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## Bush threatens veto of mortgage bill

A Democratic-led bill that has been in the works since February has met with another roadblock. Rep. Barney Frank (D-MA) is sponsoring the bill which would allow homeowners to refinance their current mortgages into federally insured fixed-rate loan. In order for borrowers to qualify for inclusion the lenders would have to agree to write-down a substantial portion of the loan. The bill requires \$300 billion in insurance provided solely by government funding

Proponents of the bill originally estimated that it would help roughly 1 million homeowners. Now they say that approximately 500,000 homeowners would see the benefits of this legislation at a price tag of \$2.7 billion over the next five years to taxpayers. Republican critics argue that the cost is too great for the amount of homeowners it would help and that it ultimately would end up benefiting investors and lenders and not the intended average homeowner.

President spoke out about the bill saying, "We are committed to a good housing bill that will help folks stay in their house, as opposed to a housing bill that will reward speculators and lenders. I will veto the bill that's moving through the House today if it makes it to my desk." Senator Chris Dodd (D-CT) countered the President's position by criticizing the federal bail-out of Wall Street investment banks. "It's O.K. to help out a major investment bank," he said adding, "Where is that compassion when it comes to American homeowners?"

The controversial bill does include provisions to advance changes that Republicans have supported such as tighter regulation of mortgage financiers Freddie Mac and Fannie Mae as well as a reformation of the Depression-era Federal Housing Administration. However even the FHA has criticized the Democrats bill calling it "extreme" and "overly prescriptive". The FHA has recently seen a dramatic rise in foreclosures and is facing mounting financial pressure.

In 2006 FHA director Brian Montgomery tried unsuccessfully to get Congress to overhaul the agency. He believes that if Congress had acted then per his request than the mortgage crisis could have been avoided entirely. "I'm back here now trying to pick up the pieces, and they're telling me you're just not doing enough," he said. "It's a little disingenuous."

For the time being Democrats and Republicans will continue to debate the bill and hope to provide a solution for the growing housing crisis and weakening U.S. economy.