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Bill Ritter, Jr.
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MORTGAGE PROTECTION **COMBATING THE FORECLOSURE CRISIS**

The nation's foreclosure crisis hit Colorado early and especially hard. We remain among those states with the highest number of foreclosures. In addition to the pain felt by families losing homes, there are serious collateral consequences from foreclosure. Communities suffer. Property values decline. Properties that are not maintained depress neighborhoods and can become magnets for undesirable and sometimes criminal activity. Localities around the state are working hard to address such consequences, but foreclosures are taxing on the resources of local code enforcement officers, police and fire departments.

What we are proposing:

To address the foreclosure crisis, Governor Ritter, with Rep. Ferrandino's sponsorship, will pursue legislation to give qualified homeowners additional time and help in seeking a loan workout plan and avoiding foreclosure. For homeowners who take advantage of the state's network of housing counselors, and whose financial circumstances support the possibility of successfully salvaging the loan, the legislation will provide an additional 90 days to negotiate. During that 90-day period, the homeowner will continue to make reasonable payments to the lender. The counselor will provide knowledgeable assistance to the borrower in achieving the best outcome available—ideally, a sustainable loan modification that allows the family to remain in the home and the mortgage loan to be repaid.

We believe that this unique Colorado approach is in the best interest of both borrower and lender. It requires homeowners to make monthly payments during the 90-day negotiation period, while providing both sides time to get to a good outcome. If a mutually acceptable modification can be reached, the family has the opportunity to keep its home, and the lender averts potentially significant losses suffered on foreclosure.

Additional response with federal support

In response to the foreclosure crisis, Congress provided funding for neighborhood stabilization efforts. Colorado received \$53M, of which \$34M came to the state, with the balance going directly to four localities -- Denver, Adams County, Aurora and Colorado Springs.

The funds will be used primarily to acquire and rehabilitate foreclosed and abandoned properties in those communities hardest hit by foreclosures. The properties will then be recycled into affordable housing. To leverage this money to the greatest extent possible, the state will work with local governments and community partners.