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Comparing foreclosure-aid programs

Updated 12/12/2011 8:47 AM

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Most of the Obama administration's foreclosure-prevention programs announced in 2009 and 2010 have fallen short of stated goals. How programs compare:

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Home Affordable Modification Program (HAMP)

Budget: \$19 billion; **Launched:** 2009

Goal: Modify 3 million to 4 million home loans so borrowers could afford them.

Results: 883,076 permanent loan modifications as of Oct. 31. Homeowners save a median of 37% each month.

Shortcomings: Success rate lower than hoped; mortgage companies have not aggressively pursued HAMP modifications. Instead, they do nearly twice as many modifications outside of HAMP. Those are more likely to fail, government data show, keeping borrowers at risk of foreclosure.

FHA Short Refinance

Launched: 2010, with a \$2.7 billion program to modify second liens.

Goal: Help 500,000 to 1.5 million homeowners refinance to lower-interest FHA loans.

Results: 334 refinances through September.

Shortcomings: Loan owner must forgive at least 10% of the mortgage. Lenders don't generally forgive principal and especially not on loans on which borrowers are current.

Hardest Hit Fund

Announced: 2010

Goal: Help 500,000 unemployed or underemployed people in 18 states and the [District of Columbia](#) avoid foreclosure. Loans typically made for six to 24 months and will be forgiven if borrowers fulfill requirements.

Results: 18,946 homeowners helped through September.

Shortcomings: Start took longer than expected. Just \$113 million provided to homeowners through September.

Emergency Homeowners Loan Program (EHLPP)

Announced: 2010

Goal: Make loans to 30,000 homeowners facing foreclosure because of lost jobs or reduced income in 32 states and [Puerto Rico](#). Loans can be forgiven if borrowers meet requirements.

Results: Fewer than 12,000 homeowners made it through the application process in time, preliminary data show. More than half of the \$1 billion went back to Treasury because it wasn't allocated to homeowners in time.

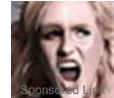
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Shortcomings: Organizational delays pushed launch into 2011, and eligibility requirements disqualified many.

Home Affordable Foreclosure Alternatives (HAFA)

Launched: 2010

Goal: Encourage short sales and deeds-in-lieu instead of foreclosure. A short sale is when a loan owner sells a home for less than what is owed. Deed-in-lieu is when homeowners return deed to lender.

Results: 20,701 completed through October. Mostly short sales.

Shortcomings: Servicers may collect more money doing short sales outside the government program, and they do more outside the government program, according to an October government report.

Second Lien Modification Program (2MP)

Launched: 2010

Goal: Get second liens modified or extinguished if first liens are modified via HAMP. Treasury has estimated that up to 50% of mortgages at risk are backed by second liens. Second lien holders can block loan modifications.

Results: 50,434 modifications started through October.

Shortcomings: Program started slowly, in part because industry lacked good data to match borrowers' first liens with second liens, the [Government Accountability Office](#) reported in March. Mortgage servicers said there were differences in spelling of addresses, for instance, that prevented accurate identification.

Principal Reduction Alternative (PRA)

Launched: 2010

Goal: Encourage mortgage owners to forgive principal with a HAMP modification.

Results: 53,323 trial modifications started through October.

Shortcomings: Mortgage servicers don't have to offer borrowers a principal reduction even if calculations show that doing so would result in better returns to the loan owner.

Home Affordable Refinance Program (HARP)

Announced: 2009.

Goal: Refinance 4 million to 5 million home loans with mortgages backed or owned by [Fannie Mae](#) or [Freddie Mac](#) to lower interest rates.

Results: 928,570 through September.

Shortcomings: Program initially didn't adequately reduce risks to lenders and others to refinance homeowners with little or no home equity. Changes announced in October may double number of HARP refs.

Source: Office of the Special Inspector General of the Troubled Asset Relief Program, Oct. 27 report to Congress, USA TODAY research

No federal spending involved

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