WASHINGTON (March 25) – Congressman Spencer Bachus (AL-6) issued a statement today regarding reports that financial regulators have floated a so-called “cash for keys” program that will reward some borrowers who default on their mortgages with a $20,000 government check.

The “cash for keys” program would reportedly be paid for, in part, by contributions from Fannie Mae and Freddie Mac, the bailed out companies that have drawn $150 billion from taxpayers and continue to rely on taxpayer dollars for their operations.

Bachus, who is Chairman of the House Financial Services Committee, said, “This proposal is simply outrageous and the worst bailout idea dreamed up so far. Before the ‘cash for key’s program was reported, the government was focused on spending money to help borrowers stay in their homes. Now they’re proposing to spend money to reward borrowers who strategically default.

“‘Cash for keys’ does nothing to solve the fundamental problem at the root of foreclosures today, which is a lack of jobs. In fact, this ‘cash for keys’ program sounds strikingly similar to the coordinated effort by the Service Employees International Union to promote strategic defaults.

“Regulators are using the glorified phrase ‘fresh start’ to sell a bad idea. It’s not a fresh start, but a rotten finish that is bad for homeowners, bad for taxpayers and bad for our economy.”