FAA reauthorization bill, which I expect the House may try to take up this week.

In fiscal year 2010, the FAA's major programs were funded at approximately $16 billion. H.R. 658, the FAA Reauthorization and Reform Act of 2011, is a 4-year reauthorization that would reduce the FAA's annual funding to approximately 2008 appropriation levels, $14.9 billion, for the remainder of 2011 and then each year through fiscal year 2014. H.R. 658 would effectively cut, roughly, $1 billion annually and almost $4 billion total below current funding levels for FAA's budget over the next 4 years. These proposed cuts will have dire consequences on our Nation's infrastructure, jobs, and the economy.

Mr. Speaker, in February, the House Aviation Subcommittee held a hearing for industry stakeholders to testify about FAA reauthorization. In response to a question that I posed, witnesses representing the aerospace industry, general aviation manufacturers, general aviation pilots, airports, air traffic controllers, and FAA managers all testified that Congress could not cut $1 billion annually from the FAA's budget without harming safety-sensitive programs or hampering the industry. At the same hearing, Ms. Marion Blakey, the FAA administrator under President George W. Bush, stated: ''The prospect is really devastating to jobs and to our future.''

Every $1 billion of Federal investment in infrastructure creates or sustains approximately 35,000 jobs. Yet H.R. 658 would cut the airport improvement grants for runway construction and safety enhancements by almost $2 billion. Cuts to airport improvement grants alone would cost the Nation 70,000 jobs.

□ 1420

So let's be clear about one thing: The FAA reauthorization bill that we will consider later this week will not create jobs; it will destroy them. Although much work is ahead of us, I'm optimistic that Congress will be able to enact a long-term bill and we will not be considering a 19th short-term extension this summer. For the present, however, this particular extension, this bill before us today, I support, and I urge my colleagues to support it.

I yield back the balance of my time.

Mr. PETRI. I would just like to observe to my colleague, we will have plenty of opportunity to defend and debate the overall reauthorization later this week. The reauthorization bill is broadly supported by the industry affected. We may differ on some portions of it, but one of the major features of the reauthorization is to put in place a strengthened framework and benchmarks for NextGen; and as that new technology is deployed, almost every expert we've had testifying before the committee has said it will markedly increase the efficiency and safety of the aviation industry and reduce fuel use by some 25 percent, helping the environment and our import situation as well.

In any event, I would like to mention that the current reauthorization extension, the short-term extension before us, has bipartisan support. I would urge my colleagues in both parties to support it.

I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. PETRI) that the House suspend the rules and pass the bill, H.R. 1079.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. BIGGERT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 839 and to insert extraneous material thereon.

The SPEAKER pro tempore (Mr. PETRI). Is there objection to the request of the gentlewoman from Illinois?

There was no objection.

THE HAMP TERMINATION ACT OF 2011

The SPEAKER pro tempore. Pursuant to House Resolution 170 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 839.

□ 1425

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 839) to amend the Emergency Economic Stabilization Act of 2008 to terminate the authority of the Secretary of the Treasury to provide new assistance under the Home Affordable Modification Program, while preserving assistance to homeowners who were already extended an offer to participate in the Program, either on a trial or permanent basis, with Mr. POE of Texas in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

The gentlewoman from Illinois (Mrs. BIGGERT) and the gentleman from Massachusetts (Mr. FRANK) each will control 30 minutes.

The Chair recognizes the gentlewoman from Illinois.

Mrs. BIGGERT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 839, the Home Affordable Modification Program, or HAMP, Termination Act and commend my colleague from North Carolina (Mr. MCHENRY) for introducing this bill.

H.R. 839, the HAMP Termination Act, would put an end to the poster child for failed Federal foreclosure programs. Announced by the administration in February 2009 and launched in March 2009, the program has languished for 2 years, hurt hundreds of thousands of homeowners, and must come to an end.

According to the Congressional Budget Office, this bill would save $1.4 billion over 10 years. To date, the HAMP program has already consumed $840 million of the more than $30 billion of TARP funds that were set aside for the program. For this extraordinary investment, the administration predicted that 3 to 4 million homeowners would receive help.

Sadly, for many American homeowners, the program has been an abysmal failure. In fact, HAMP has hurt more homeowners than it has helped. The program has completed about 540,000 mortgage modifications. Another 740,000 unlucky homeowners had the rug pulled out from under them: their modifications were cancelled. Even the Government Accountability Office, GAO, commented that ''more borrowers have had their trial modifications cancelled than have received permanent modifications.''

Earlier this month, on March 2, the Financial Services Subcommittee on Insurance, Housing, and Community Opportunity received testimony from the Special Inspector General for the Troubled Asset Relief Program, SIGTARP, Neil Barofsky. He exposed the most hazardous failing of the program, noting that ''there have been countless published reports on HAMP participants who end up worse off for having engaged in a futile attempt to obtain the sustainable relief that the program promised. Failed trial modifications often leave borrowers with more principal outstanding on their loans, less home equity, depleted savings, and worse credit scores.'' He continued by saying that ''worst of all, even in circumstances where they never missed a payment, they may face back payments, penalties, and even late fees that suddenly become due on their 'modified' mortgages and that they are unable to pay, thus resulting in the very loss of their homes that HAMP was meant to prevent.''

