

“YOU CAN PLAY THAT GAME WHEN IT DOESN’T MATTER.”

Apparently (according to Senator Johnny Isakson), all the posturing the Republicans have done to rip up the safety net and push families into bankruptcy over the last 8 years didn’t really matter. In the last two weeks—since Isakson returned home to Georgia and realized such policies have real consequences for real constituents—they matter.

"Unless every member of the Senate was in a cave over the two-week recess, it’s pretty obvious that gas prices and housing crisis are the two most important issues to the American public," said Sen. Johnny Isakson (R-Ga.), a former real estate broker who was among those urging Republican leaders to stop blocking the legislation. **"You can play that game when it doesn’t matter. But people’s lives, their fortunes, their largest single asset is at stake."**

Though I suppose I shouldn’t be churlish with Isakson’s recent epiphany, since he is pushing the Republican caucus to actually negotiate with the Democrats.

That said, here’s how the proposed compromise would divvy up money, per the WaPo:

\$300 billion guarantee: Allow the FHA to insure refinanced mortgages for homeowners who had become upside-down on their previous mortgages; lenders would have to forgive the previous loan and accept a loan that is no more than 85% of the value of the previous loan (BushCo wants to accomplish this through administrative means, but Republicans are coming around to this Dodd-Frank

proposal)

\$30 billion: Reimburse the Fed for any losses relating to its Bear Stearns bailout

\$14.5 billion: Give people who buy a newly built home, home in foreclosure, or a home whose owner has defaulted on a mortgage in the next year a \$5,000 tax credit for the next three years (this is Isakson's proposal; and in case you're wondering, yes, Isakson was a realtor before he became a full time politician)

\$10 billion: Finance tax-exempt bonds that could be used to finance distressed subprime mortgages

\$4 billion: Allow communities to buy and redevelop properties in foreclosure, thereby preventing entire neighborhoods from declining (The White House says this \$4 billion—about the cost of paying for two weeks of the wars in Iraq and Afghanistan—is too expensive)

\$200 million: Finance additional counselors to help those at risk for foreclosure

No cost: Require lenders to tell borrowers what the highest possible rate for ARMs would be

No cost: Permit bankruptcy judges to change interest rates on mortgages of those in bankruptcy proceedings (this measure is opposed by Republicans)

Oh wait. That \$30 billion dollars (potentially) to reimburse the Fed for bailing out Bear Stearns? That's already a done deal, with no input from Congress. I just stuck it into this list to give a sense of what Republicans believe is too expensive (\$4 billion to save entire neighborhoods), and what is not (\$14.5 billion to bail out the failing real estate industry; \$30 billion for a finance company that is too

big to fail).

Though, I should say, it was that \$30 billion (and probably, seeing first-hand how strong Rick Noriega's Senate campaign is) that convinced John Cornyn something needed to be done.

"We don't want to sit on the sidelines," said Sen. John Cornyn (R-Tex.). The \$30 billion rescue of investment bank Bear Stearns by the Federal Reserve Board in mid-March "got everybody's attention," he said.

Anyway, if you're so inclined and have a Republican Senator or two, please give them a ring and encourage them to support Dodd's plan to support refinancing of upside-down mortgages (the \$300 billion guarantee at the top of the list).

Update: Apparently, they've reached a deal. The Dodd proposal and the bankruptcy restructuring will both be amendments—they're not in the base deal.