

FROM THE FRONT PAGE

# Fed launches new \$200B consumer credit program

PAGE A1 ◀

owners of shopping malls, hotels, rental properties and many other types of buildings are unable to refinance or to pay for new construction because the (commercial) securitization market is completely shut down," Bernanke said during an appearance before the Senate Budget Committee.

The program will start off by providing \$200 billion in loans to investors with the goal of jump-starting lending to consumers and small businesses. The program, dubbed the Term Asset-Backed Securities Loan Facility, was first announced late last year and originally was scheduled to start in February.

Participants—companies and investors that pledge eligible collateral to back the loan—must request the new government loans by March 17. The Fed will provide the three-year loans on March 25.

"We should see immediate benefits to students, to credit cards, to small businesses, to consumer loans," Bernanke told lawmakers.

Under the program, the Fed will buy securities backed by different types of debt, including credit card, auto, student and small business loans. The credit crunch—the worst since the 1930s—has made it much harder for people to obtain such financing, and those that do can be socked with high rates.

Before the financial crisis, banks relied on packaging such loans into securities and selling them to pay for additional lending. That process had financed about 25 percent of consumer loans in recent years until the credit markets ground to a halt in October, the government said.

Anil Kashyap, a professor at the University of Chicago's Booth School of Business, said the program should make it easier for consumers to get loans. But he cautioned that the Fed's involvement in this area could have unintended consequences elsewhere

by making other debt securities not backed by the government less attractive to investors.

"We'd really rather the credit markets just work properly," Kashyap said.

The Fed plans to keep the program running through December, but said it could be extended.

The Fed and Treasury expect that securities backed by car-fleet leases as well as by certain equipment, including for heavy construction and for agriculture, will be eligible for Fed funding in its April operation. Participants in the second round of funding must request the government loans by April 7, which the Fed will disburse on April 14.

The program, the Fed said, will remain focused on securities that are best able to aid the economy and financial markets and that can be added at a low risk to the government.

Limits on executive compensation that apply to financial institutions receiving capital from the \$700 billion rescue program won't apply to lenders and other participants benefiting from the program. That's because it wants "to encourage market participants to stimulate credit formation" and use the program, the Fed said. (AP)

# Housing plan aims to help 9M, but leaves out many

PAGE A1 ◀

problem that has helped plunge the US economy into the worst recession in decades.

"This is not going to save every person's home," said Robert Gibbs, the White House press secretary. "The plan is not intended to augment somebody's loan for a house that they couldn't afford under any economic situation, good or bad."

Of the nearly 52 million US homeowners with a mortgage, almost 14 million, or nearly 27 percent, owe more on their mortgage than their house is now worth, according to Moody's Economy.com. Nearly half of all borrowers in Nevada were "under water" on their home loans as of December, according to First American CoreLogic.

In troubled Stockton, nearly one in five borrowers owe more than 50 percent above what their home is now worth, making it unlikely that they will qualify for any aid.

Though banks such as JPMorgan Chase and Wells Fargo & Co. issued statements praising the plan, there was also skepticism that banks would be willing to participate.

"I've just seen so many of the programs not work," said Pava Leyrer, president of Heritage National Mortgage in Randville, Mich. "It gets borrowers' hopes up. They call and call for these programs and we can't get anybody to do them."

The program has two parts: one to work with lenders to modify the loan terms for up to 4 million homeowners, the second to refinance up to 5 million homeowners into more affordable fixed-rate loans.

For the modification program, which runs through 2012, borrowers who are eligible will have to provide their most recent tax return and two pay stubs, as well as an "affidavit of financial hardship" to qualify.

Borrowers are only allowed to have their loans modified once, and the program applies for loans made on Jan. 1, 2009, or earlier. Mortgages for single-family properties that are worth more than \$729,750 are excluded.

Lenders could reduce a borrower's interest rate to as low as 2 percent for five years. Rates would then rise to about 5 percent until the mortgage is repaid.

If the plan works as intended, it could be a big plus for borrowers such as Nick Kavalary, a network cable installer who lives outside Milwaukee.

Kavalary, 42, struggled to get a loan modification from JPMorgan Chase. He was finally approved for one this year, but it only cuts his interest rate to about 9.8 percent from 10.75 percent. Even at the lower rate, he said, making the payment is nearly impossible.

The refinance program is only offered to homeowners with loans held by Fannie Mae or Freddie Mac. They have until June 2010 to apply.

Consumers should contact their loan servicer—the company that sends out their monthly bill—to find out if their mortgages are held by Fannie or Freddie. The two mortgage finance companies own or guarantee almost 31 million home loans, more than half of all US home mortgages, and say they are lowering some fees to allow more borrowers to qualify.

In Seattle, home prices are down about 13 percent from a year ago, compared with about 30 percent in Las Vegas Miami and San Francisco. Seattle area mortgage broker Rhonda Porter says the plan is likely a big plus. "I think we're going to be inundated with business," she said.

