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## Mortgage relief plan seen as "great first step" for area

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President Barack Obama on Wednesday ratcheted up pressure on lenders to modify troubled mortgages and cleared the way for some homeowners worried about losing their homes to get more affordable loans.

The announcement of his \$75 billion mortgage relief plan was a step in restoring confidence to a housing market that has been reeling for more than a year, observers said.

"It's a great first step," said Tracy Cavanaugh, president of the CS Advisory Group, a Neptune-based mortgage consultant. "As it relates to the psychology of us as a country, it's a relief. It helps to diminish the uncertainty. At least we're going to move in a positive direction."

Obama's plan is the federal government's latest attempt to solve a problem that started with borrowers who were approved for loans they couldn't afford. That turned into an avalanche of falling home prices, job losses and home foreclosures.

While particularly acute in fast-growing states such as California, Nevada, Arizona and Florida, New Jersey and the Shore haven't been immune to the foreclosure crisis.

Last year, New Jersey foreclosures rose 39 percent; Monmouth County foreclosures rose 33 percent; and Ocean County foreclosures rose 44 percent, according to the state Department of Community Affairs.

Experts believe the number of foreclosures will increase this year as the economy deteriorates and more workers lose their jobs.

It has left some people in the same situation as Maria Licciardello, 50, of Barnegat. She has lived in her home since 1982, raising her two daughters and paying the bills, even after her husband died in 2000.

A directory assistance operator for Verizon Communications Inc., she took a buyout last year, certain she soon would be replaced by technology. But with the job market in tatters, she hasn't found another job. She fell behind on her mortgage two months ago.

She applied with her mortgage company for a loan modification, but has yet to hear from them.

"It's terrible. I went to a job interview today. It was the second call. I walk in there and he tells me the position has been filled," Licciardello said. "I was really gung-ho today that I was going to be able to call the mortgage company and say, 'Look, I have a job now.' Maybe it will be easier to get a modification if you have some income."

Obama's plan is targeted to help:

-- Borrowers with subprime loans. Their interest rates have risen so high that their mortgage payments consume as much as half of their monthly income.

The Treasury Department will provide \$75 billion to subsidize lenders and help reduce the payments

to no more than 31 percent of borrowers' monthly income. It will give servicers financial incentives to modify at-risk loans before the borrower falls behind. And it will establish guidelines for loan modifications across the industry. □

-- Homeowners "under water." Their interest rates are stable, but falling property values have left some people owing more than their homes are worth.

The Obama administration will allow homeowners who have loans owned or guaranteed by Fannie Mae and Freddie Mac to refinance with lower interest rates, even if they owe more than 80 percent of the home's value. That could help up to 5 million homeowners who no longer have enough equity to refinance.

-- The mortgage market. The Treasury Department said it would continue to buy mortgage-backed securities from Fannie Mae and Freddie Mac, which helps keep mortgage rates low.

Observers said the plan isn't a cure-all. Homeowners facing the bleakest scenario will find little relief, said David Petrovich, executive director of the Society for Preservation of Continued Homeownership, a nonprofit group in Ocean Township, Monmouth County.

Still, "I think it's going to open the lines of communication between lenders and borrowers," Petrovich said. Lenders "are going to be a little more receptive to the plan."

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