

Mortgage Modification in Chapter 13? Rejected!

The **mortgage meltdown** and ensuing global financial crisis, in the fall of 2008, still reverberates today. The New York Times reported on the [essentials of the credit crisis](#) and pointed out the breadth and depth origins of this crisis and likened these times to the Great Depression.

I have previously reported on the financial crisis in [The Economy of Bankruptcy](#) ; while The National Association of Consumer Bankruptcy Attorneys [[NACBA](#)] has been following [SB61](#) since its inception. SB61 essentially will allow bankruptcy judges to modify the terms of a mortgage. Recently, NACBA Director, John Rao testified on the matter in October, before the [Senate Judiciary Committee's Subcommittee on Administrative Oversight and the Courts](#).

As posted in the New York Times, [House Passes Far Reaching Bill Tightening Financial Rules](#). Unfortunately, the banking industry struck a win when the House voted to reject the proposed amendment, known as "mortgage cramdown," which is the measure that would allow bankruptcy judges to change the terms of mortgages for distressed homeowners. This vote reversed the House's passage in March of a cramdown measure that subsequently died in the Senate.

American homeowners need a real solution and based on what I read over at The [National Bankruptcy forum](#), our [Bankruptcy Courts may not be equipped to handle the tsunami of bankruptcy cases](#) that would result in the passage of such legislation. To date, few mortgages are being [permanently modified](#), as reported by the LA Times.

My solution is for ever American to obtain independent financial freedom by paying off their debts outside of bankruptcy, if possible. For those Americans struggling to pay their bills, consider either a chapter 7 or 13 bankruptcy and never look back. The rules of bankruptcy do not require that you spend down all of your savings and lose your assets in order to file for bankruptcy protection. The goal here is financial freedom and independence from the banking industry FOREVER. The new paradigm as [Dave Ramsey](#) so eloquently puts it, "**DEBT IS DUMB AND CASH IS KING!**"