



1918 UNIVERSITY AVENUE, 2ND FLOOR BERKELEY, CA 94704  
PHONE: (510) 926-4000 FAX: (510) 926-4010 <http://www.greenlining.org>

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August 19, 2009

President Barack Obama  
The White House  
1600 Pennsylvania Ave NW  
Washington, DC 20500

Secretary Timothy Geithner  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, D.C. 20220

**Mortgage Modifications Must Come From the Grass Roots, Not Trickle Down**

Dear President Obama and Secretary Geithner,

Despite your best efforts, the foreclosure crisis is mounting on Main Street and there is increased concern that Reagan's trickle down theory, which your administration seems to have adopted when it comes to stopping foreclosures, is dooming your program to help homeowners modify their troubled mortgages

Up to this point your Home Affordable Modification Program (HAMP) has not been successful and there is little hope that this will realistically change. Part of the problem, as the New York Times stated last week, is that HAMP relies on a \$75 billion carrot to incentivize banks to modify loans they hold, yet utilizes no stick to persuade them when they decline. The New York Times goes on to mention that 235,000 mortgages, or less than 9 out of every 100 loans deemed eligible for your program, have been modified. This does not take into account the number that will ultimately re-default.

Even if the program is able to modify 500,000 loans by November as your administration hopes, Moody's has stated it will take at least 1 million mortgage modifications to make a dent in the foreclosure crisis and stave off the worst effects to American families and their neighborhoods.

***Request for Meeting***

The Greenlining Coalition will be in Washington DC the week of September 14<sup>th</sup> to meet with Federal Reserve Chairman Bernanke and FDIC Chair Bair to discuss what can be done to stem foreclosures in the hardest hit states of our nation. We propose a meeting with both of you and your top advisors to discuss how to make HAMP more successful in serving families facing foreclosures, especially minority families.

Possible topics for discussions are:

- The \$75 billion that has been allotted for banks as incentive to modify troubled loans through HAMP. Why not make a similar amount available to grassroots organizations and foreclosure counselors from the communities most effected by the crisis? This \$75 billion is readily available since \$250 billion in TARP funds have been returned, including \$65 billion returned by JP Morgan Chase, Goldman Sachs, and US Bank.



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- Recently the Mabuhay Alliance, a Greenlining Coalition member, met with Congressman Frank as well as Eric Stern from the Treasury Department. Mabuhay detailed an innovative plan to help families facing foreclosures stay in their homes and possibly even regain homeownership within 5 years. The \$75 billion could easily be spent on programs such as this as well as other creative, Main Street that depend on grassroots versus Reagan-esque top-down strategies.
- There is a perception that Secretary Geithner is too intimate with the Goldman Sachs of the world and has no Main Street connections or experience. We believe a tour of impacted communities to meet with local organizations helping families on the ground, along with more community oriented modification programs, will go a long way in dispelling this sentiment. In California Greenlining would be happy to host a visit that would include locations such as such as East and South LA, Stockton, and the Bayview/Hunters Point area of San Francisco where African Americans are disproportionately suffering from the foreclosure crisis.


Although we write from a California minority perspective, our views are applicable in any state where homeowners are underwater on their mortgages.

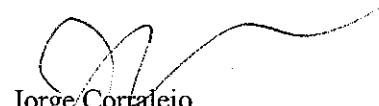
Despite the Wall Street Journal's statement last week, where 47 economists said that we are out of the recession, Latinos, African Americans, and South East Asians, the groups hardest hit by the foreclosure crisis (and that most support you as president), say the economy is getting worse and that foreclosures are being exacerbated by depression era levels of unemployment. Our fear is that this sentiment, that "the recession is over" being promulgated by the Wall Street Journal and echoed by other main stream media outlets, will be similar to the now infamous picture of former-President Bush on an aircraft carrier with a banner behind him stating "Mission Accomplished" in regards to the Iraq War.

The mission to stop foreclosures has not yet been accomplished and we desperately need leadership from both of you to move closer.

  
Orson Aguilar  
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