

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: Is the Home Affordable Modification Program Preserving Homeownership?”

March 25, 2010

Thank you, Mr. Chairman, for holding this hearing about the failure of the Obama administration’s signature effort to mitigate home foreclosures and stabilize the U.S. housing market, which has now seen new U.S. home sales drop to a record low.

The evidence is clear: HAMP has failed. One year ago, the Administration told 4 million American homeowners that the Treasury Department would help them keep their homes. As of last month, the program had underperformed the Administration’s projections by almost 96%. According to Treasury’s own numbers, less than one-third of all temporary modifications have been successfully converted into permanent status.

Remarkably, the Administration has consistently asserted that HAMP is “on track to meet the president’s goals.” Yet at the rate HAMP is working, the President’s goals should be met about the time his grandchildren are purchasing their first home.

One of today’s witnesses, the independent Special Inspector General for TARP, Neil Barofsky, has done a commendable job monitoring the waste evident in the Administration’s mortgage modification programs, and other programs that have spent nearly \$1 trillion dollars of taxpayer money on frenzied experiments in government intervention.

Moreover, Mr. Barofsky’s report – released this week – further substantiates the staff report Ranking Member Jordan and I released last month, entitled “Treasury Department’s Mortgage Modification Programs: A Failure Prolonging the Economic Crisis.”

The SIGTARP report reveals that the Administration’s experiments, rather than helping homeowners, are harming them. Millions of homeowners are now at substantial risk of “re-defaults” because the President’s economic team continues to press deeply flawed programs.

Treasury’s monthly HAMP reports are forever changing metrics, rearranging tables, and altering graphics. Meanwhile, Treasury has extended an unlimited line of credit to Fannie Mae and Freddie Mac and paid millions of dollars to Freddie Mac for HAMP work. Additionally, Freddie Mac and Fannie Mae had devoted hundreds of employees and nearly \$57 million in outside “no-bid” contracts to the program, reflecting the systemic collusion between the Administration and the two worst players in the housing crisis.

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Mr. Chairman, this hearing provides us an opportunity for truly bipartisan oversight. Ultimately, our commitment is to represent the American people – not any program, or policy, or political party. When government fails to meet its objectives in serving the people, we should work diligently to correct it. When government goes beyond a failure and actually does harm to the American people – as is the case with the HAMP program – we have the responsibility to expose it for what it is.

Only then, Mr. Chairman, can we secure a long-term economic recovery built on sound economic principles that recognize – among other things – the need for a readjustment in the housing market that, although painful in the short term, is preferable to the results we are now experiencing from the HAMP failure.

Billions of taxpayer dollars have already been wasted on HAMP, and together we can stop the hemorrhaging and deliver a stern reproof to this Administration – or any Administration – that cares more about manufacturing a phony success than about implementing policies that actually work for the American people.

Thank you.

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