

NATIONAL  
COMMUNITY  
REINVESTMENT  
COALITION



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Contact: Jesse Van Tol, 202-464-2709  
[jvantol@ncrc.org](mailto:jvantol@ncrc.org)

## **Tepid Foreclosure Prevention Efforts Continue to Undermine Economic Recovery**

Permanent modifications disappoint, as cancellations trend substantially higher

Washington DC- Today the Treasury Department and HUD released the latest numbers for the Home Affordable Modification Program (HAMP). Nearly 400,000 homeowners have been granted a permanent modification under the program, which compares to over 5.3 million foreclosure filings since the HAMP program began in March of 2009, according to numbers from Realty Trac. Trial modifications cancelled exceeded permanent modifications by 122,793 in June, compared to May when 83,000 more trial modifications were cancelled than made permanent.

“I feel like a broken record, but HAMP continues to perform very poorly. The permanent modification numbers are simply too low, while foreclosure filings continue above 300,000 for the 16th month in a row. Numerous problems plague the program, the most important of which is that it does not require mandatory principal reductions. Even after implementation of new guidelines in October, principal reduction will continue to be voluntary. The Administration understands that principal reduction is key to having the impact they seek to have on the housing markets. I’m wondering, though, if they have the right priority on this issue,” said John Taylor, president and CEO of the National Community Reinvestment Coalition.

“The lack of effectiveness of the program is contributing to a continued weak housing market. We may be facing a double dip in real estate prices nationally if nothing more is done to prevent foreclosures. The Administration may soon be in the position of needing to pursue more aggressive strategies to stem the foreclosure crisis and shore up the housing markets, such as renewing the first time homebuyer tax credit, bankruptcy reform or a bulk loan purchase program,” said Taylor.

### **About the National Community Reinvestment Coalition (NCRC):**

*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.*

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