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Bailout Gives Government 60 Day Ultimatum to Help Homeowners

Ann Arbor, MI October 6, 2008 – “The economic bailout package that just passed Congress requires the federal government to come up with a systematic plan over the next 60 days to help homeowners stay in their homes and avoid preventable foreclosures,” said Gibran Nicholas, Chairman of the CMPS Institute, an organization that certifies mortgage bankers and brokers. “This provision will reduce foreclosures across the country and directly impact all American homeowners.”

How Homeowners with Government-Owned Loans Will Be Affected:

As part of the conservatorship of Fannie Mae and Freddie Mac, the federal government now has ownership or control of roughly half of all mortgages in the United States. Also, the Federal Reserve sometimes purchases mortgage backed-securities as part of its day-to-day open market activities. Further, the bailout plan that just passed Congress allows the US Treasury to purchase whole mortgages, mortgage backed securities and other assets secured by residential real estate. “The legislation requires the government to coordinate a systematic approach to modify mortgages if the lender is likely to recover more through the loan modification or workout than by forcing the home owner into foreclosure,” Nicholas said. “This new law applies to all mortgages where the government has ownership or control of the mortgage itself, or any financial instrument or security that is based on that underlying mortgage.”

How Homeowners without Government-Owned Loans Will Be Affected:

“Too many foreclosure sales in a neighborhood reduce all the home values in that neighborhood and put extra downward pressure on housing prices,” Nicholas said. “Reducing the number of preventable foreclosures will make it much easier for housing prices across the country to stabilize.”

For helpful information on related topics:

[The Consumer Bailout That Nobody Knows About](#) - includes a sample letter that homeowners can use to request a loan modification from their lender

[Trillion Dollar Federal Bailout – How Bad Is It?](#) - includes helpful information on how troubled mortgage assets should be valued and what they may be worth

About CMPS Institute: CMPS is a training, examination, certification and ongoing membership program for financial professionals who provide mortgage and real estate equity advice. Recognized for its preeminence within the industry, the CMPS curriculum represents the core knowledge expected of residential mortgage advisors regardless of the diversity of specializations within the industry. Over 5,500 financial

professionals have gone through the program since its launch in 2005. For more information or to find a certified professional near you, please visit www.CMPSInstitute.org or call 888.608.9800.

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