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HAMP Can't Keep Pace With Foreclosures; Stronger Action Needed Now

NCRC Once Again Calls For Mandate on Bank Loan Modifications

Efforts to keep Americans in their homes sink, as industry lobbyists work to kill efforts to remedy the damage caused by financial crisis

Washington, DC – As Wall Street bonus season begins, the foreclosure crisis continues into its fourth year largely unabated; last year saw ten straight months of over 300,000 foreclosure filings, and a cumulative 2.8 million homes that went into foreclosure last year, according to Realty Trac. Today's news that only 66,000 borrowers have received permanent loan modifications under the federal Home Affordable Modification Program (HAMP) confirm that the existing responses to the foreclosure crisis can not keep pace with the number of Americans losing their homes. Meanwhile, financial lobbyists continue to fight against strong measures to provide effective oversight of the financial system and mitigate the damage caused by reckless and irresponsible lending and securitization practices, even as their CEOs told the Financial Crisis Inquiry Commission on Wednesday that they support financial regulation.

“The response to the foreclosure crisis has been like that Marx Brothers movie where in the heat of a battle they shout that ‘help is on the way’ over and over again, but the response is humorously small. Except that there’s nothing humorous about foreclosure,” said John Taylor President and CEO of the National Community Reinvestment Coalition. “Serious people inside and outside the Administration have thought this through, and we understand that a more substantial response is needed. The question is: does the political will exist to force the banks to modify loans? Tough talk and action on bonuses and repayment of bailout funds should be accompanied by a stronger response on foreclosure prevention. This is an important pocketbook and political issue for millions of Americans, and failure now means growing disillusionment.”

Taylor continued, “The financial services lobby has so far successfully staved off serious reforms: they killed bankruptcy reform twice, indefinitely stalled action on predatory lending, weakened the Consumer Financial Protection Agency in the House, appear to be

getting their way in the Senate, and have refused to put the required resources into making the HAMP program work. It's time to take the gloves off and pass some measures that actually help Americans. If it takes a prime time address or other extraordinary measures by the President to pop the bubble of denial about responding to the financial crisis that seems to be hovering over the Capitol, then so be it.”

Several needed measures should be considered to address the foreclosure crisis. Congress and the Administration are clearly moving to address unemployment, the fastest growing contributor to the foreclosure crisis. The Treasury Department should also consider purchasing loans at a discount and mandating their modification as NCRC has proposed (for more details see the Wall Street Journal: <http://bit.ly/74Drhf>). This does not require legislative approval, and could be done tomorrow. Bankruptcy reform, which would provide additional relief for homeowners facing foreclosure, should be reintroduced in Congress with a push from the Administration.

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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.