

# Statement Ranking Member Spencer Bachus Full Committee Hearing on "The Implementation of the Hope for Homeowners Program and a Review of Foreclosure Mitigation Efforts"

September 17, 2008

Thank you, Mr. Chairman, for holding this important hearing on the implementation of the Hope for Homeowners program and efforts to assist homeowners trying to avoid foreclosure.

Problems in the housing market continue to exert a powerful drag on our economy as yesterday's events demonstrate. The overall mortgage delinquency rate is at its highest level in 29 years, according to data released earlier this month by the Mortgage Bankers Association. Almost 10 percent of all outstanding mortgages are now either delinquent or in foreclosure.

Chairman Frank should be commended for using this Committee's oversight authority to focus on efforts to mitigate the effects that this rising wave of foreclosures is having on communities across America. While we have not always agreed on legislative solutions to this problem, there is no disagreement that this Committee has an important part to play in promoting sustainable loan modifications that keep Americans in their homes and help stabilize the housing market.

Until just recently, the Federal government's role in preventing avoidable foreclosures has been largely to facilitate private sector initiatives like HOPE NOW that rely upon mortgage servicers, lenders, and housing counselors to identify and assist homeowners at risk of foreclosure. But with the government take-over of Fannie Mae and Freddie Mac and the failure of Indy Mac, the Federal government now finds itself directly on the front lines, responsible for administering mortgage portfolios valued at hundreds of billions of dollars.

The government's success in managing these portfolios will determine the ultimate costs to taxpayers from the GSE take-over and to the banking industry from the Indy Mac failure, as well as the fate of hundreds of thousands of homeowners struggling to make payments on mortgages that are worth more than the properties they secure. We are fortunate to have with us today FDIC Chairman Bair, who will update us on the FDIC's plan to carry out systematic loan modifications at Indy Mac that help at-risk borrowers while at the same time minimizing losses to the Deposit Insurance Fund from the bank's failure.

Let me close by saying that all of us on this Committee have heard from constituents frustrated by a loan modification process that often takes too long and involves too much red tape. One of the goals of today's hearing should be to identify those obstacles that stand in the way of loan work-outs that keep worthy borrowers in their homes and help stabilize communities struggling with record high foreclosures and housing inventories.

Thank you again, Mr. Chairman, for holding today's hearing, and thanks to all of our witnesses for their participation.

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