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Democrats score win in mortgage reform

After months of debate Democrats on the House Financial Services Committee convinced 10 Republicans to back a mortgage reform plan that would call for \$300 billion in loan package relief. The bill which was advanced on a 46-21 vote was supported by every Democrat and 10 Republicans from areas of the country which have been hardest hit by the mortgage crisis.

The legislation calls upon the Federal Housing Administration, a depression-era program, to guarantee home loans for those whose property value has dropped from the time the original mortgage was written. In order for lenders to qualify for a government guarantee they will be required to forgive a portion of the original mortgage principle. The Bush administration is opposed to the bill believing that taxpayers would ultimately lose if significant shares of the loans fail.

The bill's sponsor Rep. Barney Frank (D-MA), recently said that the bill is "a very important affirmation that what has been done to date is not enough." Opponent Rep J. Gresham Barrett (R-SC) said about the bill, "It's not fair to ask the American taxpayer to insure loans to the riskiest borrowers, who may not be able to pay their mortgages no matters what."

Multiple Republican led amendments to the bill failed including one sponsored by Rep Scott Garrett (R-NJ) which would have removed language in the bill automatically gives distressed borrowers who refinance an automatic 10 percent equity stake in their home.

"What about the person who has been patiently sitting on the sidelines over the last several years, saving up and waiting for these unsustainable prices to come down and paying rent every month while getting no equity?" Garrett said. "We are now rewarding someone who undertook an irresponsible loan and bought something they can't afford."

Mr. Frank believes that with the bipartisan support of the Republicans this bill will pass through Congress and the White House with little resistance.