

I just finished reading [Battle on the Homefront](#) by Steven Seidenberg, in the latest issue of [ABA Journal](#). With the rejection of [Senate Bill 61](#) back in April, homeowners are left with trying to work out deals with the same parties that essentially helped create the foreclosure problems. Steven did a great job in outlining the current state of the foreclosure crisis and covers the problems in bankruptcy that homeowners are facing. I agree. We need to do more for homeowners in trouble and Bankruptcy Court can provide the neutral forum.

I've been watching the news and wrote my Senator to vote in favor of [SB61](#) to no avail. I hear from clients, "If we could just write down some of our principal, we could afford the payments." The federal government's **Home Affordable** Plan doesn't appear to be working and the lender's aren't moving fast enough to help homeowners in trouble.

In **California**, our problems are overwhelming because many of us have taken out jumbo loans during the housing boom and subsequently we have seen some of the nation's greatest home price declines, creating substantial negative equity. The original **Obama Plan** excluded many California mortgages because the plan does not deal with mortgages that substantially exceed the value of the home. Recent changes to the plan have included homes with substantial negative equity, while the high value homes remain excluded from the program.

Ultimately, we need to show the lenders some **value** in the modification process. What this means, is that if modifying the mortgage will provide a lesser loss than the foreclosure, the lender is more likely to accept the modification proposal.

