

## Falling home prices make borrowing harder

*by UPI*

LOS ANGELES - Homeowners around the United States are finding that falling real estate prices mean they can no longer access lines of credit because the equity has vanished. Countrywide Financial Corp. notified 122,000 customers last week that they can no longer borrow because the debt on their homes exceeds the value, the Los Angeles Times reported. Lenders have also increased the amount of equity borrowers must maintain in their homes, the newspaper said. Chase Home Lending, for example, plans to limit borrowers in some parts of California to 70 percent of the equity in their homes, down from 90 percent. Economists say that tighter credit means that the effect of cuts in interest rates by the Federal Reserve Bank will be limited. "The Fed is pushing on a string," said Peter Morici of the University of Maryland. "Unless you can significantly expand the ability of banks to provide credit, the Fed's efforts are not going to do much to ameliorate a slowdown."

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