

ONE HUNDRED ELEVENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
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**Statement of Rep. Darrell Issa, Ranking Member**

**“Foreclosure Prevention Part II: Are Loan Services Honoring Their Commitments to Help Preserve Homeownership?”**

**June 24, 2010**

Thank you, Mr. Chairman, for holding this hearing on the failures of the Home Affordable Modification Program (HAMP) to provide relief to millions of American homeowners currently facing foreclosure. By every objective measure, in fact, HAMP is Exhibit A of the Administration’s failed economic policies.

Like the President’s stimulus bill, HAMP was sold to the American people using a gross overestimation of the program’s projected effectiveness. Additionally, like the stimulus – which was supposed to keep unemployment under 8% -- HAMP was supposed to keep 3 to 4 million homeowners out of foreclosure. But today, the facts are staggering and clear. Nearly 5 million more American workers are out of work than they were when the President took office, and nearly 3 million more American homeowners have received notice of foreclosure.

If that’s not failure, Mr. Chairman, then I don’t know what is.

And like the President’s fiscal policies, HAMP has caused American taxpayers to go deeper in debt and has further tightened the grip that creditors have on their future. As a nation, the President’s spending has pushed our national debt over \$13 trillion dollars, and we are fast approaching a suicidal debt-to-GDP ratio. Likewise, the total loan-to-value ratio of the U.S. residential housing market has reached more than 62%, up from just 42.9% in 2006.

Clearly, this program – and the Administration’s housing and economic policies in general – are ripe for the Oversight Committee’s thorough investigation.

Today, Mr. Chairman, we have the opportunity to hear from these loan servicers, and we should hear from them. It is important for the American people to know how HAMP has been managed on the front lines of our nation's housing crisis. Together, these witnesses represent financial institutions that have completed 194,253 permanent HAMP modifications as of May of this year. And while these American homeowners are surely grateful that they have kept their homes and avoided foreclosure, this figure says nothing of the 909,599 HAMP-eligible borrowers who have yet to receive relief. What this means is that four out of every five homeowners facing foreclosure have been failed by the President's signature relief program, and that's just figures from these institutions alone.

Nationwide, the numbers are worse. And we have yet to see the degree to which those that have received temporary relief will re-default because of increased joblessness and unsustainable debt-to-income ratios.

Moreover, it concerns me greatly that on a whole, HAMP has now cancelled 429,969 temporary and 6,357 permanent modifications nationwide. In other words, Mr. Chairman, far more homeowners have been kicked out of the program than have received permanent help. Of course, this fact is greatly obscured by the Treasury Department's reports, which change metrics from month to month, alter color schemes in charts and graphs to prevent comparative analysis, and overlay data from government programs with that from the private sector to deceive the American people about the government's disappointing results.

Which is why, Mr. Chairman, I believe this Committee needed to hear today from Secretary Geithner and other Treasury officials who are ultimately responsible for the program's failure. Since our last hearing on this matter, new information has further revealed HAMP's inadequacies. Treasury's most recent progress report demonstrates that Treasury cut more than three times as many homeowners out of the program as it welcomed in through new trial modifications. Meanwhile, Treasury has continued to impose complicated new rules on the program that are expensive for servicers to administer and difficult for homeowners to understand. Moreover, we have yet to hear why Treasury continues to ignore SIGTARP's recommendations for transparency and accountability in the program, as well the establishment of clear goals and guidelines to loan servicers who participate in HAMP.

Without holding Treasury to account for these failures, this Committee's oversight is necessarily encumbered. Until we are able to assemble all the components of our housing crisis – from irresponsible private lenders to GSEs like Fannie Mae and Freddie Mac to the Treasury Department and HUD, we will never be able to return America to a path of fiscal responsibility and economic security. And yes, I realize that we have already heard from Treasury in an earlier hearing, but I believe that excluding any government witness from this hearing seriously hinders meaningful oversight and results in more unanswered questions and unaddressed concerns.

Mr. Chairman, I'm increasingly frustrated by a stubborn unwillingness on the part of this committee to hold administration officials accountable for failed programs, and to keep them before this committee until those officials acknowledge those failures. The American people will not have confidence in their government so long as this committee continues to let the Administration whitewash the abysmal truth about the President's economic policies.

I look forward to hearing from these witnesses, and to working with you, Mr. Chairman, to promote transparency and accountability from both the private sector and the government agencies involved in finding long-term solutions to the housing crisis.

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