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Expecting Taxpayers to Foot the Bill for Massive Housing Program Is No Solution

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Last week, the House considered a massive housing bailout bill. This legislation would force our nation's hardworking taxpayers to insure up to \$300 billion in new mortgages to bailout our nation's banking industry and homeowners who made irresponsible lending and borrowing decisions.

"The Mortgage Minute Guy"

The bill, H.R. 3221, proposed by the Financial Services Committee Chairman Barney Frank, actually pays individuals to stay in their homes giving every homeowner who is in trouble a 10 percent equity stake in their home. On average, it could take three or more years for a homeowner to make enough payments to build up 10 percent equity. And now, the federal government is just going to hand it out? I understand that things are bad in the mortgage markets right now but I don't think it is bad enough that people actually have to be paid to own their own home.

Where is the fairness in this proposal? What about the person who has been patiently sitting on the sidelines, saving up and waiting for the unsustainable prices to come down while paying rent every month and building no equity? Instead, Congress is rewarding borrowers who took out loans they could not afford to pay back, in many cases because they purchased a home that they could not afford?

What about the person who took out a loan three years ago and has been scraping by, struggling to afford their mortgage and attain their own 10 percent equity? Now we are just giving this equity away to people who didn't save or decided to live above their means?

Proponents of this bill have argued that this legislation is needed to encourage people to stay in their homes. I believe the possibility of being kicked out of your house is incentive enough. I don't have a problem with helping homeowners stay in their homes but I do have a problem with facilitating an arrangement in which they are given 10 percent equity in a home when the mortgage is insured by the federal government, courtesy of the American taxpayers.

This bill also completely disregards borrowers' payment histories and credit scores when considering eligibility for this program. Borrowers could have missed the majority of their monthly payments over the life of the loan, yet still be eligible for a government-backed mortgage. An amendment was offered during the committee process to rectify this and it was soundly defeated by the Democrat majority party.

I am committed to helping stabilize the housing economy but not at the expense of Americans who are trying to make ends meet. Congress needs to focus on passing FHA and GSE reform along with allowing the free market to work itself out of the downturn. Proposing legislation that costs our taxpayers more money is not a solution. Gas prices and food costs are currently sky rocketing, the last thing that innocent taxpayers need is to be burdened with another financial obligation, especially when it's to bail out those who made poor financial decisions.

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