



Written by [Gary Benoit](#) on February 19, 2009

Obama's Homeowner Lifeline Not a Lifeline

Obama noted in his [speech](#) that “the home mortgage crisis, the financial crisis, and this broader economic crisis are all interconnected, and we can't successfully address any one of them without addressing them all.” True enough, though not in the way Obama would have us believe. The money that the government will siphon from the American economy to pay for “bailout” after “bailout,” ostensibly to rescue the economy, will cause even more economic havoc. That havoc will include lost jobs, and the lost jobs will compound the foreclosure crisis that the new \$75 billion “lifeline” is supposed to address.



The president also stated that “all of us have to learn to live within our means again.” Of course! If we insist on living above our means, we will end up living below our means, at least for a period of time. But there is a difference between President Obama's rhetoric and his actions regarding “living within our means.” The day before announcing his “Homeowner Affordability and Stability Plan” to stem the tide of foreclosures, Obama signed the \$787 billion “stimulus” bill into law, which is essentially an attempt to reinflate the economic bubble. At the time of the signing, his yet-to-be-announced homeowner plan was expected to come with a price tag of \$50 billion, based on what the administration had previously indicated. But when the plan was announced a day later, the price tag was \$75 billion, 50 percent more than expected. That price tag does not include the federal government's plans to double its stock-portfolio positions — from \$100 billion to \$200 billion — in each of two government-controlled entities, Fannie Mae and Freddie Mac.

But President Obama did not talk about how much his plan would cost American taxpayers in his Phoenix speech. He instead focused on what “we” — meaning his administration — will do for us with all of the money being provided:

- “We will make it possible for an estimated 4 to 5 million currently ineligible homeowners who receive their mortgages through Fannie Mae or Freddie Mac to refinance their mortgages at a lower rate.”
- “We will create new incentives so that lenders work with borrowers to modify the terms of sub-prime loans at risk of default and foreclosure.”
- “We will take major steps to keep mortgage rates low for millions of middle-class families looking to secure new mortgages.”
- “We will pursue a wide range of reforms designed to help families stay in their homes and avoid foreclosures.”

And the media basically glossed over the fact that this latest government-thrown “lifeline” to the American people will have to be paid for by the American people — lock, stock, and barrel.

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