

## House-passed bill lets judges alter loans

*by UPI*

WASHINGTON - The U.S. House of Representatives passed a bill that would allow bankruptcy judges to rewrite mortgage terms so they are more affordable for homeowners.

The House passed the legislation 234-191 Thursday. The Senate is expected to consider its version in the coming weeks, USA Today reported.

The legislation was passed against the backdrop of millions of foreclosure and delinquencies nationwide. Nearly 12 percent of homeowners -- 5.4 million -- were delinquent or in foreclosure, a report by the Mortgage Bankers Association released Thursday indicated.

The measure would allow bankruptcy judges to alter existing loans only. Changes could include reducing the principal or interest rate and extending the life of the loan.

Before the judge can alter the mortgage, homeowners must try working with lenders to modify their loans at least 30 days before seeking relief through bankruptcy, USA Today said. To avoid bankruptcy judge-ordered changes, lenders would have to make modifications outlined in U.S. President Barack Obama's housing rescue plan.

"Americans all agree that homeowners bear personal responsibility for their actions and their debts," House

Speaker Nancy Pelosi, D-Calif., said. "But lenders must also act in good faith."

Supporters said giving judges the ability to make changes, currently not allowed, could reduce foreclosures by 20 percent. Critics counter that the change, if enacted, would be abused by homeowners, encourage bankruptcies and lead to higher costs.

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