



## **Widespread Criticism Leads to Vote to End Last Remaining Obama Housing Program**

by

**Richard Fonfrias, J.D.  
Chicago's Financial Rescue & Bankruptcy Lawyer  
Fonfrias Law Group, LLC**

The Home Affordable Modification Program, HAMP, a home loan modification program to avoid foreclosure, once touted as key to helping millions of homeowners who were "underwater" due to plummeting home values, suffered a loss when the House of Representatives voted to eliminate the program, the last remaining housing program of the Obama administration.

HAMP, launched at the beginning of Barack Obama's term as president, has drawn harsh criticism for its inefficiencies from nearly everyone including independent watchdogs overseeing the program, Democrats and members of the Congressional Black Caucus.

The House vote, however, will be little more than symbolic since it's not expected to pass in the Senate and the White House said Obama will veto the bill if it reaches his desk.

The Troubled Asset Relief Program's chief watchdog Neil Barofsky said HAMP "benefits a small portion of distressed homeowners" and in some cases actually "causes more harm than good," when he testified before the House Financial Services Committee.

Even so, many members of Congress and the administration suggest the answer is to fix HAMP, rather than stop the beleaguered program. On balance, they assert more than 500,000 homeowners remain in their homes, avoiding home foreclosure thanks to HAMP.

Fifty Democrats, following Representative Maxine Waters (D-California) and anticipating the House vote, sent a letter to Secretary of the Treasury Tim Geithner, asking that he initiate changes to the struggling program. The representatives wrote,

"While we believe terminating HAMP would be contrary to our goal of helping homeowners stay in their homes, we are keenly aware of the program's shortcomings and weaknesses," suggesting ways Treasury could help the program.

The representatives urged Geithner to implement past recommendations to improve the home loan modification program, pointing out that the TARP special inspector general's office, which offered 18 suggestions for improvement, has seen only four implemented.

The letter sent by House members reinforces an earlier attempt by 18 senators to get Treasury, Housing & Urban Development, and the Federal Reserve Chairman to upgrade the loan modification programs.

Geithner responded to pleas for HAMP upgrades and another House vote, in which the acting Assistant Treasury Secretary Timothy Massad recommended continuing the loan modification program and making much-needed improvements.

Massad wrote, "Beginning next month, Treasury will release a quarterly compliance scorecard for each of the 10 largest servicers. Each will be graded on key performance metrics, including evaluation of homeowners for modifications and whether their staff resources and internal processes dedicated to program implementation are sufficient. These mortgage companies also will be rated against their peers. We have and will continue to require that servicers take remedial actions to address inadequacies, and Treasury will begin withholding financial incentives from for servicers that receive an unsatisfactory grade."

*You're Invited to Call or E-mail.*

"If you have questions about bankruptcy, foreclosure, credit card debt, loan modifications, tax liens or other financial problems, please send your e-mail today to

[rich@chicagomoneylawyer.com](mailto:rich@chicagomoneylawyer.com)

RICHARD FONFRIAS, J.D.

Chicago's Financial Rescue & Bankruptcy Lawyer

***Money problems solved. Peace of mind protected.***

Founder & Managing Partner

FONFRIAS LAW GROUP, LLC

First National Plaza ❖ 70 West Madison Street, Suite 1400 ❖ Chicago, Illinois 60602  
Telephone 312-969-0730 ❖ Facsimile 312-624-7954 ❖ [www.chicagomoneylawyer.com](http://www.chicagomoneylawyer.com)

