

Americans for Financial Reform

Accountability, Fairness, Security

December 9, 2009

Representative Mike Quigley
U.S. House of Representatives
1319 Longworth HOB
Washington, DC 20515

Re: NPV Transparency Amendment to H.R. 4173

Dear Representative Quigley:

On behalf of the nearly 200 national, state and local consumer, employee, investor, community and civil rights organizations of Americans for Financial Reform,¹ and the undersigned organizations, we write to convey our strong support for your amendment to H.R. 4173.

This important amendment makes three key changes to the availability of the Home Affordable Modification Program's (HAMP) net present value (NPV) analysis, which generally determines whether a homeowner qualifies for a mortgage loan modification under the program. HAMP is the primary federal program available to millions of homeowners facing foreclosure to help them modify their loans and stay in their homes.

First, it requires servicers to provide key information to homeowners at the time of denial, rather than placing the burden on homeowners to seek that information. Now, homeowners who are rejected for loan modifications on the basis of this NPV test are not automatically provided with the information about them that was used to do the analysis. The burden is on the homeowner to affirmatively request the input data. This requirement would streamline the communication process and provide homeowners with essential information at the earliest possible time.

Second, it requires that a website be established by which homeowners can determine if they qualify for a loan modification under the Treasury Department's NPV analysis. It also requires reasonable steps towards establishing an online application process for the program. The NPV model has remained shrouded in secrecy and unavailable to homeowners even when it is the cause of a HAMP denial. Homeowners are unable to determine independently whether a servicer conducted the analysis properly. A public web portal would allow homeowners to provide a check on the reviews done by overburdened servicer personnel.

Third, it requires the Treasury Department to make the NPV model itself available to the public. The model is the core determinant of whether a homeowner receives a loan

¹ All the organizations that comprise AFR support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed onto every statement.

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modification, yet its approach and assumptions have not been available to the public. In the name of government transparency and fairness, it is essential that secrecy regarding this program be removed

We commend you for introducing this important amendment, which would greatly expand transparency in the Administration's Making Home Affordable program, and we fully support it.

Yours very truly,

Advocates for Basic Legal Equality
AFL-CIO
Americans for Financial Reform
Brockton Interfaith Community
Center for American Progress Action Fund
Center for New York City Neighborhoods
Center for Responsible Lending
Central Illinois Organizing Project/Illinois People's Action
Consumer Action
Consumer Federation of America
Consumers Union
Legal Aid Society of Texas
Massachusetts Communities Action Network
NAACP
National Association of Consumer Advocates
National Coalition for Asian Pacific American Community Development
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)
National Council of La Raza
National Fair Housing Alliance
National People's Action
Neighborhood Economic Development Advocacy Project
New Jersey Citizen Action
PICO National Network
Service Employees International Union
United Interfaith Action of New Bedford and Fall River
Woodstock Institute