

Stockton Record

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Reps. Jerry McNerney, D-Pleasanton, and Dennis Cardoza, D-Atwater, were among 27 California members of Congress who sent a letter Thursday that pleads for President Barack Obama to take stronger action on the foreclosure crisis.

"We have ... presented numerous constituent cases ... demonstrating the questionable, possibly fraudulent, and irresponsible practices of the mortgage-servicing industry," the representatives wrote.

Among the proposals McNerney, Cardoza and the others are advocating is a "principal paydown plan" that would make it possible for homeowners who are upside down on their mortgages to reduce the amount they owe to bring it below market value.

Among their ideas: reductions in the total principal owed or waiving interest for certain homeowners in Chapter 13 bankruptcy for five years.

Waiving interest would have the effect of allowing every dollar paid to reduce the balance of the loan.

"We discussed this proposal ... with Ed DeMarco, the acting director of the Federal Housing Finance Agency," the representatives wrote. "However, we have yet to receive a decision from your Administration. Why not?"

