

# Wrecking Ball

## Prez's recipe for a fresh mortgage meltdown

**W**OULD you be willing to save a few hundred dollars on a car purchase if the seller seemed squirrely and didn't have the title to the car?

Unfortunately, you will be on the hook for Joe Biden's latest vote buying scheme to subsidize mortgages for houses with shaky titles. In his State of the Union address, Biden proclaimed, "My administration is also eliminating title insurance on federally backed mortgages." What could possibly go wrong?

Title insurance protects homeowners against financial loss if there is a defect in the title to their property.

"Wrecking ball benevolence" — my phrase in a 2004 Barron's article that was quoted in a 2017 federal appeals court decision — leveled the housing sector.

As Rep. Patrick McHenry (R-NC), chairman of the House Financial Services Committee, declared in 2013, "Rank cronyism, Enron-style accounting and outright financial fraud made [Fannie and Freddie] so powerful and unaccountable that they were able to wreck our economy."

Despite the debacles earlier in this century, Team Biden is championing "no clean title, no problem" mortgage loans.

Biden policymakers believe they are so smart that they can turbo-charge housing demand while removing the guardrails — and nothing bad will happen (except Biden's reelection).

In lieu of title insurance, the Biden administration will approve granting subsidized mortgages based on "attorney opinion letters" that assert a lawyer believes someone owns a house.

Such form letters can now be purchased for \$199 in some locales. This sounds on par with the \$99 online deals selling "emotional support animal letters" people exploit to "prove" they need their dog, cat, kangaroo or squirrel with them at all times.

Having a page of pabulum on fancy letterhead will be no competition for a clean deed — or a tangled land dispute that could go back generations. A recent report by FundingShield found that home title fraud risk "reached an all-time high" late last year.

The title insurance waiver is



**Nuts:** Biden wants mortgages guaranteed even without secure titles.

part of a blizzard of housing interventions to portray Biden as a savior. But foolish federal policies have made homes less affordable than ever before.

Subsidized mortgages helped send home prices skyrocketing in recent years, along with the Federal Reserve artificially suppressing interest rates.

Since Biden took office, the average monthly mortgage payment for new home has almost doubled, reaching \$3,322 per month. Not to worry: Uncle Joe is on the case! The White House announced on March 7 that "President Biden believes housing costs are too high."

Biden is also pushing Congress to approve a \$10,000 tax credit for middle-class, first-time homebuyers, a \$25,000 handout for down payments for first-generation home buyers and a \$10,000 tax credit to "middle-class families who sell their starter home, defined as homes below the area median home price in the county, to another owner-occupant."

Why not also provide a \$5,000 grant for homes with lawn signs for Democratic candidates?

Who entitled the Biden White House to pick winners and losers in the housing market?

Almost all of Biden's housing "reforms" are in the direction of greater recklessness. There was a brief uproar last year when Team Biden announced that home buyers with good credit scores will be forced to subsidize buyers with bad credit.

But that was only the tip of the

iceberg. Author and appraiser Jeremy Bagott warns that thanks to Biden policies, Fannie and Freddie "have been pushing to eliminate critical checks and balances in a radical experiment with US taxpayers' money and the US economy... scrapping or weakening long-accepted underwriting safeguards like standard FICO scoring, title insurance, mortgage insurance, downpayments and appraisals."

Biden administration officials sanctify their power grabs by prattling about closing the racial homeownership gap.

But minorities cannot afford any more favors from Washington. The 2008 housing crash slashed in half the average net worth of black and Hispanic households, setting millions of people back an entire generation.

More families lost their homes during the 2008 housing crash than lost homes during the Great Depression in the 1930s.

Rather than waiving title insurance for federally backed mortgages, the feds should finally pull the plug on Fannie and Freddie. Those entities have officially been in "federal conservatorship" since their 2008 bankruptcy. They should have been euthanized long ago.

Biden's latest proposals vivify how Washington policymakers learned nothing from their previous housing debacles. There is no reason not to expect politicians and bureaucrats to again whipsaw the housing market they claim they're rescuing.

Alas, reckless economic policies can be good politics as long as the damage does not surface until after the next election.

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