

Homeowners facing foreclosure despite Making Home Affordable program, NBC Nightly News, January 10, 2010 6:30PM ET.

LETER HOLT, anchor:

For bankers and Wall Street traders, this is now bonus season, and many will be hauling in a record take. Many banks saved by taxpayer bailouts are now showing huge profits and a lot of that money is about to get plowed into some big-time compensation, bonuses in the six, seven, even eight figures. But for Americans hard hit by the recession, this is a season of discontent, with many facing the very real possibility they will lose their homes to foreclosure. That's what happened to two million homeowners last year and the number this year expected to be even higher. The Obama administration put a program in place last February to help, but is it working? Here's NBC's senior investigative correspondent Lisa Myers.

LISA MYERS reporting:

The Making Home Affordable program was supposed to slow the spiral of foreclosures. So far, more than 700,000 homeowners have received temporary loan modifications, mostly lower interest rates which reduced monthly payments. But only 31,000 have gotten permanent relief. And with 2.4 million Americans expected to lose their home this year, experts from across the political spectrum say the program is a disappointment.

Mr. MARK ZANDI (Moody's Economy.com Chief Economist): It's being overwhelmed by the magnitude of the problem. At the end of the day, it's not going to solve our problem and more has to be done.

MYERS: The program is being run here at the Treasury Department, where officials say despite continuing challenges, enormous progress has been made, helping three-quarters of a million homeowners stay in their homes.

The man in charge, Michael Barr, insists it's meeting targets and will do more over time.

Mr. MICHAEL BARR (United States Treasury): And I think we're going to have to do a better job, a continually better job of reaching borrowers.

MYERS: But experts see big problems. First, banks aren't processing applications fast enough. Jason and Carol Tucker fell behind on their second mortgage last winter, and threatened with foreclosure, were told by their bank that they might qualify for help under the administration's program. But after 10 months and resubmitting financial information four times, they still have no answer. Experts also say banks are not providing enough relief, refusing to reduce principal on mortgages.

Mr. ZANDI: They don't want to do that because ultimately at the end of the day it's going to cost them a lot more money.

MYERS: Some argue the government should force banks to take the losses and perhaps compensate them with taxpayer money. The mortgage banking industry disagrees.

Mr. JOHN COURSON (Mortgage Bankers Association): It's a very dangerous and slippery slope. When you start talking about the government coming in and reducing indebtedness on a loan balance that's part of a contract.

MYERS: But experts say something has to be done or the foreclosure crisis could push the economy back into recession. Lisa Myers, NBC News, Washington.

HOLT: When we come back here tonight, helping provide some creature comforts during this big freeze.