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Commentary: McMahon shouldn't be the face of foreclosure

STORY HIGHLIGHTS

- Glenn Beck says McMahon will fare a lot better than most people in foreclosure
- Foreclosure usually doesn't put a family out on the streets, he says
- He also says taxpayers shouldn't fund mortgage bailout programs
- Beck: Real problem is overspending and not taking responsibility when it happens

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By Glenn Beck
CNN

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Editor's note: Glenn Beck is on CNN Headline News nightly at 7 and 9 ET and also hosts a conservative national radio talk show.



Glenn Beck urges that we take a hard look at what's really at the center of the U.S. mortgage meltdown.

NEW YORK (CNN) -- "One death is a tragedy; a million is a statistic."

If you replace the word "death" with the word "foreclosure," you could easily apply Stalin's famous quote to the current state of America's housing market.

Over a million homes are now in foreclosure, the highest rate ever recorded. Nearly 3 million homeowners have now missed at least one payment. As of the end of March, one in 11 loans were in trouble.

But until Ed McMahon went on Larry King Live last week to talk about his own housing trouble and, according to The New York Times, "humanized" the problem, all of that just seemed like, well, statistics.

McMahon explained that, despite earning millions during his career, he is now about \$644,000 behind on his mortgage payments. Foreclosure, he said, is now a real possibility.

It was a pretty shocking revelation, and it generated a typical American response: overwhelming generosity. Within minutes of McMahon's admission, a caller was on the phone wondering how he could donate. McMahon went on to say that "wonderful things have happened" recently, and he's now optimistic that the house will sell.

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That's great news, but lost in the outpouring of compassion is a hard look at the very thing at the center of the problem: the McMahon McMansion itself.

Listed at \$6.25 million, the house is a six-bedroom, five-bathroom, 7,000-square-foot Beverly Hills estate. It's in The Summit, a gated hilltop community off Mulholland Drive. Britney Spears is among the celebrities who live in the area.

McMahon bought the house in January 1990 and, despite Los Angeles home prices being up 106 percent since then, reportedly still owes about \$5 million on it. In other words, like so many other Americans, McMahon used his home as an ATM over the years. But unlike most other Americans, a sale at his asking price would allow him to pay off his lenders and still pocket several hundred thousand dollars.

None of that means McMahon's problems aren't important or relevant; it's just that we need to have some perspective. A celebrity who's made millions of dollars, won a \$7.2 million legal settlement and owns, at least on paper, a home that has more than doubled in value, should not be the person who "humanizes" the problem for us.

A lot of people hear the word "foreclosure" and immediately picture a family living in an alleyway or in a city shelter, but that's not usually the reality. Take the McMahons, for instance. In a worst-case scenario, they would probably end up renting a luxury condo nicer than what 99.9% of Americans will ever live in. Is that

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ideal? No. Would their credit score be dinged up a bit? Sure. But is it really the terrifying scenario that most of us imagine?

Again, I'm not trying to beat up on McMahon here; it's just that he represents how people put compassion ahead of common sense. Compassion makes you want everyone to keep their homes and live happily ever after. Common sense tells you that your donation will do nothing to make that happen. Besides, is donating money to help keep a celebrity out of a luxury condo really the best use of your charity dollars?

Unlike many others, McMahon was not looking for a handout or to put the blame on anyone but himself. "Well, if you spend more money than you make," he told Larry King, "you know what happens."

Unfortunately, that's exactly the problem: Most people have no idea what happens when they overspend. And even if they do, they're not willing to take responsibility for their own actions.

"How can this be?" they demand. "I was guaranteed the American dream! I was told to buy as much house as a bank would let me, and then take out another loan to make the house even bigger. I was told to buy big televisions and luxury cars and to take great vacations and drink great wine."

It all went according to plan until real life intervened. And now, something worse is intervening: our government.

The same night the McMahon interview aired, I got a spam e-mail from Matthew Lesko, the guy who wears a question-mark suit on infomercials. He was informing me that, no matter my income, there are plenty of free government programs that I can take advantage of to help me pay my mortgage.

Perfect. Just what we need: free money for those who got into trouble by spending money freely.

Do we need to help the people who would legitimately be out on the street if they lost their home? Absolutely. But those programs are already in place. We have strict bankruptcy laws, unemployment benefits, welfare programs and health care plans -- all financed by taxpayers.

Why should there be a taxpayer-funded mortgage bailout program on top of it all?

Whether one person loses a home, or a million do, it isn't a tragedy, it's a lesson. And like all lessons, we can learn from it.

Since I started with a Stalin quote, I'll end with one from Henry Ford: "Failure is simply the opportunity to begin again, this time more intelligently."

For proof, just ask anyone who's been foreclosed on if they'll ever buy a home with some exotic "negative-amortization option ARM" mortgage again. Their answer will probably be a resounding "no," and that's a lesson that money can't buy; unless, of course, that money happens to be a huge check delivered by Ed McMahon and the Prize Patrol.

The opinions expressed in this commentary are solely those of the writer.

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