

## Solution for adjustable rate mortgage problems?

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Hi,

I've been giving some thought to the problem with adjustable rate mortgages (ARMs) and other mortgages that people got into trouble with in the last few years. With an ARM, there's a low intro rate, and then later the monthly payment increases, on a schedule.

There are a lot of foreclosures now, and part of the problem is assumed that people can't afford their ARM when the required monthly payment increases.

The ugly solutions are foreclosure or government bailout. Instead of either of those nasty solutions (nasty for the bank and owner, or nasty for me as a taxpayer), where someone being forced to take a loss, why can't the mortgages be altered to have different terms? It's just debt.

So, is there any reason why a lousy ARM couldn't be turned into a fixed mortgage of length  $x$  years and  $y$  interest rate? To make it attractive to the banks, I'm guessing that the  $x$  and  $y$  values might be unusual by today's standard.

So, yeah, okay, it would suck to have a 70 year mortgage at 6%, but at least the person holding it could keep their house and the rest of us aren't left holding the check. The value of the house would go up over time, and the person could dig themselves out of their stupid mistake when the house is worth more later.

I like this idea a lot more than bailing out people and turning awful mortgages for unrealistic housing prices into a guaranteed government loan.

Opinions?

Any help will be appreciated.

I didn't find the right solution from the Internet.

References:

<https://arstechnica.com/civis/viewtopic.php?f=25&t=111783>

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Thank you.

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