

USA: Economists estimate 1.8 million borrowers will lose their homes this year

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washingtonpost.com

Jobless spike compounds foreclosure crisis

updated 12:36 a.m. ET Aug. 18, 2009

WASHINGTON - The country's growing unemployment is overtaking subprime mortgages as the main driver of foreclosures, according to bankers and economists, threatening to send even higher the number of borrowers who will lose their homes and making the foreclosure crisis far more complicated to unwind.

Economists estimate that 1.8 million borrowers will lose their homes this year, up from 1.4 million last year, according to Moody's Economy.com. And the government, which has already committed billions of dollars to foreclosure-prevention efforts, has found it far more difficult to help people who have lost their paychecks than those whose mortgage payments became unaffordable because of an interest-rate increase.

"It's a much harder nut to crack, unemployment," said Mark A. Calabria, director of financial regulation studies at the Cato Institute. "It's much easier to bash lenders than to create jobs."

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