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Subject: Electronic Fund Transfers

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Comments:

Date: Mar 22, 2009

Proposal: Proposed Illustrations of Consumer Information for Subprime Mortgage Lending

Document ID: OP-1292

Document Version: 1

Release Date: 08/14/2007

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How to fix housing market After reading a plan of Treasury secretary, Timothy Geithner, how to rescue struggling mortgage payers, I thought an alternative approach that may be a better solution. The proposed government plan's major deficiency is that government will pay partially the mortgages that irresponsible individuals borrowed. Of course it is sad that people losing their homes however many others who were more responsible will find the government plan unfair. People, who bought expensive houses and can't afford to repay for them, should not own them. There might be some borrowers who are in good financial situation but will apply for the government assistance too. Also the plan foresees the cut in cash flow to the lenders because of reduction in monthly payments. This will increase the stress on battered lenders. And finally the government plan brings uncertainty into the housing market. Potential homebuyers will postpone their purchase because government intervention will change the housing market with unpredictable price move. My vision of the right solution of the housing problem is following: Government will help struggling homeowners to reduce mortgage payments, however the amount of the financial aid provided by government will transfer into the ownership of the house. This will be similar to the bank bailout program when government takes ownership in the banks' equity. After reduction of the monthly payments a borrower will continue to pay the reduced mortgage and live in his/her house but cannot sell it. The title of the house will be hold by some trust company before the borrower will pay out the government financial aid. The next step will be securitization of the government ownership and sale of the government portion of the equity in the security market. Advantages of my proposed plan: Only borrowers, who really need, will receive government assistance; Market will stabilize due to the investors' confidence that the value of mortgage assets will be restored; Fair solution of the housing trouble will bring back homebuyers to the market.