

WASHINGTON (April 13)– Congressman Spencer Bachus (AL-6) today said that the Obama Administration should help homeowners by creating new jobs, not by perpetuating taxpayer bailouts.

Bachus, who is Ranking Member on the Financial Services Committee, made the following statement on foreclosure prevention during a hearing entitled “Second Liens and Other Barriers to Principal Reduction as an Effective Foreclosure Program.”

**“Preventing avoidable foreclosures is a serious issue for homeowners that has a great impact on our economy. A leading credit research provider estimates that the four institutions testifying before the Committee today hold \$423 billion in home-equity loans, including \$151 billion in loans to borrowers who are either underwater or close to it. Further research shows that at least 51 percent of first liens also have second or subsequent liens on the property. This presents real problems for the homeowners with multiple liens on their property, as well as for bank balance sheets and securitization markets. It also impacts our prospects for a housing market recovery.”**

**“Mr. Chairman, many of the well intentioned foreclosure mitigation programs have already failed to accomplish that mission, and many believe that this latest attempt by the Administration to ‘fix’ the HAMP program will do little to stem foreclosures and help troubled homeowners. Constant shifts in policy direction have created uncertainty in the market and encouraged homeowners and servicers to wait for the next best offer rather than take action to address problems related to distressed mortgages.”**

**“Additionally, many Americans continue to be concerned about the inherent moral hazards of these foreclosure mitigation programs. Is it fair to provide taxpayer funds to over-extended homeowners who have fallen behind on their mortgages, while homeowners who have been struggling to stay current and meet their commitments receive no help? Critics of the HAMP program argue that it mocks the hard work and foresight of those who made larger down payments or took out smaller mortgages to buy more affordable homes, and now struggle to make their monthly payments. Now these responsible homeowners are forced, as taxpayers, to foot the bill for rescuing their less prudent neighbors.”**

**“And, once again, the Administration intends to use TARP funds to pay for these newly announced initiatives designed to pressure banks to modify troubled loans. Unending**

***government intervention and bailouts must end.***

***“Instead of new programs and new bailouts, Congress should focus on job creation policies as the best way to help homeowners make their payments, prevent more foreclosures, and get our economy back on track. The market needs to find its own footing free of government intervention and manipulation so we can revive our economy and get on with a full housing market recovery.”***