

STATEMENT OF
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GOOD MORNING ... AND WELCOME TO THIS NATIONAL NEWS EVENT ORGANIZED BY THE NATIONAL ASSOCIATION OF CONSUMER BANKRUPTCY ATTORNEYS ... AND FEATURING THE CONSUMER FEDERATION OF AMERICA ... AND THE CENTER FOR RESPONSIBLE LENDING.

WE ARE HERE TODAY TO DO TWO THINGS ...

FIRST ... OUR THREE ORGANIZATIONS ARE UNVEILING AN URGENT CALL TO ACTION TO CONGRESS TO FIX THE U.S. BANKRUPTCY LAWS THAT ARE WORSENING THE MORTGAGE FORECLOSURE CRISIS IN AMERICA ...

SECOND ... NACBA IS RELEASING THE FINDINGS OF A NATIONAL SURVEY OF BANKRUPTCY ATTORNEYS THAT SHOWS HOW BIG A PROBLEM PREDATORY MORTGAGES ARE TODAY ...

YOU WILL BE HEARING IN A FEW MINUTES FROM ERIC STEIN FROM THE CENTER FOR RESPONSIBLE LENDING ... HE WILL BE SKETCHING IN THE DETAILS OF OUR JOINT CALL TO ACTION ... ERIC WILL BE FOLLOWED BY ALLEN FISHBEIN FROM THE CONSUMER FEDERATION OF AMERICA .. ALLEN WILL DISCUSS WHY FORECLOSURES ARE A MAJOR PROBLEM TODAY FOR CONSUMERS.

THAT LEAVES ME. MY NAME IS HENRY SOMMER. I AM A BANKRUPTCY ATTORNEY ... AND I ALSO SERVE AS PRESIDENT OF THE NATIONAL ASSOCIATION FOR CONSUMER BANKRUPTCY ATTORNEYS ... OR "NACBA" FOR SHORT.

A LITTLE BACKGROUND: WITH MORE THAN 2,500 MEMBERS NATIONWIDE ... NACBA IS THE ONLY NATIONAL ORGANIZATION DEDICATED TO SERVING THE NEEDS OF CONSUMER BANKRUPTCY ATTORNEYS AND PROTECTING THE RIGHTS OF CONSUMER DEBTORS IN BANKRUPTCY.

NACBA IS JOINING C-R-L AND C-F-A TODAY IN ISSUING THIS JOINT CALL FOR ACTION TO CONGRESS FOR ONE SIMPLE REASON:

BANKRUPTCY LAW CHANGES ARE URGENTLY NEEDED IF HUNDREDS OF THOUSANDS OF AMERICAN FAMILIES STRUGGLING WITH ABUSIVE SUBPRIME MORTGAGES ARE GOING TO ESCAPE FORECLOSURE ... AND WE ARE TALKING HERE ABOUT THE LOSS OF UP TO \$164 BILLION IN HOME-BASED WEALTH – FOR MOST OF THESE FAMILIES, THEIR LIFE SAVINGS.

WHAT REALLY ADDS INSULT TO INJURY HERE IS THAT ... WHILE PRIMARILY LOW-INCOME SUBPRIME MORTGAGE BORROWERS FACE WHAT ARE OFTEN INSURMOUNTABLE BANKRUPTCY HURDLES TO HOLD ONTO THEIR HOMES ... RICHER AMERICANS WHO ARE IN BANKRUPTCY TO SAVE VACATION HOMES FACE MUCH LOWER HURDLES TO SAVE THEIR SECOND AND THIRD RESIDENCES.

FOR MOST OF THE FAMILIES FACING THE LOSS OF THEIR HOMES, BANKRUPTCY IS THE ONLY VIABLE OPTION TO SAVE THEIR HOMES, AND THIS OPTION WILL BE EFFECTIVE ONLY IF THE BANKRUPTCY CODE IS REVISED TO ELIMINATE OR LIMIT THE PROVISIONS THAT PREVENT HOME MORTGAGE BORROWERS FROM RECEIVING THE BANKRUPTCY RELIEF THEY NEED.

THE CURRENT LAW, WHICH GIVES LESS PROTECTION WITH RESPECT TO A MORTGAGE ON A PRINCIPAL RESIDENCE, AS COMPARED TO OTHER MORTGAGES OR SECURED DEBTS, IS CONTRARY TO SOUND POLICY. IT

OPERATES TO DISADVANTAGE LOW AND MIDDLE INCOME BORROWERS AS COMPARED TO DEBTORS WITH THE WEALTH TO OWN MORE THAN ONE HOME. PUT SIMPLY, IT IS HARD TO IMAGINE A MORE UNFAIR AND INEQUITABLE SITUATION.

