

My name is Paul Satriano. I am a board member of Minnesota ACORN, and I also serve as the Treasurer on ACORN's national board.

I want to thank Chairman Frank for coming to Minnesota and for all your work in Washington -- holding hearings to shine a spotlight on predatory lending, putting the mortgage industry under a microscope, and pressing the Federal Reserve to do their job and issue rules to protect consumers from abusive lending practices.

I also want to thank Congressman Ellison for holding this hearing and for fighting for credit justice.

I was in danger of losing my own home to a predatory loan when I first joined ACORN seven years ago. Since then I have been working with ACORN to fight predatory lending. I'm proud of what we have accomplished and the progress that ACORN and others have made.

Together, we have put an end to credit insurance. We have gotten lenders to lower their closing costs and to shorten their prepayment penalties.

But new problems have developed. More and more subprime loans had adjustable rates. More and more loans were made where the borrower fell behind within the first few months. More and more homeowners found out too late that their mortgage payment didn't include taxes and insurance.

In Minnesota, when we see a problem, we like to do something about it. Just this year, the Minnesota legislature passed what we think is the strongest law in the country against predatory lending.

This was the second time in recent years that ACORN, the Minnesota Attorney General, and Legal Services have passed landmark legislation to protect innocent homeowners. In 2004, with the help of then state representative Keith Ellison, we passed the first state law in the country against foreclosure rescue scams. It became a model law for other states.

And ACORN is working to spread the new Minnesota predatory lending legislation to other states. We were excited when Congressman Ellison introduced a similar bill in Washington.

We know that your committee will be looking at a federal predatory lending bill and that the mortgage industry wants one national law that will pre-empt all the state laws.

We also want to see a national law and are committed to working with you throughout the process, but we don't want a national law to take away the protections we worked so hard to pass, or take away our state's ability to address new problems that come up, like we did with the foreclosure rescue scams.

And while we need to pass laws to protect homeowners from predatory loans, we also need to help those families who have already fallen prey to the loan sharks and who are facing foreclosure.

We believe that this crisis can be addressed, but there are specific things that need to happen.

In Minnesota we are fortunate to have an excellent network of foreclosure prevention counseling agencies, including our sister organization

ACORN Housing. However, our programs are not able to keep up with the demand for our services, much less expand to really meet the need that is out there, and many homeowners don't know that there is help available.

The Senate Appropriations Committee recently approved \$150 million for the HUD Housing Counseling Program with \$100 million of this specifically designated for foreclosure prevention counseling and outreach.

But the House has approved less than \$50 million, with no money directed to foreclosure prevention. We need the House to support the \$150 million in funding.

But no matter how good a foreclosure prevention program is, we still need the lenders to do their part in cleaning up the mess they created, and we need them to do something quickly.

That's why we are calling on subprime lenders and servicers to agree immediately to a voluntary foreclosure moratorium for three months on loans here in Minnesota.

And during these three months we want the mortgage companies to back up their talk with action. We keep hearing from the lenders how they don't want to foreclose on people's homes and how they only do it as a last resort, but homeowners say that the mortgage companies are still only giving them two options – sell the house or pay extra every month to catch up.

Mortgage companies need to agree to do more loan modifications, and not just on a case by case basis, but on a large scale, to help families stay in their homes with an affordable mortgage.

For people with adjustable rates who can't afford their payments because the rate went up, mortgage companies need to lower the interest rate and make it fixed.

In so-called stated income loans where the broker or loan officer lied about the borrower's income, the mortgage company should reduce the interest rate or principal or both, so that it is affordable.

And in cases where the homeowner fell behind because they had to pay their taxes and insurance separately, lenders need to redo those loans and include the taxes and insurance in the monthly payment.

During a three month foreclosure moratorium, we are willing to do our part and conduct a large-scale outreach program to reach homeowners who are facing foreclosure. According to Freddie Mac, half of all foreclosed homeowners never talked to their lender during the foreclosure process. In many cases, this is because they don't think the lender is willing to do anything to help them.

We will go door to door to find those homeowners, make sure they know about the second chance they are getting through the moratorium, and urge them to contact their lender or a housing counseling agency.

Thank you.