

FOR IMMEDIATE RELEASE

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The One Key to Help Congress Solve the Housing and Foreclosure Crisis

What Congress can and should do to help solve the housing, mortgage and foreclosure crisis

Ann Arbor, MI, April 22, 2008 – The CMPS Institute has just sent Congress a [detailed proposal calling for government-backed loans to homeowners of up to 20% of the homeowner's current mortgage balance](#). "Negative homeowner equity is the one root problem that Congress can help solve," said Gibran Nicholas, Chairman of the [CMPS Institute](#), an organization that certifies mortgage bankers and brokers. "If homeowners have no incentive to keep up their mortgage payments, the problems in the housing markets could continue to spread and plunge our country into a deep recession," continued Nicholas.

This proposal was [initially floated by economist Martin Feldstein](#), chairman of the Council of Economic Advisers under President Reagan, professor at Harvard University and President/CEO of the National Bureau of Economic Research. "A voluntary loan-substitution program could reduce the number of defaults and dampen the decline in house prices – without violating contracts, bailing out lenders or borrowers, or increasing government spending," said Feldstein, who helped review the comments sent to Congress by the CMPS Institute.

About 6% of all mortgage borrowers are behind on their payments, and 17% of all sub-prime borrowers are behind on their payments. Approximately 10% of all US mortgage borrowers owe more on their mortgages than the value of their homes, thus making their mortgages "unrefinanceable" for the most part. "Some of the more aggressive proposals before Congress would drive the mortgage industry toward nationalization, while some of the more limited proposals would do little or nothing to solve the crisis", Nicholas said.

"This entire situation can be greatly remedied by reducing homeowners' mortgage balances to the point where they are no longer in a situation of little or no equity," said Nicholas. Doing so would give all homeowners incentives to keep up their mortgage payments as property values continue to stagnate or decline. Distressed homeowners would be empowered to refinance their otherwise "unrefinanceable" mortgages into more affordable loans without an increase in their overall debt level. Property values will stabilize, consumer confidence will rise to shore up the economy and taxpayers will avoid incurring unnecessary and excessive risk.

Please [review CMPS' comments](#) and let Congress know your thoughts on the matter as well. The best way to communicate with the committees is by fax:

House Committee on Financial Services, Attn: Congressman Barney Frank,
202-225-6952

Senate Committee on Banking, Housing and Urban Affairs, Attn. Chairman
Dodd, 202-224-5137

In your fax, you could simply state,

"I urge Congress to consider the Mortgage Substitution Proposal submitted by the CMPS Institute which can be found at:

<http://www.cmpsinstitute.org/pdf/MortgageSubstitutionProposal.pdf>"

About [CMPS Institute](#): CMPS is a training, examination, certification and ongoing membership program for financial professionals who provide mortgage and real estate equity advice. The CMPS Institute was formed as a [joint effort by leaders in the mortgage and financial planning industries](#) to raise professional standards among mortgage professionals and integrate sound financial planning advice into the [mortgage process](#). 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. For more information or to locate a certified professional near you, please visit www.CMPSInstitute.org or call 888.608.9800.

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