

WASHINGTON (March 10) – The House Financial Services Committee, chaired by Congressman Spencer Bachus (AL-6), approved legislation on Wednesday that ends two ineffective government spending programs. The bills, which terminate the troubled Home Affordable Modification Program (HAMP) and the Neighborhood Stabilization Program (NSP), prevent more than \$30 billion in additional spending on the programs.

Approval by the Committee moves the bills forward for consideration by the House.

Financial Services Committee Chairman Bachus said, “The American people sent us here to tell them the truth, and the truth is our country is in serious trouble because of excessive government spending. We are on an unsustainable path that will lead to ruin, that will lead to a diminished standard of living for our children and grandchildren, and that will reduce the greatness of our country. We must take action immediately to change course and put a stop to this reckless culture of spending that has ruled Washington for far too long.”

The Financial Services Committee approved the following two bills:

H.R. 839, the HAMP Termination Act

H.R. 839, introduced by Rep. Patrick McHenry (NC), terminates Treasury’s authority to provide new assistance under HAMP while preserving the contracts made prior to the bill’s enactment. H.R. 839 prevents \$29 billion in TARP funds from being spent to continue this ineffective program. Far from helping at-risk homeowners, HAMP has actually put many struggling homeowners in worse financial shape. As the Special Inspector General for TARP (SIGTARP), Neil Barofsky, reported in testimony to a subcommittee, HAMP “benefits only a small portion of distressed homeowners, offers others little more than false hope, and in certain cases causes more harm than good.”

Rep. McHenry said, “The Home Affordable Modification Program, or HAMP, was created to stave off the foreclosure crisis and aid troubled borrowers. But here we are two years later and all who investigate, analyze, or survey this program conclude that it is an epic failure. The

government is offering false hope to hundreds of thousands Americans, and it just can't deliver."

HAMP was announced by the Administration in February 2009 and \$30 billion in TARP dollars were set aside for HAMP. The Administration claimed HAMP would help up to 4 million homeowners. Instead, only 521,630 loans have been permanently modified and the re-default rate is high. From the \$30 billion earmarked for HAMP only \$840 million has gone out the door. There is widespread criticism that HAMP is not working and is only making matters worse for many of the homeowners who participate or seek to participate. In addition to the SIGTARP, the Congressional Oversight Panel and the Government Accountability Office have detailed problems with HAMP.

H.R. 861, the NSP Termination Act

H.R. 861, introduced by Rep. Gary Miller (CA), terminates the NSP and prevents an additional \$1 billion from being spent on this program, which has already consumed nearly \$6 billion. The NSP does nothing to help struggling homeowners stay in their homes. Instead, it allows lenders and real estate speculators to off-load their foreclosed properties onto the taxpayers.

The Inspector General for the Department of Housing and Urban Development (HUD) has identified multiple cases of misuse of NSP funds, and the Government Accountability Office has said HUD does not have proper tools in place to keep track of uses of the funds.

Subcommittee Chairman Miller said, "I am pleased the Committee has voted to terminate the Neighborhood Stabilization Program (NSP). We have little to show for the nearly \$6 billion of the taxpayers' money that was spent on this ineffective program. NSP was inefficient and it did not target resources to those areas with the most need. Even worse, there was no requirement for repayment of the allocated funds. At a time when the national debt has surpassed \$14 trillion and the federal government is borrowing 40 cents for each dollar spent, it is imperative that we stop wasting taxpayer dollars on such ineffective and unaccountable government programs. The best way to address the foreclosure crisis and stabilize communities is to get our economy back on track."

