



SIGTARP

Office of the Special Inspector General
For The Troubled Asset Relief Program

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MOST PEOPLE DENIED HARDEST HIT FUND ASSISTANCE EARNED LESS THAN \$30,000

More than 80% of people in Detroit, Flint, Cleveland, and Dayton turned down earned less than \$30,000

The Hardest Hit Fund (HHF) is an investment in American workers hardest-hit by the financial crisis and recession. It primarily acts as a temporary safety net so the American working class who find themselves now unemployed or underemployed can save their homes. More than a quarter of million people have received assistance through the program. But SIGTARP has found that a majority of the more than 160,000 people denied these federal dollars earned less than \$30,000.

“When we see that nearly everyone turned down for TARP’s Hardest Hit Fund unemployment assistance earned less than \$30,000 in cities where GM or its suppliers laid off workers, we know that the program can do more to open up funding to these and other hard hit workers,” said Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program. “GM has returned to profitability, but their workers still face hard times and future layoffs. With billions of dollars remaining, the full potential of this valuable program can be unlocked. Removing unnecessary program criteria, making state agencies track why each person was turned down, and letting workers facing an upcoming layoff be eligible now before they fall behind on their mortgage can go a long way to help save homes in these communities until full-time jobs return. Even good programs like HHF can be better, and that’s a goal worthy of pursuit.”

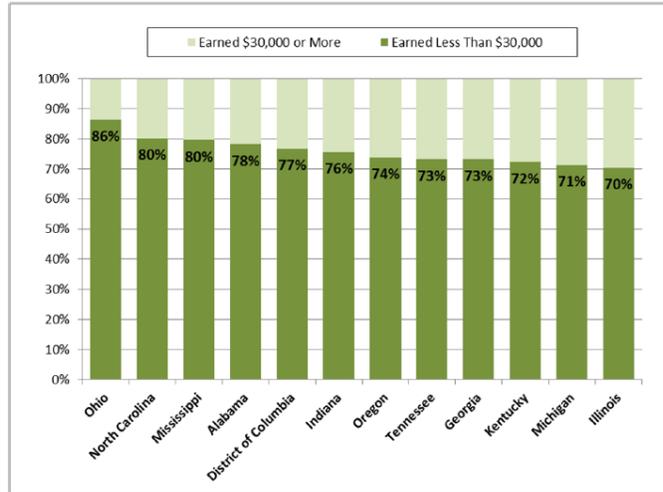
HHF was created in 2010, after Congress required that TARP go beyond bailing out banks and companies like General Motors and directly support American workers struggling to keep their home. It provides a temporary safety net to help save the homes of unemployed and underemployed Americans in 19 states in the rust belt, south, and other hard-hit areas of the country. The need for an unemployment bridge and other HHF programs like blight demolition remains so critical that Congress added an extra \$2 billion to the program in February 2016.

SIGTARP’s audit found:

- 84,599 out of 159,744 (53%) homeowners denied for HHF dollars earned less than \$30,000 a year. In 12 states of the 19 HHF states, almost three out of every four homeowners denied made less than \$30,000.
- Michigan and Ohio are among the states with highest denial rates of people earning less than \$30,000. In cities where General Motors – which received \$50 billion in TARP funds – or its suppliers closed plants or laid off workers, denial rates of those earning less than \$30,000 are even higher: 82% in Detroit (almost 5,000 homeowners), 89% in Cleveland (nearly 600 homeowners), 85% in Flint (407 homeowners), 83% in Saginaw (more than 260 homeowners),

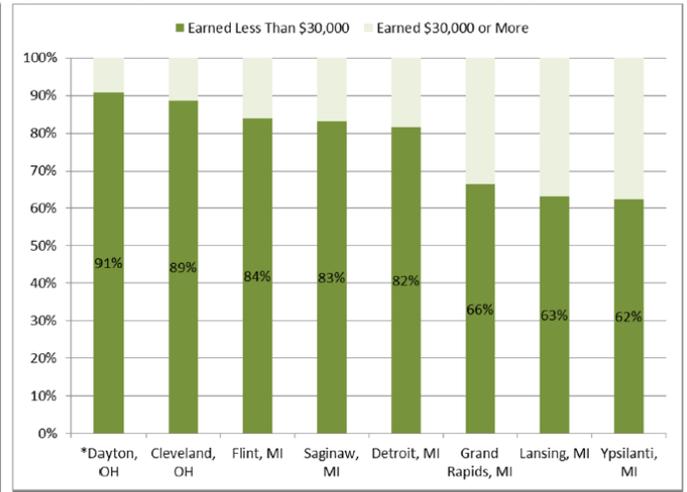
and 91% (more than 600 homeowners) in Dayton. GM announced that 2,000 additional workers in Michigan and Ohio face layoffs early this year.

Figure 3: Percentage of Denied Homeowners Who Earned Less Than \$30,000, by State



Source: SIGTARP analysis of applicant data provided by the states.

Figure 6: Percentage of Denied Workers Who Earned Less Than \$30,000, by City



* Includes Dayton and nearby cities of Moraine and Vandalia, Ohio. Combined, these cities denied 238 homeowners who earned less than \$30,000.

SIGTARP was not able to conclude why denial rates for homeowners making less than \$30,000 are so high because state agencies' records were non-existent, missing, or incomplete. Some state agencies were unable to provide SIGTARP even basic aggregate information about why homeowners were denied, let alone a specific reason for each person turned away. That needs to be immediately remedied so appropriate analysis on the people denied can be conducted to help working Americans most affected by the financial crisis and the recession.

Most importantly, state agencies should remove unnecessary restrictions that do not exist in other states or do not reflect the reality of working class Americans, and they should do that immediately. For example, in Michigan workers are ineligible for HHF if they received unemployment benefits or saw their paycheck cut more than 12 months ago. Most HHF states do not have this restriction, which is inconsistent with the new normal of unemployment: it often last a long time. Treasury and state agencies should level the playing field—someone in Detroit shouldn't face more restrictions than someone in another state. In another example, in Michigan and other states, a worker has to show that they have enough income now to pay their mortgage in the future. This requirement does not match the reality of many who would not ask for help if they made enough to pay their mortgage.

About SIGTARP

SIGTARP's cross-cutting authority enables us to investigate and conduct oversight over all organizations and individuals involved in TARP programs. Our analytical, experienced-based approach identifies hidden complex crime and we work with the U.S. Department of Justice to hold accountable individuals and institutions that break the law. SIGTARP's oversight prevents fraud and drives improvements in ongoing TARP programs. As of December 22, 2016, SIGTARP investigations have resulted in the recovery of \$10 billion to the government and 173 defendants sentenced to prison. Our audit recommendations would save the federal government \$2 billion, if implemented.

To report a suspected crime related to TARP, call **SIGTARP's Crime Tip Hotline: 1-877-SIG-2009 (1-877-744-2009)**. To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.SIGTARP.gov. Follow SIGTARP on Twitter @SIGTARP.

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