



SIGTARP

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

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SIGTARP RECOMMENDS TREASURY PUT TO BETTER USE UNSPENT FUNDS IN TARP TO ENHANCE EXISTING UNEMPLOYMENT MORTGAGE ASSISTANCE THROUGH HARDEST HIT FUND IN LIGHT OF RECENT SIGNIFICANT UNEMPLOYMENT

The Hardest Hit Fund is a TARP program that is still open today – a program that has traditionally provided mortgage assistance for unemployed homeowners. As unemployment improved, Treasury allowed participating state housing finance agencies to shift some of these funds to blight demolition and homebuyer down payments. In light of the recent increase in unemployment, on April 8, 2020, SIGTARP recommended that Treasury put to better use unspent TARP funds to enhance existing mortgage assistance to unemployed homeowners in the Hardest Hit Fund.

“Remaining unspent TARP dollars could help with the recent significant increase in unemployment,” said Special Inspector General Goldsmith Romero. “Many people do not realize that TARP housing programs are still open. TARP’s Hardest Hit Fund program could be a strong tool to help with the recent significant rise in unemployment, as there are already existing infrastructures in 19 states that could be quickly employed.”

This would include remaining funds in HHF earmarked for administrative costs, blight demolition and down payment assistance, as well as funds that may not be likely to be spent in certain states. For example, in January 2020, the state housing finance agency in Florida returned \$6.5 million in unspent funds to Treasury. Treasury responded that it was working closely with state agencies.

It could also include TARP funds that are estimated to be unspent in the Making Home Affordable program (including the HAMP program), similar to the action taken by Congress in fiscal year 2016, when it moved \$2 billion that would have been unspent in MHA to HHF. Treasury responded that this would require Congressional action. In fiscal years 2018 and 2019, Treasury deobligated \$4.3 billion from HAMP and related programs in the Making Home Affordable program. Treasury may deobligate additional funds in the future. Rather than deobligate those funds, those funds could be put to better use in HHF. Additionally, SIGTARP recommended that Treasury keep administrative costs below 8%, a reasonable percentage based on past spending and the urgent situation.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency that targets crime at financial institutions or in TARP housing programs and is

an independent watchdog protecting the interests of the America people. SIGTARP investigations have resulted in the recovery of \$11 billion and 300 defendants sentenced to prison.

To report a suspected crime related to TARP, call SIGTARP's Crime Tip Hotline: 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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