Community Auctions of $700 Billion Bailout Debt Paper for Turning Home Occupants into HEC Shareholders

TRANSACTION FLOWS
1) New asset-backed $$ issued from Fed discount window.
2) Treasury issues new Treasury paper to Fed.
3) Treasury purchases mortgages in default at discount.
4) Mortgage speculator sells bad debt at discount.
5) Treasury unbundles bad mortgages nationally and consigns mortgages for local auctions where homes are located.
6) Fed authorizes new asset-backed $$ as old mortgages are replaced by new HEC mortgages.
7) New insured HEC mortgages serve as 100% reserves for member bank loans.
8) HEC makes winning bids for bundled packages of new homes.
9) HEC negotiates new mortgages for acquired homes.
10) Bank arranges mortgage and property insurance for homes with premiums to be paid by HEC.
11) Mortgage default and property insurance issued.
12) Bank provides $$ for purchasing HEC homes.
13) Home titles transferred to HEC.
14) Home occupants sign lease and maintenance agreements.
15) Defaulted mortgages canceled.
16) Auction bid payments transferred to Treasury.
17) Treasury redeems Treasury paper from Fed.
18) Fed cancels $$ backed by redeemed Treasury paper.
19) Earnings/vouchers received to meet living expenses.
20) Occupants make monthly lease payments.
21) HEC makes tax-deductible monthly mortgage payments.
22) New Fed money canceled as new mortgages are repaid.
23) HEC shares issued to home occupants.

KEY
- Financing for Acquisition of Failed Mortgages
- Repayments of Rescheduled Home Mortgages
- Sources of Income for Home Occupants

Wages, Salaries and Other Sources of Income
HUD Affordable Housing Vouchers (if needed)

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