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HUD addresses housing dilemma

Vulnerable homeowners nationwide are still in desperate need of help in order to refinance their homes and keep foreclosure at bay. The Housing and Urban Development Department is attempting to do just that.

Steve Preston, the department's new secretary, plans to increase staffing at the Federal Housing Administration's new FHA-secure program that was launched in 2007. The FHA-secure program is designed to help homeowners convert adjustable rate mortgages, where interest rates increase over time, to 30-year, fixed rate mortgages that are federally insured.

The FHA program, as of September of '07, was anticipated for subprime borrowers that could no longer afford their mortgages when the interest rates were reset. Earlier this month, the program expanded to include those who have been delinquent on their homes due to extenuating circumstances.

Since September, HUD has refinanced 265,000 mortgages; a fivefold increase from the usual volume. Preston expects numbers to increase to 500,000 by the end of the year. With those projected numbers, Preston plans to hire roughly 300 new employees in order to combat the amount of refinancing applications.