



Bouquets \$19.99 +s/h
 Send flowers for any occasion from proflowers.com/happy
 Order ONLY at proflowers.com/happy or call 1-877-888-0688



Lawmaker unveils mortgage modification bill

By Corbett B. Daly



updated 41 minutes ago

WASHINGTON — As many as 30 million U.S. homeowners would be able to refinance their mortgage at record **low interest** rates regardless of their credit situation under a plan unveiled on Tuesday by a Democratic lawmaker.

The legislation would allow for blanket 30-year, fixed-rate mortgages at the prevailing market rate, now around 4.3 percent, for anyone seeking to refinance a government-backed loan, Representative Dennis Cardoza told Reuters on Tuesday.

Homeowners could refinance irrespective of their income, **credit history** or loan-to-value ratio.

The plan, which faces an uphill battle in Congress, would help a wide swath of borrowers and is more comprehensive than the narrowly targeted efforts President Barack Obama has tried to date.

"I've been terribly frustrated with the administration," the California Democrat and outspoken critic of Obama's housing rescue efforts said.

The Obama administration's marquee foreclosure prevention program, the Home Affordable Modification Program, has been widely criticized as ineffective. Fewer than 450,000 borrowers have received permanent loan modifications under the plan.

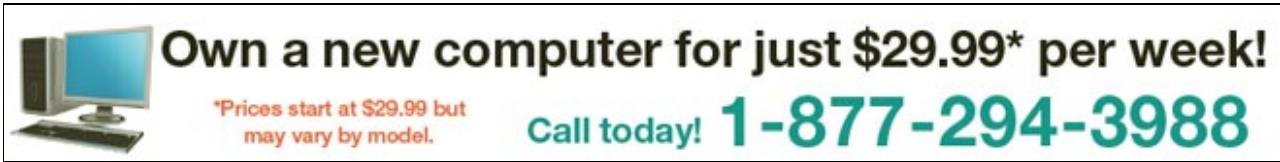
Cardoza's bill is modeled after a proposal from former Bush economic adviser Glenn Hubbard and Chris Mayer, a colleague of Hubbard's at the Columbia **Business School**.

As it now stands, many borrowers are unable to take advantage of historic low mortgage



Help people in need.
 Donate your car, boat or RV
 Free Towing • Tax Deductible
 FREE 3 day vacation to over 80 destinations

Print Powered By 



Own a new computer for just \$29.99* per week!
 *Prices start at \$29.99 but may vary by model.
 Call today! 1-877-294-3988



rates because of falling home values, declining incomes and tight lending standards.

Cardoza wants to change that dynamic. His plan would direct agencies that support the housing market to refinance existing mortgages at current market rates. Such agencies include Fannie Mae, Freddie Mac, Ginnie Mae, the Federal Housing Administration and the Department of Veterans Affairs.

The plan would not subsidize writedowns of principal balance for homeowners who owe more than their home is worth. But it would allow those "underwater" borrowers to refinance homes and get the benefit of a lower monthly payment.

Still, prospects for the bill are far from certain.

With congressional elections looming on November 2, lawmakers are unlikely to have time to consider the bill before leaving Washington in early October to hit the campaign trail.

The administration opposed a 2009 effort by Cardoza to allow homeowners to refinance at what was then a below-market fixed 4.0 percent rate, the lawmaker said.

The White House and Treasury declined to comment on his latest proposal. Obama was asked on Tuesday at a campaign style event in New Mexico what the government was doing to prevent veterans and others from losing their homes.

"This is a multitrillion-dollar market, so there's no government program where we can just make sure that whoever is losing their home that we can just pick up the tab," Obama told the questioner who said he worked for the New Mexico Veterans Administration health care system.

"We've got to get back to sort of a traditional, more commonsense way of thinking about housing which is, if you want a house you got to save for a while. You got to wait until you have 20 percent down," Obama added.

It was also unclear how much support the bill might garner from leading House Democrats, though a House Democratic leadership aide said "it's a good bill."

Cardoza, a prominent member of the conservative "Blue Dog" Democrats, said his




Eat Great, Lose Weight!
 "Best bang for your buck!" - Redbook
 Call 1-888-378-3151
 and get a FREE week of meals plus a BONUS \$25 gift!
 eDiets fresh prepared meal delivery
 © 2009 eDiets.com, Inc. All rights reserved. Redbook is a TM of Hearst Communication, Inc.

Print Powered By FormatDynamics™

Eat Great, Lose Weight! "Best bang for your buck!" - Redbook

Call **1-888-378-3151** and get a **FREE** week of meals plus a **BONUS \$25 gift!**

© 2009 eDiets.com, Inc. All rights reserved. Redbook is a TM of Hearst Communication, Inc.





new plan would not be as costly as his earlier proposal because it is based on market rates, currently about 4.3 percent.

Scott Buchta, head of investment strategy at Braver Sterns Securities in Chicago, noted prices for mortgage-backed securities spiked lower before recouping some losses after news of Cardoza's plan became public.

"The one big problem with a plan like this is you assume you can refinance at today's levels. But there is limited capacity to process all those loans, and then, who is going to buy them all? Rates would have to rise in order to find a clearing level for all the new MBS," said Buchta.

Copyright 2010 Thomson Reuters. Click for restrictions.

Own a new computer for just \$29.99* per week! Call today to get the computer of your dreams, and improve your credit at the same time.



If you can afford a weekly payment of just \$29.99* for just 12 months, then you're already approved for a brand new Dell™ or HP™ Computer, guaranteed.

1-877-294-3988

GIVE US A CALL TODAY! *Prices start at \$29.99 but may vary by model.

Print Powered By 