

We -- us, as in Uncle Sam -- now are in loan-servicing business

BY CAROLYN HERMSEN

□ *The writer, of Omaha, has been in the mortgage banking business for 27 years.*

We hear conflicting opinions, accusations, partisan bickering, everyone blaming everyone. But many of you have obtained a mortgage in the past 20 years, and you probably were told when you got it that that's what's going on with this inappropriately named "bailout" bill. It ought to be called the "Loan Servicing Act." All the affected people who are making their mortgage payments to their current company now have to make them to a new company. More than 80 percent of the loans we're buying are performing loans, which mean they aren't in foreclosure. When the loans are in "mortgage-backed securities," the lender doesn't actually own the loan. This actually has been a big part of the problem and why houses have been going into foreclosure. They could afford the loan when they got it; now we'll be able, in most cases, to give them a better deal. Mortgage-backed securities are not being trusted at the moment in the open market. The securities are being bought back. When the loans initially were sold, the buyers of these loans thought they were getting Mercedes. Now they're stuck with the Fords. But they had to use lots of cash to buy them back. Also, they had to use lots of cash. We're going to buy those Fords at a reduced price. When we do that, the financial institutions will be able to get their cash back. Then we'll go about the work of turning those Fords into Toyotas, so we can sell them in a couple of years. I think the reason that no one is telling you this in plain-speak is because our politicians and commentators are afraid. I've heard so much misinformation in the newspapers, from members of Congress, talking heads, and the media. No wonder "we, the people" are angry. We think we're giving our money to the banks so they can make a profit. After several years, when the market begins to trust mortgage-backed securities again, we will be able to sell them. In the meantime, we collect the interest, which will help offset the initial expenditure and the cost of buying them back.

□ **Now we can help struggling borrowers and modify their original home-loan terms to fix**

