

## A Loan Modification Program

**Mike Gracia:**

With more than four million homeowners behind on their mortgage payments, the government and major banks are scrambling to help at-risk borrowers avoid foreclosure.

**James Lockhart:**

Welcome. I'm-

**Mike Gracia**

Tuesday, the Federal Housing Finance Agency, which recently took control of mortgage giants Fannie Mae and Freddie Mac, announced a new loan modification program along with other government and industry officials.

**James Lockhart:**

Foreclosures hurt families, their neighbors, whole communities, and the overall housing market. We need to stop this downward spiral.

**Mike Gracia:**

The new program will go into effect next month and will be open only to certain borrowers. The government isn't sure how many people will be affected, but those who qualify could see their interest payments reduced or their loans extended. The program is meant to speed up the process for renegotiating hundreds of thousands of loans held by Fannie Mae and Freddie Mac.

**James Lockhart:**

As the regulator of Fannie Mae, Freddie Mac, and the federal home loan banks, the Federal Housing Finance Agency strongly supports Fannie and Freddie's leadership role in setting industry standards for these at-risk borrowers.

**Mike Gracia:**

The program does have its critics, however, who are calling it too little too late. Sheila Bair, the head of the FDIC, the agency that insures bank deposits, says the program is a step in the right direction, but she says it falls short of what's needed.

**Mike Gracia:**

Mike Gracia, The Associated Press.

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