



News Release

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MBA Comments on Homeowner Affordable and Stability Plan

WASHINGTON, D.C. (February 18, 2009) – John A. Courson, President and CEO, and David G. Kittle, CMB, Chairman of the Mortgage Bankers Association (MBA), today issued the following statements after President Obama unveiled his Homeowner Affordability and Stability Plan. John Courson's comments on the President's plan:

"We are encouraged by this effort that will provide a variety of alternatives to help a wide array of borrowers avoid foreclosure. It provides crucial refinance opportunities to borrowers whose mortgages are held or guaranteed by Fannie Mae and Freddie Mac. It also provides strong incentives for servicers and investors to offer sustainable loan modifications to borrowers who are already delinquent or foresee falling behind on their payments.

"Among the concerns we have is that it seems to offer little help to borrowers whose loan exceeds their property value by more than five percent. This will limit the plan's success in some of the hardest hit areas in California, Florida, Nevada and Arizona, as well as some areas on the East Coast.

"Another limiting factor of the plan is that it doesn't offer assistance to borrowers with jumbo mortgages and those whose mortgages are in private label securities. It also doesn't provide servicers with a sufficient safe harbor to avoid litigation from the investor or mortgage holder when the servicer is trying to help a borrower with a jumbo or non-agency mortgage.

"In the end, we all agree with the overarching goal of helping at risk borrowers get an affordable monthly mortgage payment. We look forward to working with the administration on the details and implementation of its proposal, and also with Congress on a number of pieces it will need to implement to make the plan a success."

David Kittle added the following regarding the proposal to allow bankruptcy judges to treat the underwater portion of the mortgage as unsecured debt:

"We are disappointed to see the President endorse bankruptcy as a means to help delinquent borrowers. Our fear is that any borrower who can't be helped by this program will have a hard time being helped by bankruptcy. So their bankruptcy plan will fail, they will lose their home anyway, and will now be stuck with the black mark of bankruptcy on their record; inhibiting their ability to buy or rent a home in the future."

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The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,400 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mortgagebankers.org.