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Relief for Ohioans

The Obama White House has retooled its foreclosure plan. Now the state Senate must do its part

President Obama's program for foreclosure prevention has been a disappointing flop. A year after it began, the \$75 billion Home Affordable Mortgage Program, which was projected to help about 4 million homeowners avoid foreclosure by 2012, has fewer than 200,000 completed loan modifications to its credit. Meanwhile, real-estate analysts anticipate 10 million to 12 million more borrowers heading toward foreclosure in the next three years.

With such an unimpressive record, the administration wisely is reworking its foreclosure prevention policies, strengthening not only the federal HAMP program but also providing additional help to a handful of targeted states.

On Friday, the White House announced a new plan to improve the program's performance. The Department of the Treasury last month also made \$1.5 billion available to five states it considered as "hardest hit" in the foreclosure crisis, restricting the funding to states where home values had dropped at least 20 percent. Overlooked was the harsh reality in Ohio, where a persistent economic downturn has driven up foreclosures for a much longer time than in other states. On Monday, the Obama administration corrected the omission, providing an additional \$600 million in foreclosure funding for five more states that have higher rates of unemployment.

Among the five, Ohio will receive \$172 million, a crucial boost for foreclosure programs across the state. But first, the Ohio Housing Finance Agency must gain federal approval for a plan it is required to submit on how the funds will be used.

Ohio has an opportunity to present a strong plan. Legislation is pending in the state Senate that promises to benefit greatly Ohio borrowers at risk of foreclosure, among other services, increasing foreclosure mediation, counseling and assistance in working with mortgage lenders and servicers. If the feds have come through for the state, it is urgent that the Ohio Senate do its part and approve the legislation.

The federal plan requires participating lenders to reduce loan balances for eligible borrowers whose homes are worth less than what they owe. It offers

unemployed homeowners a respite of three months to six months on mortgage payments while they look for work. It also makes it easier for those who cannot afford any mortgage to negotiate a short sale, with a federal allowance to relocate.

The White House was slow to retool, and the voluntary nature of the new program still leaves lenders too much of a free hand. Yet, for many borrowers, the plan promises to ease the risk of foreclosure.