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SMARTAlert

Keeping you informed of noteworthy developments with the Paulson Plan/Congressional Bailout

Senator Durbin Proposes Bankruptcy Bill Containing Mortgage Cram Down Provision as Part of \$825 Billion Stimulus Package

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Sirote Mortgage & Asset Recovery Team (SMART) reports to you on the latest-breaking news concerning the economic bailout plan.

Senator Dick Durbin (D- Ill.) has proposed a bankruptcy reform bill to be included in the Senate's version of the upcoming \$825 Billion Stimulus Package put together by Congress and President Obama's administration. Senator Durbin's bankruptcy reform bill includes provisions that would allow a bankruptcy judge—in situations in which homeowners owe more for their homes than their homes are worth—to "cram down" or reduce the principal owed on a first mortgage on a primary residence to the actual value of the home. Proponents of the bill say that the bankruptcy provisions will help homeowners who owe more than their house is worth file for bankruptcy. Please [click here](#) for a copy of Senator Durbin's proposed bill.

Some major banks as well as the Mortgage Bankers Association ("MBA") oppose the bill. According to the MBA, the bill will cause the cost of credit to increase substantially for American home buyers. Citigroup, on the other hand, has agreed to support the legislation

on the condition that certain modifications are implemented. President Obama's administration is reportedly resisting inclusion of the bankruptcy provision in the Senate's version of the upcoming stimulus plan out of concern that it will cost Republican votes and endanger bipartisan support of the bill in the Senate. President Obama and House Speaker Nancy Pelosi (D- Calif.) have both reportedly committed to addressing the bankruptcy provision after the stimulus bill passes.

Sirote Mortgage & Asset Recovery Team (SMART) will continue to keep you informed of breaking news concerning the economic bailout plan.

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