

## **WILL SCOTT BROWN HELP YOU GET A LOAN MODIFICATION?**

The surprise election of Scott Brown to the open Senate seat in Massachusetts certainly has set the political commentators abuzz. Most debate and analysis has focused on what Brown's election may mean for the administration's hopes for health care legislation.

What has received no attention at all — at least that I'm aware of — is whether the election could have any impact on loan modification programs or changes to the bankruptcy laws. Congressional proposals have been on the back burner for several years now to allow Chapter 13 filers to "cram down" their first mortgages on their principal home. This would allow homeowners who are "under water" on their home to re-write the terms of the mortgage so that the balance due is reduced the current value of the property.

If this idea gains any traction in 2010, it will more likely come from another Massachusetts legislator — Representative Barney Frank, who has been frustrated by the lack of success with the Obama administration's "Making Homes Affordable" loan modification program.

Congressman Frank has said, "The best lobbyists we have for getting bankruptcy legislation passed are the servicers who are not doing a good job of modifying mortgages. And if they do not improve their performance, they improve the chances of that legislation." Frank estimates that only a third of homeowners are even eligible for the current administration modification program.

Stay tuned to see what, if anything, happens to Chapter 13 reform in the election year of 2010.

In the meantime, remember that second mortgages (a.k.a. equity lines) can often be "crammed down" or even eliminated entirely under the present Chapter 13 laws.