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Michigan to share in \$1.5B for homeowners

States where home values fell aided

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WASHINGTON -- Michigan is among five states getting money under a \$1.5-billion program announced Friday to help struggling homeowners, but it's unclear how many people will be helped or how the program would work.

Funds will be targeted to states that have seen the worst drop in home values -- Michigan, Arizona, California, Florida and Nevada.

It's unknown how much each state will get.

Among the five, Michigan's experience has been the least severe: Online real estate Web site Zillow says values are off from their 2005 peak by about 28%; financial services information management firm Fiserv puts Michigan's drop in home values at 35%.

That compares with Nevada, which has seen home values drop as much as 56% in three years.

President Barack Obama said the new program will "help out-of-work homeowners avoid preventable foreclosures" as well as let homeowners who are upside-down in their mortgages -- owing more than their homes are worth -- "find a way to pay their mortgages that works for both the borrowers and the lenders alike."

Additionally, it is expected to provide programs to help people with second mortgages modify their loans.

States -- working with local housing agencies -- will draw up plans for helping homeowners, with the U.S. Treasury Department signing off on the arrangements.

"It's not enough money to make a significant dent in the foreclosure crisis in states like Michigan," said Mark Zandi, chief economist for Moody's Economy.com, a financial research site. He sees it as more of "a pilot project."

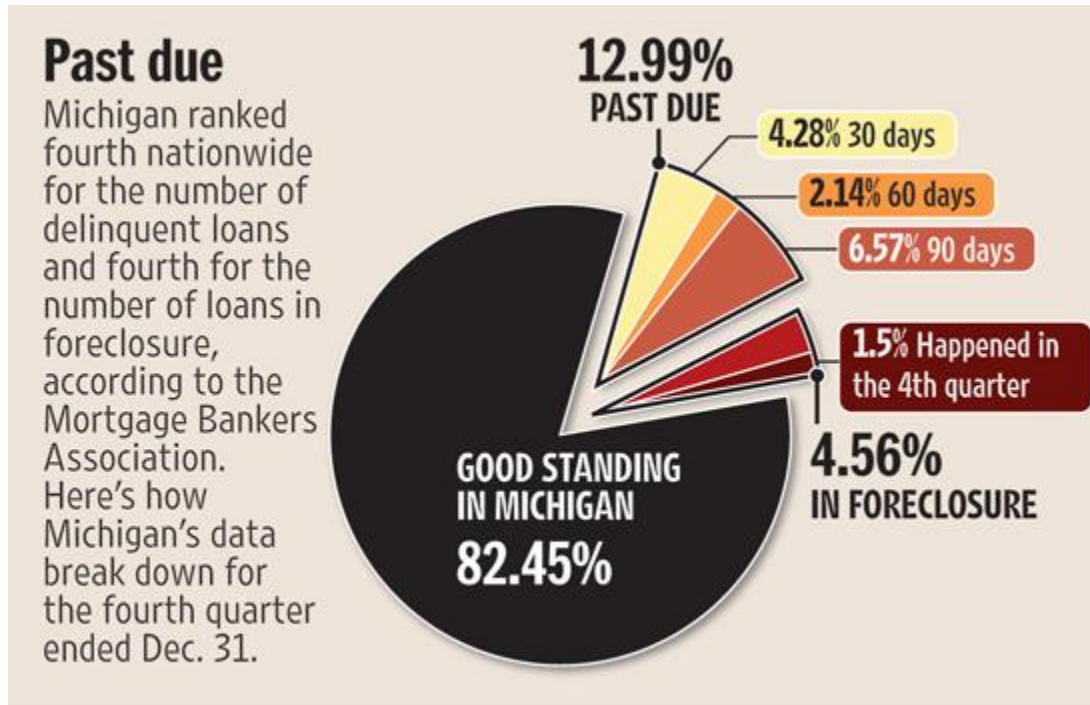
The announcement comes as the Obama administration's nearly year-old effort to help struggling homeowners avoid foreclosures is beginning to show results: A report this week showed that through January about 116,000 homeowners nationwide had received permanent mortgage modifications and another 830,000 were under trial modifications.

"It's such a huge need because of unemployment and being upside-down in homes, anything is better than nothing," said **Kathy Conley, a housing specialist with GreenPath Debt Solutions**, a Farmington Hills-based counseling firm.

"The need is acute," she said, "and the timing will be important."

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Source: Mortgage Bankers Association

Detroit Free Press

Graphic: Past due: Michigan ranked fourth in the nation for number of delinquent loans (click to see larger version)

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