YOU WILL HEAR MORE ABOUT THE DETAILS OF OUR CALL TO ACTION IN A FEW MINUTES.

NOW, LET ME TAKE THIS OPPORTUNITY TO WALK THROUGH THE KEY FINDINGS OF THE SURVEY CONDUCTED BETWEEN APRIL SECOND AND APRIL NINTH BY THE NATIONAL ASSOCIATION OF CONSUMER BANKRUPTCY ATTORNEYS.

WE HEARD FROM A VERY STRONG 640 OF OUR ATTORNEY MEMBERS – THAT’S MORE THAN A QUARTER – 26 -- PERCENT OF OUR TOTAL MEMBERSHIP. HERE IS WHAT THEY SAID:

* 83 PERCENT OF BANKRUPTCY ATTORNEYS WITH CLIENTS EXPERIENCING MORTGAGE PROBLEMS SAY THAT SUBPRIME MORTGAGES ARE A “MUCH BIGGER PROBLEM” OR “SOMEWHAT BIGGER PROBLEM” TODAY THAN FIVE YEARS AGO. FEWER THAN 7 PERCENT SAY THAT THEY HAVE SEEN NO CHANGE OR A DECLINE IN SUCH CASES.

* OVER FOUR OUT OF FIVE BANKRUPTCY ATTORNEYS (81 PERCENT) SAY IT IS “SOMEWHAT MORE DIFFICULT” OR “MUCH MORE DIFFICULT ... FOR PEOPLE FACING FORECLOSURE TO FILE TO SAVE THEIR HOMES THAN BEFORE BANKRUPTCY LAW CHANGES WERE ENACTED IN 2005”.

* FOUR OUT OF FIVE BANKRUPTCY ATTORNEYS SAY THAT “EXOTIC MORTGAGES” – SUCH AS NOTHING-DOWN LOANS AND ARM LOANS WITH SHORT-TERM “TEASER” RATES ARE “A BIG PROBLEM” OR “SOMEWHAT OF A BIG PROBLEM” FOR THEIR CLIENTS.

* OVER HALF OF BANKRUPTCY ATTORNEYS ... 51 PERCENT ... SAY THAT 50 PERCENT OR MORE OF THEIR CLIENTS WITH HOMES “HAVE COME TO SEE THEM AT LEAST PARTIALLY BECAUSE OF MORTGAGE-RELATED PROBLEMS.”

* FOR THOSE WHO HAVE BANKRUPTCY CLIENTS WITH MORTGAGE-RELATED PROBLEMS, NEARLY THREE OUT OF FIVE BANKRUPTCY ATTORNEYS ... 58 PERCENT ... SAID THAT HALF OR MORE OF THE CLIENTS HAD SUBPRIME MORTGAGES.

* FINALLY ... MORE THAN A THIRD OF BANKRUPTCY ATTORNEYS (34 PERCENT) SAY THAT 50-75 PERCENT OR MORE OF THEIR CLIENTS “COULD HAVE AVOIDED FORECLOSURE PROBLEMS IF THEY HAD SOUGHT BANKRUPTCY RELIEF EARLIER.”

FOR THE COMPLETE NACBA SURVEY FINDINGS, PLEASE GO TO W-W-W-DOT-NACBA-DOT-ORG ON THE WEB. SO ... THAT GIVES YOU A SENSE OF WHAT BANKRUPTCY ATTORNEYS OUT THERE IN THE TRENCHES ARE SEEING TODAY.

IT IS VERY CLEAR FROM OUR PERSPECTIVE THAT THIS NATION’S BANKRUPTCY LAWS – MADE LESS FAVORABLE FOR STRUGGLING HOMEOWNERS BY THE CONTROVERSIAL CHANGES MADE IN 2005 – ARE TAKING A BAD SITUATION AND MAKING IT MUCH WORSE WHEN IT COMES TO THE MORTGAGE FORECLOSURE CRISIS.

IF CONGRESS WANTS TO DO SOMETHING TO SAVE THE HOMES OF HUNDREDS OF THOUSANDS OF AMERICAN FAMILIES, IT MUST DO SOMETHING NOW TO FIX THE BANKRUPTCY LAWS.

THANK YOU FOR YOUR ATTENTION. THAT CONCLUDES MY REMARKS. I LOOK FORWARD TO TAKING YOUR QUESTIONS IN A FEW MINUTES.