

Frances Espinoza: The case for passing refinancing bills in Senate

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U.S. homeowners are in desperate need of relief. More than 2 million homes are in some stage of foreclosure, and millions more homeowners are in homes for which they owe more in mortgage payments than the property is worth.

The effect on the nation's well-being is dire. Housing wealth dropped 57 percent, \$8.2 trillion, from 2006 to 2011, resulting in net household wealth plummeting \$14.3 trillion, according to a recent Harvard University housing report. Communities of color have been hit hardest, with Latinos and African-Americans facing foreclosure rates of 11.9 percent and 9.8 percent, respectively, compared with 5 percent for white homeowners.

Congress can do many things to right the housing market, and one option that is rapidly gaining traction is a set of three refinancing bills in the Senate that would help more than 12 million homeowners take advantage of historically low interest rates. The Center for Responsible Lending, in a report released Thursday, estimates that homeowners would save \$39.5 billion annually as a result of this legislation.

The bills are aimed at helping homeowners who are current on their mortgage payments. In Texas, the legislation would help more than 874,000 homeowners save an average of about \$2,800 annually, or \$2.5 billion statewide.

Right now, nearly half of home loans in our nation have interest rates above 5 percent and could benefit from refinancing to the record-low rates now available — the average interest rate on a 30-year fixed rate loan is now less than 4 percent.

One of the bills would amend the Home Affordable Refinance Program to make it more affordable to homeowners to refinance loans owned by Fannie Mae and Freddie Mac. A second bill extends access to streamlined, low-cost refinancing for borrowers without Fannie or Freddie loans. A third bill provides lower-cost refinancing to help underwater homeowners pay down their loan principal faster.

The refinancing bills currently awaiting a vote in the Senate can put more money in the pockets of homeowners. That's a significant boost for local economies in areas hit hardest by the housing bust and would keep more people in their homes. We urge Texas senators John Cornyn and Kay Bailey Hutchison to support the legislation, which may face debate in the Senate in July. Helping thousands of Texans refinance is a bipartisan win-win for our state.

Passage of these bills would be a right step in addressing the housing crisis, but much more needs to be done. There are millions of homeowners facing foreclosure who would benefit from a large-scale principal mortgage reduction program to correct the housing bubble of 2007. The program would re-set underwater home loans to their fair market values and stem the tide of foreclosures. Also, expanded financial support for fair housing organizations and HUD-certified housing counseling agencies would help many families facing foreclosure find affordable solutions to keep them in their homes.

Our housing market is very sick, but our congressional leaders can provide the medicine that's needed. While interest rates are at a historic low, it's time to help homeowners by allowing millions of families to refinance.

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