

Pre U.S. Senate, Obama Was Upside Down

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[Brian Sussman](#)

Of all the blogs I have posted, this is the most sought after piece. As we head into the weekend I present it to you once again.

In criticizing the President my point is, if you are competent with the small things, then you will likely be trustworthy of handling the bigger issues. When it comes to the economy, Obama couldn't get a grip on his personal economic situation before he became a U.S. Senator, and he clearly is clueless now.

You see, back in the day Barack and Michelle appear to have been totally irresponsible with their finances. So, it should come as no surprise that this is a man who has no clue on how to fix, let alone preside over, the biggest economy in world history.

This story was originally published at Zero Hedge:

WAS OBAMA A SUB-PRIME BORROWER?

By Tyler Durden

... it seems that during his pre-Senator years, he and Michelle spent substantially more than their income and made up the difference by repeatedly taking out loans against the rising value of their home during the home-price bubble. At least according to this story...

In April 1999, they purchased a Chicago condo and obtained a mortgage for \$159,250. In May 1999, they took out a line of credit for \$20,750. Then, in 2002, they refinanced the condo with a \$210,000 mortgage, which means they took out about \$50,000 in equity. Finally, in 2004, they took out another line of credit for \$100,000 on top of the mortgage.

Tax returns for 2004 reveal \$14,395 in mortgage deductions. If we assume an effective interest rate of 6%, then they owed about \$240,000 on a home they purchased for about \$159,250....

And they weren't exactly "poor" during this time. They were what they now call "the rich". Apparently they were just free with their money, not rich enough, spending more than they had coming in ...

During the presidential primary campaign, Michelle Obama complained how tough it was to make ends meet ... "I know we're spending - I added it up for the first time - we spend between the two kids, on extracurriculars outside the classroom, we're

spending about \$10,000 a year on piano and dance and sports supplements and so on and so forth.”...

The Obamas’ adjusted gross income averaged \$257,000 from 2000 to 2004. This is above the threshold of \$250,000 which Obama initially used as the definition of being “rich” for taxation purposes during last year’s election campaign.

The Obama family apparently had little or no savings during this period since there was virtually no taxable interest shown on their tax returns.

... until he got elected to the Senate in 2005 ...

the Obamas were living off lines of credit along with other income for several years until 2005, when Obama’s book royalties came through and Michelle received her 260% pay raise at the University of Chicago.

This was also the year Obama started serving in the U.S. Senate ... Michelle explained, “It was like Jack and his magic beans.”

Wasn’t it lucky that they found their magic beans just as he got locked into a limited-salary government job for six years? Anyhow, for them things easily could have been much different.

Barack might well have lost his Senate run, but for his respected and well-financed Republican opponent being done in by allegations that he had wanted to take his wife to a sex club ... that were contained in four-year-old sealed legal documents, which a Chicago judge decided to release to the press during the campaign, that had been filed against him by his wife in a divorce proceeding ... which she’d initiated after pursuing an on-the-job dalliance with a man who was the near co-destroyer of the Star Trek franchise. But I digress (though in case you are interested).

If Barack hadn’t been elected...

Without those magic beans, the Obama family would have eventually suffered the consequences of too much debt ... and they might have suffered financially during the decline in housing prices had they relied on taking ever larger amounts of equity from their home to pay the bills...

Here’s a counterfactual: Let’s imagine a world in which long-sealed court documents remained sealed during elections, and Star Trek producers didn’t hit on married actresses.

Suppose in that world Barack had lost his Senate run, and he and Michelle had thereafter continued to live their lives as previously, beanless. Then the housing bubble burst, leaving them as short of income as ever before but now with no way

to cover the income gap, and also tens of thousands of dollars “underwater” on their home, owing that much more than it was worth.

Today, in response to the mortgage crisis and masses of foreclosures everywhere, the new Clinton Administration is putting together its Innocent Overstretched Homeowner Bailout and Mortgage Relief Plan.

Should the plan be written so that that Barack Obama — a virtuous, hard-working citizen, state legislator, respected professor (indeed a person fully qualified to be President of the United States!) — should have tens of thousands of dollars knocked off his loan balance and his interest rate reduced, dropping yet another loss on the staggering banking system and endangering its creditors, because he and the wife always liked to spend more money than they had? Can he say greedy bankers exploited him into over-extending himself like that?

Or should the Obamas be told: stick it, move to an apartment, forget all the fancy private lessons for the kids, wear the same clothes for a while, and cut your spending until it is less than your income and you finally are saving something.

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