

Re: Variable Principal Mortgages

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On Mar 4, 12:52 pm, Lantern <lanter...@xxxxxxxxxxxxxx> wrote:

Bernanke said today that banks should reduce mortgage principals to help with subprime mess. Why not have "variable principal" mortgages like we have variable interest rate mortgages? Home values have gone down temporarily so why don't the banks arrange a variable principal loan? This way the homeowners can stay in their home as value goes down. The banks can share in increase when home values come back up. Why not?

sounds good, it would be fair....but given the fact of loans being bundled and sold to private investors by the billions world wide, and that 'collateral' being used to buy yet other worthless paper..... the entire mess would be at risk of implosion.

or course its about to implode now, regardless.

the final fatal flaw in your idea is that its sensible..... so of course there is no way in hell that will fly.

Phil scott

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