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Beyondbond's statement of support of Rep. John Conyers, Jr's WSJ Opinion: "Loan Modification Can Stop the Foreclosure Crisis" published Friday, January 30, 2009.

Company Statement

February 24, 2009

New York, NY — George Lee, Managing Principal at Beyondbond, Inc., today issued the Beyondbond's statement of support of Rep. John Conyers, Jr's WSJ Opinion: "Loan Modification Can Stop the Foreclosure Crisis" published Friday, January 30, 2009.

There has been some misguided negative Press regarding recidivism rates for the IndyMac and other initial loan modification programs. "Loan Modification Programs", could potentially gain a stigma as ineffectual, though we support the belief that the most effective way to ultimately support housing prices is through Loan Modifications and Foreclosure Prevention.

We applaud Rep. Conyers' opinion published Friday January 20, 2009 in the WSJ, "Loan Modification Can Stop the Foreclosure Crisis" that specifically discusses that saving the neighborhood and community is the focus to eventually restore the normalcy of housing market rather than theoretical fairness and potential moral hazard. However, a detailed execution plan for avoiding preventable foreclosures is the key to saving homeowners on a mass scale.

When the initial \$700 billion TARP program was released, no detailed execution plan was in place to ensure that the money reached homeowners, not just "bad" borrowers, but also average mortgage borrowers, who continued to make their payments, that need to save their homes while the unemployment is threatening them. An affordable payment loan-mod program with additional tax incentives for both lenders and borrowers is a must to kick-off a successful plan. It's the community that is suffering and is dragging the institutions down – not the other way around. Without helping the community, pumping money to institutions cannot stop the bleeding due to asset devaluation.

For example, in order to incentivize good borrowers to continue paying their mortgage, the current mortgage interest tax deduction is obviously not enough. Good borrowers should receive a tax break on the principal they repay during the next 5-years as an additional incentive to continue making timely payments. The tax break would be deducted either through profit taking after a property sale or credited as 50% of regular income deduction. In order to attract lenders for further lending, lenders should be allowed to amortize the write-off of any forgiven principal of modified loans over up to 5-year period of time. The borrowers that accept a loan modification will have a lower adjusted cost basis of their property's value, for the purposes of computing capital gains taxes.



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Beyondbond supports Rep. Conyers efforts regarding foreclosure prevention:

"One size does not fit all" – although rapidly and easily implemented and communicated, any one program or even multiple programs may not apply for any individual loan or circumstance. We need the combination of tax incentives and variation of loan modification programs.

"Prevention is more cost effective than Fire Fighting" – review all loans regardless of delinquency status, to proactively address imminent foreclosures that may not have entered delinquent status.

"Real Estate 101: Location, Location, Location" – identify loans by Neighborhood or Community rather than by institution. One vacant home can drive down property values and create a negative downward spiral.

"It's all about the Monthly Payment" – borrowers are concerned with affordability of monthly payments, not interest rate and/or loan maturity. A graduated payment method with a lower initial payment with increases driven by improvements in income levels will be easier to be accepted by borrowers.

Beyondbond, Inc. is an industry leading financial advisory and solutions provider for the fixed income asset class, specializing in the high-end mortgage analytical space. In response to the consolidation and globalization of the financial services industry, we have developed state-of-the-art applications for loans and fixed income securities that leverage the advances in network and Internet-enabling technologies. We deliver the most advanced and comprehensive financial business and technology solutions for loans, fixed income securities and the structured finance markets.

Founded in 1999, we are a privately held New York-based corporation staffed by former investment bankers and software engineers with more than 100 years of combined experience in fixed income, loans, mortgages, and structured products. Beyondbond's products and services become mission-critical for customers that trade, manage investments, process transactions and require business continuity.

For more information about Beyondbond, please go to www.beyondbond.com. Beyondbond a Registered Investment Advisor and is a NY City and State Certified Minority Business Enterprise (MBE).

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