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McCain Opposes Quick Fixes From Federal Government

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sis, Mr. McCain suggested that some homeowners had also engaged in dangerous practices, including borrowing too much in hopes that a rising market would cover their mortgages.

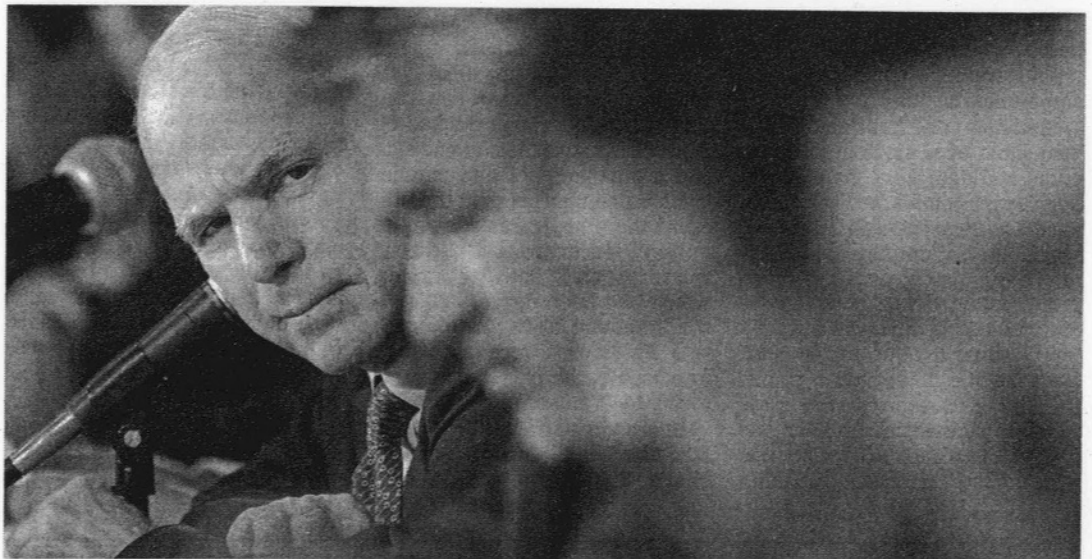
Mr. McCain has often addressed the mortgage crisis in general terms on the campaign trail, but in Tuesday's remarks he offered a more comprehensive look at the challenge facing the nation — and the roots of the problem. He blamed a profusion of complicated and recently devised financial instruments "that weren't particularly well understood by even the most sophisticated banks, lenders and hedge funds."

Mr. McCain appeared to be trying to confront questions about his dexterity in dealing with the economy, a subject that he has admitted is not his strongest suit. But his remarks drew a quick, pointed rebuke from Mrs. Clinton, who criticized Mr. McCain's hands-off, market-oriented approach, saying it would lead to "a downward spiral that would cause tremendous economic pain and loss" for Americans.

"It sounds remarkably like Herbert Hoover, and I don't think that's good economic policy," Mrs. Clinton told reporters in Greensburg, Pa. "The government has a number of tools at its disposal. I think that inaction has contributed to the problems we face today, and I believe further inaction would exacerbate those problems."

In addition to urging \$30 billion in federal aid to states to help homeowners, Mrs. Clinton on Monday also endorsed federal legislation to expand the government's ability to guarantee restructured mortgages, which she believes would lead more banks and other private entities to buy

Larry Rohter reported from Santa Ana, and Edmund L. Andrews from Washington. Patrick Healy contributed reporting from Greensburg, Pa.



MARY ALTAFFER/ASSOCIATED PRESS

Senator John McCain of Arizona, at a meeting on Tuesday with Hispanic businessmen.

Candidates' Proposals on the Housing Crisis

John McCain

IMMEDIATE PROPOSALS

Convene meetings with accounting professionals and top mortgage lenders. Says lenders should work together "to provide maximum support and help to their cash-strapped but credit worthy customers."

LONG-TERM PROPOSALS

Create "greater transparency in the lending process."

Says any federal assistance for borrowers "must be temporary" and "should be focused solely on homeowners, not people who bought houses for speculative purposes, to rent or as second homes."

Adopt policies to ensure that homeowners "provide a responsible down payment of equity at the initial purchase of a home." Opposes reducing the down payment requirement for Federal Housing Administration mortgages; believes the requirement should be increased "as conditions allow."

Hillary Rodham Clinton

IMMEDIATE PROPOSALS

Extend at least \$30 billion "to help states and localities fight foreclosures."

Extend F.H.A.'s capacity to guarantee restructured mortgages to facilitate private sector auctions. Has called on President Bush to appoint an "emergency working group" to determine whether the expanded guarantee would be effective or whether the government should play a direct role in "purchasing, restructuring and reselling underwater mortgages."

Establish a 90-day moratorium on foreclosures and freeze rates on subprime, adjustable-rate mortgages for at least 5 years.

LONG-TERM PROPOSAL

Introduce legislation to provide legal protection to mortgage servicers "who do the right thing by balancing the interests of the homeowners, the investors, and our economy."

Barack Obama

IMMEDIATE PROPOSALS

Create a new F.H.A. program to "provide meaningful incentives for lenders to buy or refinance existing mortgages and to convert them into stable 30-year fixed mortgages."

LONG-TERM PROPOSALS

Extend mortgage credit to taxpayers who do not itemize, modeled on a deduction "now predominantly used by high-income itemizers."

Set tougher penalties for fraudulent brokers and lenders. Create a fund — partly paid for by "increased penalties on lenders who act irresponsibly" — to help people avoid foreclosures.

Require better disclosure from lenders. Create a standardized scoring system to quantify the borrower's obligation.

Work to eliminate law "that prevents bankruptcy courts from modifying an individual's mortgage payments."