

Stockton Record

*January 26, 2012*

Indirectly, President Barack Obama spoke in this week's State of the Union about Stockton and San Joaquin County.

He proposed a nationwide plan that would give every "responsible homeowner" an opportunity to save \$3,000 a year on his or her mortgage by refinancing at historically low interest rates.

Reps. Jerry McNerney, D-Pleasanton, and Dennis Cardoza, D-Atwater, want to hold the White House to the proposal.

"If President Obama means what he says, I could not be more pleased," said Cardoza, who said in a written statement that the president's plan mirrors his own Housing Opportunity and Mortgage Equity Act, first introduced as House Resolution 383 in 2009.

According to the New York Times, the proposal will be directed at borrowers whose mortgages are flipped - that is, they owe more than their houses are worth.

A senior administration official told the Times that program could benefit 2 million to 3 million homeowners across the nation who have mortgages not guaranteed by the government.

In San Joaquin County, 51.1 percent of the mortgages - representing 65,230 homeowners - were "upside down" in the third quarter of last year. According to Santa Ana-based CoreLogic, that was an improvement over 53.3 percent in 2011's second quarter.

Those numbers are driving Cardoza and McNerney to push Obama to act quickly and decisively.

They met Wednesday morning with other members of California's Democratic congressional delegation to go over the details of the State of the Union.

"Every week when I go home, I hear from people in my district who are struggling with an underwater loan or being foreclosed upon," McNerney said.

He urged:

- » A requirement that homeowners have one point of contact at their lending institution.
- » Creation of a "real" plan for reducing the principal owed on underwater homes.
- » Speeding up the short-sale process, so that homeowners get a yes-or-no answer in a reasonable time frame.

"(The President) must understand that the key is execution and cutting the red tape for struggling homeowners is essential," Cardoza said.

Both congressmen urged the president to implement his plan immediately.

Obama's program would broaden the availability of government-backed mortgages to include borrowers whose loans are held by private companies. The loans, under his proposal, would be backed by the Federal Housing Administration.

Critics already are predicting failure.

The new plan would require congressional approval, "a difficult hurdle," according to the Times, given the current polarization in Washington.

Some analysts called the plan "dead on arrival."