

Another small step

by *The Milwaukee Journal Sentinel*

The Bush administration took another incremental step toward helping troubled homeowners this week when it launched Project Lifeline. A consortium of the nation's largest lenders is offering a 30-day pause in the foreclosure process for some borrowers who are behind in their payments to give them a chance to negotiate better terms.

The move came amid reports that an earlier effort brokered by the White House was falling far short of expectations. That earlier plan called for lenders to freeze interest rates at current levels for some subprime loans. But *The Wall Street Journal* reported Wednesday that a hotline to provide counseling had served only 36,000 borrowers over the past two months.

Despite these disappointing results, both programs are worthwhile. So are increased loan limits for Fannie Mae, Freddie Mac and the Federal Housing Administration that were enacted as part of the economic stimulus package that President Bush signed into law on Wednesday.

But it's not enough. About 2 million loans will reset to higher rates in the coming months, and Congress so far has been all talk and no action on the mortgage crisis. It should pass legislation that:

- Allows federal bankruptcy judges to modify mortgage terms. The Center for Responsible Lending, an advocacy group that has worked to curb predatory lending, believes this change could help keep 600,000 borrowers in their homes.

- Requires lenders to provide a one-page summary of key loan terms in plain English.

- Bans lenders from charging prepayment penalties and requires them to include taxes and insurance in their calculations.

- Requires lenders to act in the best financial interest of borrowers.

As Treasury Secretary Henry Paulson said earlier this week, "None of these efforts are a silver bullet that will undo the excesses of the past years." He's right. But there is more that the government should do to help borrowers today and to help prevent a recurrence of a similar mess down the road.

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