In the coming months, figuring out a way to qualify will be a big concern for many borrowers. ■

**manilabox**  
door to door cargo express

**DOUBLE SPECIAL**

**option 1: drop off**  
manila \$38  
For regular boxes only\*

**option 2: pick up**  
manila \$65 + FREE bulilit box  
For regular boxes only\* 22x10x9

Rates for other box sizes also available. For drop off and pick up. \*Restrictions Apply.  
For inquiries, please call our toll free number:  
**1-866-466-5269**

NORTHERN CALIFORNIA DROP OFF AREAS:  
VALLEJO - UNION CITY - HAYWARD - STOCKTON - HERCULES  
SAN FRANCISCO - DALY CITY - SAN JOSE - MILPITAS - SUNNYVALE

PROFESSIONAL LAW CORPORATION  
**LAZARO LAW GROUP**  
IMMIGRATION FAMILY BUSINESS CIVIL LAW

**IMMIGRATION**  
- Green card or lawful permanent resident  
- Marriage to U.S. Citizens  
- Defense against removal from U.S.  
- Work visas  
- Investor's visa

**HOME OWNER'S DEFENSE**  
- Foreclosure litigation  
- Notice of Default  
- Missed Mortgage payments

**FAMILY LAW**  
- Divorce  
- Property Division

**We speak Tagalog**

**SAN FRANCISCO OFFICE**  
605 Market St. Ste. 605 San Francisco, CA 94106  
**415.278.9577**

**NEWARK/FREMONT/UNION CITY OFFICE**  
39899 Balentine Drive, Ste. 200, Newark, CA 94560  
**510.438.6866**

For more information, please visit our website:  
**www.lazarolaw.com**

**BAY AREA COLLEGE OF NURSING**  
2004

**WANT A SUCCESSFUL CAREER IN HEALTHCARE?**

**Bay Area College of Nursing can help you!**

**We Offer a Wide Range of Programs:**

- LVN (Licensed Vocational Nurse) Program
- Anatomy & Physiology
- CNA (Certified Nursing Assistant) Program
- Training Programs for CNAs
  - Acute Care Program
  - Home Health Aide Program
- Basic Life Support Training (CPR)
- NCLEX-PN Review

**CALL NOW!**  
Registration is ongoing for these classes:

- ★ LVN Evening Class (Daly City Campus) - May 28, 2009
- ★ LVN Evening Class (San Jose Campus) - July 20, 2009
- ★ CNA Weekday Class (Mon-Fri/Daly City Campus) - March 30, 2009
- ★ CNA Weekend Class (Sat-Sun/Daly City Campus) - April 4, 2009
- ★ Acute Care Program (Sat-Sun/Daly City Campus) - April 25, 2009
- ★ Home Health Aide Program (Sat-Sun/Palo Alto Campus) - April 18, 2009
- ★ NCLEX-PN Review Class (Daly City Campus) - March 16, 2009
- ★ Anatomy & Physiology (Daly City Campus) - March 23, 2009 & March 24, 2009
- ★ Anatomy & Physiology (Palo Alto Campus) - March 21, 2009
- ★ Basic Life Support Training/CPR (Daly City Campus) - March 28, 2009

**AFFORDABLE PAYMENT PLAN AVAILABLE**

**Authorized/Approved by Federal Law (SEVP) to Enroll Non-immigrant Alien Students, M-1 Student Visa**

**OPENING IN SAN JOSE DOWNTOWN SOON!!**

**FOUR CAMPUSES TO SERVE YOU:**

<b>PALO ALTO</b> 4151 Middlefield Road, Ste. 101 Palo Alto, CA 94303 Tel: (650) 858-6810 Fax: (650) 856-7886	<b>DALY CITY MISSION</b> 6150 Mission Street, Ste. 103 Daly City, CA 94014 Tel: (650) 755-6887/ (650) 755-6888 Fax: (650) 755-6888	<b>DALY CITY COLUMBUS</b> 60 Christopher Court Daly City, CA 94015 Tel: (650) 755-6888	<b>MILPITAS</b> 1851 McCarthy Blvd. (corner Montague Expressway) Milpitas, CA 95035 Milpitas is under the jurisdiction of BACN Palo Alto
--	---	---	--

*Excellence in Healthcare Training is Our Main Thrust!*

You can visit us on the web at  
**www.bayareacollege.net**

Bay Area College of Nursing is fully accredited by the CA Bureau of Vocational Nursing, the CA Department of Consumer Affairs, the CA Department of Public Health, and the Bureau for Private Post Secondary Education.

**FREE 20 minutes**

when you enroll with **TAWAG NA DIRECT** **NOW!**

The **No. 1** choice of Filipinos worldwide!

Call Philippines for as low as  
**11.9¢ a minute**

- Great rates worldwide
- Easy to use PIN-less dialing
- Call from your cell phone, home phone or both
- 24/7 Customer Service

TAWAG NA DIRECT OFFERS THE LOWEST RATES IN LONG DISTANCE SERVICES. FOR AS LOW AS 11.9 CENTS PER MINUTE, YOU CAN CALL ANY LANDLINE IN THE PHILIPPINES FROM OUR TOLL-FREE ACCESS NUMBERS FROM THE US, CANADA AND HAWAII.

**Call our toll free number NOW!**  
**1-800-760-4748**  
PROMO CODE: FASO

Detach this card to get instant savings

**INSTANT \$3 BONUS**  
PROMO CODE: FASO

Get \$3 or 20 minutes FREE CALLING TIME when you enroll  
visit [www.mytawagnadirect.com](http://www.mytawagnadirect.com)  
or call 1-800-760-4748

Record Your Registered Number Here:  Security Code

**HOW TO USE THE SERVICE:**

1. Dial: **1-800-680-5054**  
Listen and follow instructions. To recharge press 2.
2. Enter your registered number. If dialing from unregistered location, then enter your personal security code.
3. **Domestic Call:** Dial 1+ Area Code + Telephone number

**International Call from the U.S.:** Dial 011+ Country Code + City Code + Local Number