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From the Los Angeles Times

Housing Plan Will Accelerate Loan Modifications, HUD Says

Bloomberg News

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The Obama administration's housing recovery plan will accelerate loan modifications for distressed homeowners and will reform the bankruptcy system for foreclosures, Housing Secretary Shaun Donovan said today.

The U.S. Department of Housing and Urban Development wants to create a "comprehensive foreclosure response" before the first 100 days of the new administration is concluded, Donovan said in a speech in New York today.

Foreclosure filings in the U.S. rose 81 percent last year to 2.3 million, the highest on record, as home prices fell and tighter mortgage standards made it harder for homeowners to sell or refinance, according to RealtyTrac Inc. of Irvine, California, a provider of real estate data. The House of Representatives is scheduled to vote today on the \$789 billion stimulus plan that President Barack Obama has said he wants to sign by Feb. 16.

Obama has pledged to commit money toward housing relief, using \$50 billion to \$100 billion from the \$700 billion rescue package enacted last year. One plan involves using government money to help reduce interest rates for struggling borrowers and help homeowners reach an affordable monthly payment, according to a person briefed on the proposal.

The new plan will make use of interest-rate reductions, loan extensions and so-called principal forbearance, in which part of a mortgage's principal is deferred to the end of the loan's term.

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