

**FOR IMMEDIATE RELEASE**  
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## **Modification Program is Not Working**

*Coalition of community organizations says HAMP must be revamped;  
renews call for more aggressive foreclosure prevention efforts*

Washington, DC – The National Community Reinvestment Coalition (NCRC) today said that the government-sponsored Home Affordable Modification Program (HAMP) is not working, and more aggressive loan modification efforts are necessary to stem the foreclosure crisis. The number of loan modifications made permanent under the program is believed to be in the tens of thousands, compared to the 300,000+ loans that are entering foreclosure each month. As the Obama Administration continues their push to create jobs and further stimulate the economy, the ongoing foreclosure crisis threatens to impede economic growth for years to come, as pay-option adjustable rate mortgages (ARMs), Home Equity Lines of Credit and commercial loans add to the already massive foreclosure numbers.

“It’s clear that voluntary loan modification programs have failed. The current level of intervention is not having a meaningful impact on the foreclosure crisis, which continues to be a drag on the economy,” said John Taylor, president and CEO of NCRC. “The Administration now has two options to make HAMP effective. The first is to work with Congress to pass bankruptcy reform. The second is for the Treasury Department to purchase loans at a discount and mandate their modification. This does not require legislative approval, and could be done tomorrow.”

NCRC first called for a broad scale loan modification program in March of 2007. NCRC’s Homeowners Emergency Loan Program (HELP Now) would have the Treasury Department acquire mortgage loans at a discount through the powers granted to the Administration under TARP, or through the power of eminent domain. This would allow for the permanent and sustainable modification of loans, including principal reductions, which could then be packaged and resold to the market. Prof. Howell Jackson of Harvard Law School has demonstrated how the government could use eminent domain in this instance.

“The foreclosure crisis has been three years in the making, and yet Congress and the Administration have responded slowly and inadequately. Did the government wait months and years to act before finding a workable solution for the Bear Stearns collapse? Millions of families continue falling into foreclosure, and we’re tinkering with minor

improvements to a program that's not working," said John Taylor, President & CEO of NCRC.

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The National Community Reinvestment Coalition is an association of more than 600 community-based organizations that promote access to basic banking services, including credit and savings, to create and sustain affordable housing, job development and vibrant communities for America's working families.