan that will help bring relief to seven to nine million responsible homeowners by making their mortgages more affordable and, thereby, preventing foreclosures. The key components of the plan, as announced, include:

Home Affordable Refinance Program – this plan helps up to four to five million underwater homeowners who have a solid payment history refinance. These families would otherwise not be able to modify their mortgages due to high loan-to-value ratios.

Homeowners who took out conforming loans owned or guaranteed by Fannie Mae or Freddie Mac can now refinance through those two institutions.

Home Affordable Modification Program – this program is intended to help three to four million at-risk homeowners avoid foreclosure by reducing monthly mortgage payments.

It's intended to reach borrowers at risk of imminent default despite being current on their mortgage payments.

It's important to note that this initiative is intended to reach millions of responsible homeowners who are struggling to afford their mortgage payments...not speculators or house flippers.

And third, the plan employs a number initiatives to ensure the strength and security of Fannie Mae and Freddie Mac, two cousin organizations tasked with, among other things, helping keep mortgage rates low through the turbulent environment.

Congressional efforts underway to allow bankruptcy courts authority to modify mortgage payments of homeowners seeking bankruptcy protection is also a key ingredient to the mix. Specifically, Congress is currently considering H.R. 1106, the "Helping Families Save their Home Act of 2009," known otherwise as "Cramdown legislation." The legislation compliments the Administration plans I mentioned earlier by enabling bankruptcy judges to modify the terms of mortgages, which could reduce foreclosures across the country by up to 20 percent.

The provisions of this bill include allowing judicial modifications of certain mortgage loans on a homeowner's principal residence if the homeowner meets specified criteria. Cut the principal on a homeowner's mortgage, lower the interest rate and extend the terms. Expanding FHA's mortgage loan modification abilities to keep more families in their homes and thereby reduce foreclosures.

The provisions of this bill also include allowing a reduction of interest payments up to 30 percent of the outstanding loan balance.

Legislation would adjust the Hope for Homeowners program, another effort to help struggling homeowners that emerged last year from Congress, by lowering the monthly payments of borrowers who qualify for refinancing under the program and clear away some bureaucratic underbrush that has choked the program.

Mortgage servicers that collect homeowners' monthly checks would get legal protection if they ease loan terms for distressed borrowers. The 'safe harbor' provisions would shield servicers from possible legal action by mortgage-backed securities investors whose returns could be crimped by eased loan terms. Mortgage companies are now hamstrung by contracts that frequently force them to foreclose on delinquent borrowers.

And government deposit insurance coverage would be increased from \$100,000 to \$250,000 through 2015, while the Federal Deposit Insurance Corp's credit line with the Treasury Department would increase to \$100 billion from \$30 billion. The FDIC would be given broad freedom to rebuild its insurance trust fund and charge new insurance fees under its own terms

And while we support efforts help families avoid foreclosure, we believe that loan modifications outlined in the Administration's Making Home Affordable Plan are the key element of helping both the struggling homeowners and the overall economy. We think Congress should approach this legislation in as careful and considered a way as possible to avoid unintended consequences for individuals and weakened financial institutions.

ALL of these efforts are vital steps that offer hope to struggling homeowners across the country...Key steps toward bolstering our housing finance system and restoring the nation's economy.

But there's more. In addition to these bold and decisive actions, we must also recognize the steps the U.S. Treasury, Federal Reserve, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency and the Office of Thrift Supervision have taken to promote financial stability.

With more than a quarter of the Fed's \$500 billion agency MBS purchase program now completed, we're seeing signs of success in lower primary mortgage rates and increased refinance applications.

The Federal Reserve has also responded aggressively to the crisis by providing liquidity programs.

They provided assistance to the Bank of America through the Money Market Investor Funding Facility (MMIFF) and the Term Asset-Backed Securities Loan Facility (TALF).

Just last month, Treasury, FDIC, OCC, OTS and Fed announced a Capital Assistance Program to ensure that our banking institutions are appropriately capitalized, with high-quality capital.

The Department of Treasury's Troubled Asset Relief Program, better known as TARP, has injected capital into U.S. financial institutions. So far, more than \$302 billion of TARP funds have been committed to over 440 financial institutions.

These steps have helped to ensure that financial institutions have the necessary short-term liquidity and have provided support to borrowers and investors in key credit markets.

Despite the difficult times our industry has faced and the challenges that lie ahead, life carries on. Even in the worst economic times, consumers still want and need mortgage loans to buy homes. Lenders still want and need a way to increase liquidity so they can make those loans. And investors still want and need a safe harbor for their investments. Ginnie Mae is that safe harbor.

I think a recent Associated Press article summed it up best by stating, "Many investors seeking safe harbor and modest yield are finding both in mutual funds that specialize in buying Ginnie Maes."

Thank you for this opportunity to speak with you today.

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