



## OFFICE OF THE SPECIAL INSPECTOR GENERAL

FOR THE TROUBLED ASSET RELIEF PROGRAM

1801 L STREET, NW

WASHINGTON, D.C. 20220

July 12, 2010

The Honorable Darrell Issa  
Ranking Member  
Committee on Oversight and Government Reform  
United States House of Representatives  
2157 Rayburn House Office Building  
Washington, DC 20515-6143

Dear Representative Issa:

Thank you for your June 23, 2010 letter, which expressed concerns regarding transparency and accountability within Treasury's \$2.1 billion Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets ("Hardest Hit Fund"). In light of your concerns, you requested that the Office of the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP") initiate an audit of the Hardest Hit Fund.

In response to your letter and as part of our ongoing oversight of the Troubled Asset Relief Program ("TARP"), SIGTARP will initiate an audit of the Hardest Hit Fund. The key questions to be addressed by the audit are:

- (1) To what extent did Treasury apply consistent and transparent criteria, including applicable provisions of the Emergency Economic Stabilization Act of 2008, in selecting the states and programs to receive money under the Hardest Hit Fund?
- (2) To what extent has Treasury determined the programs to be funded by Hardest Hit Fund are innovative as compared to existing federal and state programs?
- (3) Has Treasury put sufficient mechanisms in place to prevent waste, fraud, and abuse of the Hardest Hit Fund?
- (4) What goals and metrics have Treasury adopted and reported to the public for the operation of the Hardest Hit Fund?

Questions regarding the effectiveness of the Hardest Hit Fund in counteracting the national foreclosure crisis may be addressed in a future audit, after sufficient time has transpired for the various state programs' progress to be assessed.

Thank you for your continued commitment to oversight and transparency in the TARP and for your request for more information on this matter. I am, of course, available to discuss this matter or any other with you at your convenience. Please do not hesitate to contact me if we can be of further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Neil M. Barofsky". The signature is fluid and cursive, with a large initial "N" and "B".

NEIL M. BAROFSKY  
Special Inspector General