

HR _____
(a 90 cents on the dollar buyout plan)
**A Mortgage Buyout plan using Federal Reserve
Bank credits that do not add to the national debt
or taxpayer liability**

Be it enacted that Congress hereby authorizes and directs that the nations 12 Federal Reserve Banks in their respective districts to:

1. Shall offer to purchase delinquent mortgages and other loans from financial institutions that were made prior to Jan 1, 2008 that were used to purchase single family homes valued under \$250,000, small business loan defaults up to \$500,000 and farm loans in default of \$500,000 or less. *Unsecured debts and credit card loans are not acceptable for purchase under this act.* The Federal Reserve shall purchase these defaulted mortgage notes directly from banks, credit unions, mortgage companies, insurance companies and other financial institutions in their respective districts when the delinquency is 90 days or greater and at any stage of the foreclosure proceeding including before and after a sheriff sale or deed of trust transfer to the lender. Each defaulted loan shall be purchased individually and not as a package bundled with other debt instruments.
2. Each of the 12 Federal Reserve Bank has authority to purchase delinquent mortgages in their respective jurisdiction for the sum of 90 cents on the dollar of the outstanding indebtedness but not including attorney's fees, court costs or late fees or other expenses. The interest rate calculated to be paid in the buyout shall be a flat 6% annual rate from the first day of the 4th month after default occurs. No other expenses or fees may be added to any buyout offer from the Federal Reserve Banks.
3. In accepting the 90% buyout offer from the Federal Reserve, each financial institution will have an actual 10% loss on its defaulted loans.
4. All foreclosed properties and titles to property that are obtained under this Act shall be turned over to the Federal Housing Administration (FHA) that shall have the authority to finance the mortgage to the home owner at a fixed interest rate of 4.25% for a term

of 30 years with no money down to clients who have a stable source of income that is at least twice the amount of the mortgage payment including property taxes and insurance. These financing terms are available first to the original occupant of the foreclosed property but if not accepted can be made available to any other person who lost a home in foreclosure since Jan 1, 2000.

5. The FHA may also allow the property to be rented first to its original occupants under a rent to own plan that allows 50% of the rent to be applied to the down payment as a purchase until 20% of the current market or city appraised value is reached after which the renter may purchase the property or continue to rent but without additional credits applied toward the down payment.
6. The FHA shall pay the Federal Reserve the principal due on the buyout price of each delinquent loan plus an interest rate of 2% per annum over a term of 30 years.
7. The FHA shall receive revenues for the rent, sale and financing of the properties. Any profits made, after paying back the Federal Reserve loans, shall be turned over to the US Treasury at the end of each year.
8. Federal Reserve Financing. This entire buyout purchase of delinquent mortgages shall be self-financed by the Federal Reserve Banks in each of their respective districts. The financing shall be by the usual mechanisms that are currently available to the Federal Reserve Banks that include monetary expansion by direct crediting of their own accounts with computer generated electronic deposits or checkbook entries. The Bureau of Mint and Engraving shall provide currency to each of the Federal Reserve Banks in sufficient amounts for transactions approved under this act that are redeemed for cash.
9. The Federal Reserve Board (FRB) shall interpret, oversee, instruct, review and direct all provisions of this act and shall issue guidelines to the Federal Reserve Banks on how to implement this Act.
10. Decisions of this Act that are challenged by any party shall be under guidelines provided by the FRB and are first to be reviewed by the Federal Reserve Board at a public hearing after which they may be appealed within 30 days to the federal courts by the losing party.