

Treasury: Millions more foreclosures coming



Official says a strong housing market is crucial for the economy

updated 3:11 p.m. ET Sept. 9, 2009

WASHINGTON - Only 12 percent of U.S. homeowners eligible for loan modifications under the Obama administration's housing rescue plan have had their mortgages reworked, and millions more foreclosures are coming, the Treasury Department said on Wednesday.

A Treasury report showed 360,165 people had their monthly payments reduced through August, up from 235,247 through July, but a senior Treasury official conceded much more must be done to soften the impact of a severe and prolonged housing crisis.

Treasury has begun releasing monthly reports on the loan modification program, called the Home Affordable Modification Program or HAMP.

In July, it said that just 9 percent of the estimated number of homeowners eligible had had their loans modified, so Treasury's assistant secretary for financial institutions, Michael Barr, was able to claim modest progress in August.

He told a House Financial Services subcommittee that the program launched in February, which brings banks and loan servicers together with at-risk homeowners, was on target to help a half million Americans homeowners by November 1.

But that is a small start on a huge problem at the heart of U.S. economic woes.

Barr said that "even if HAMP is a total success, we should still expect millions of foreclosures" as administration and industry efforts continue to stabilize a crisis-stricken housing sector.

Barr said a strong housing market was "crucial" to a sustained U.S. economic recovery and described the slump in prices and demand in the housing sector as being "at the center of our financial crisis and economic downturn."

He noted that analysts anticipate more than six million Americans could lose their homes in the next three years.

"Much more remains to be done and we will continue to work with other agencies, regulators and the private sector to reach as many families as possible," Barr said.

The Treasury report showed that some lenders had not helped any of their borrowers who were eligible for loan modifications. Others had helped varying numbers of those who were 60 or more days delinquent on their mortgages, ranging up to 100 percent for one bank that only had one eligible borrower.

http://www.msnbc.msn.com/id/32756481/ns/business-real_estate