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## **Proposed House Cuts to Foreclosure Prevention Will Hurt Homeowners and the Economy**

**Washington, DC** - Americans for Financial Reform, a coalition of more than 250 national and state organizations working together for strong financial reform, issued the following statement today:

Proposals in the House to cut off help to distressed homeowners and communities amount to punishing families – again -- for the abuses of lenders and servicers. They will hurt homeowners, and put additional stumbling blocks in the way of economic recovery for all of us.

To make progress in stemming the foreclosure crisis, what lawmakers should be doing is holding the big banks and servicers accountable, and *requiring* loan modifications that let families keep paying their bills, stay in their homes, and begin rebuilding equity. They need to strengthen programs to stabilize communities and help the unemployed, not strangle them.

The targeted programs help unemployed homeowners, enable homeowners to get loan modifications, permit refinancing for people who are underwater on their loans, and rehabilitate foreclosed homes in blighted neighborhoods.

In recent months we have seen revelation after revelation of abuse and lawlessness at every stage of the origination, securitization, recording, servicing, and foreclosure process. Disregard for the law, and for the rights of investors and homeowners, along with profoundly misaligned incentives for servicers, have led to countless unnecessary and avoidable foreclosures.

Reckless ‘heads we win, tails you lose’ conduct by the big Wall Street banks caused the financial crisis – and the same approach in failing to modify loans is worsening and prolonging economic pain now. With a potential for as many as 11 million more foreclosures on the horizon, giving them a free pass, while rolling back measures to help homeowners, would be profoundly counterproductive.

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