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## Sen. Boxer introduces bill to help homeowners

Carolyn Lochhead  
Friday, May 11, 2012

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**Washington -- Sen. Barbara Boxer, D-Calif.,** amped up the pressure on the **Obama** administration Tuesday to loosen requirements on homeowners seeking to refinance their mortgages at record-low interest rates.

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Boxer's effort joins a chorus of calls from Bay Area House Democrats slamming Edward DeMarco, the administrator of the Federal Housing Finance Agency, the government body that oversees Fannie Mae and Freddie Mac, which work with lenders to provide housing funding.

California Democrats have been targeting their wrath on DeMarco for months, accusing him of blocking common-sense methods of easing mortgage woes.

About 500,000 California homeowners are facing foreclosure, and about 60 percent of those mortgages are backed by Fannie and Freddie. The mortgage giants collapsed in the 2008 financial crisis and are in a government conservatorship, costing taxpayers about \$180 billion.

Boxer called her bill a "no brainer" and urged DeMarco to implement it administratively using his existing authority.

"We're not going to sit back and put lives of homeowners in his hands," Boxer said. "The president cannot order this done. We can't order it done. He can. DeMarco can order this done."

### Low refi rates

Boxer's Responsible Homeowner Refinancing Act of 2012, co-sponsored by Sen. Robert Menendez, D-N.J., would allow all mortgage holders who are current on their payments and whose loans are backed by Fannie and Freddie to refinance at rates now as low as 3.84 percent.

The Boxer bill would also eliminate all up-front fees on refinances, eliminate appraisal costs for all borrowers, streamline refinancing applications and other measures to ease refinancings.

Boxer said the bill complements another refinancing effort introduced by Sen. Dianne Feinstein, D-Calif., this week that applies to mortgages that are not guaranteed by Fannie Mae, Freddie Mac or the Federal Housing Administration.

She estimated that her legislation would cover as many as 17.5 million loans guaranteed

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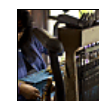
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by the government.

The White House said it will offer more refinancing initiatives Friday.

Edward Pinto, an official with Fannie Mae in the late 1980s who is a resident scholar at the conservative American Enterprise Institute think tank, said Boxer's plan would not stimulate the economy as much as Democrats hope.

### No net gain

The bill would "just refinance everything in sight and take out all barriers and costs," Pinto said. Doing that would violate Fannie and Freddie's agreements with bondholders and amount to moving money from interest payments from investors' pockets to the pockets of homeowners, without adding any new money to the housing market or the economy.

DeMarco may not have the power to break contracts with banks, pension funds, mutual funds and other investors in mortgage-backed securities, Pinto said.

Pinto is pushing a plan aimed at reducing rates for homeowners who are current on their payments but whose properties are worth much less than their mortgages, the so-called underwater mortgages. Instead of freeing up money to homeowners through lower monthly payments, Pinto proposed reducing the term of their mortgage so that they earn equity faster. That would do more to staunch defaults, he said.

*Carolyn Lochhead is the San Francisco Chronicle's Washington correspondent. clochhead@sfgate.com*

*This article appeared on page A - 11 of the San Francisco Chronicle*

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**FastEddy** 6:14 AM on May 11, 2012

And JP Morgan lost \$2 Billion in April pumping and dumping these very same Phoney/Fraudy mortgages? Look out children, your future has been ditched. Hello public works projects. (Investigative reporter needed: The fed just stole another boatload of Ft.

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**onemansopinion** 8:06 AM on May 11, 2012

Everyday people who rent are evicted for failure to pay but for some reason Boxer and other in government think homeowners who don't pay should receive special assistance at the taxpayers expense. Since so many members of Congress are multimillionaire they can give their money away to these worthy causes and victims.

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