Mr. Chairman, many of my own constituents, like homeowners around the country, were lured into HAMP with the promise of relief. In the end, these misled homeowners ended up with no permanent modification, tens of thousands of dollars deeper in debt. One of my constituents reported that after many, many months under a trial modification, he was rejected from the program and immediately handed a bill for $42,000 in back payments, penalties, and late fees. How is that an effective foreclosure protection?

HAMP has been plagued by problems from the start and is beyond mere reform. Numerous oversight bodies, including the GAO, have cited time and time again that Treasury has failed to respond to recommendations to ''increase the transparency, accountability and consistency of the program.'' Last year, the Congressional Oversight Panel, or COP, noted that ''because Treasury's authority to restructure HAMP ended on October 3, 2010, the program's prospects are unlikely to improve substantially in the future.''

□ 1430

COP also stated that ''billions of taxpayer dollars will have been spent to delay rather than prevent foreclosures.'' It is clear that the administration has no intention of fixing the numerous problems in its flagship foreclosure program, a fact which has not gone unnoticed by the public.

Americans for Tax Reform submitted testimony for our March 2 hearing, stating that ''HAMP has been the U.S. Treasury and Department of Housing and Urban Development's primary spending program for combating foreclosures, and the program has been a costly failure.''

Headlines around the country agree. A recent Washington Times article said that ''Obama's helping hand hoodwinks homeowners; government mortgage assistance can be worse than nothing.'' A recent Wall Street Journal article was entitled ''Housing Market Masochism; the latest bad idea to raid banks and delay a home-price recovery.''

We need to break down the barriers that have delayed the housing market recovery, including expensive and ineffective programs that have hurt so many homeowners. Unfortunately, programs like HAMP were set up in haste and have done little to restore stability in the market.

We need to stop funding programs that don't work with money that we don't have. Out-of-control Federal spending is hurting our economic recovery. Our Nation faces a $14.2 trillion national debt, and economists agree that reducing government spending will create a more favorable environment for private sector job growth. That's exactly what unemployed Americans and homeowners need: a job and a paycheck, not a handout or other failed taxpayer-funded government programs.

I reserve the balance of my time.

Mr. FRANK of Massachusetts. I yield 3 minutes to a member of the committee, the former mayor of Somerville, Massachusetts (Mr. CAPUANO).

Mr. CAPUANO. I thank the gentleman for yielding.

Mr. Chairman, this is a program that I'm the first to admit has not lived up to what our hopes were. This program we had hoped would help several million people. Thus far we've only helped about 550,000 people. I fully admit that this program, like all the other foreclosure programs, could use a healthy dose of reconsideration and improvement, and I'm happy to work with that.

But to simply repeal all of these programs is to walk away from individual homeowners, walk away from neighborhoods.

In this particular case, last week before the break, we walked away from neighborhoods. We walked away from cities and counties all across the country. In this case, we're walking away from homeowners.

In this particular bill, as I said, this program, short of what we had hoped, it has still helped 550,000 homeowners to keep their homes, 550,000 with approximately another 150,000 on trial as we speak. And 550,000 homes, just as a point of information, is more owner-occupied homes than exist in at least 17 different States. Wyoming, Alaska, Utah, Nevada, New Mexico, Nebraska, and on—all individually have fewer homes in the entire State than this program has helped. Yet we're going to walk away.

Every single State in this Nation has homeowners who have been helped. In Illinois, 29,000 homes have been saved; in North Carolina, 10,000 homes; in my own State, 12,000 homes and counting.

Again, I'm not going to defend the specifics or every single aspect of this program that has been put together, and I am happy to work with anyone to make it better, to help more people to keep their homes, keep their families together. But to simply walk away without offering an alternative means we don't care; this Congress doesn't care if you lose your home, period. Well, I understand that that's what some people want to say. They're entitled to do that. They're duly elected and have the power and authority to do that. But I just can't imagine they could look at the individual constituents in their district and say to their face, We don't care.

And if you feel that strongly about it, then you should not just repeal the program prospectively; you should repeal it retroactively and tell the 550,000 people whose homes have been saved, We didn't mean it, it was a mistake, we didn't support it then, and as far as we're concerned, you can leave your home tomorrow.

Now, I understand if that makes me a bleeding-heart liberal according to some people, so be it. Call me any name you want. But if you have the courage and the audacity to look at your own constituents and tell them forget it, you don't care, I would encourage you to do so.

Mrs. BIGGERT. I yield 5 minutes to the gentleman from North Carolina (Mr. MCHENRY), the sponsor of this bill.

Mr. MCHENRY. I thank the gentlewoman for yielding the time.

The HAMP Termination Act, which is the legislation before us today, ends what I believe to be a failure of a government program. Not just a failure to help those 3 to 4 million homeowners that the Treasury originally set out to assist, and they've fallen well short of it—just over 500,000 mortgage modifications have taken place in the 2 years it's been in existence. Not only has it been a failure in terms of the metrics they set up to achieve the goal; it's been a failure for the very people who enter into the program and yet are pushed out.

Now, I want my colleagues to understand what this government program does. The HAMP program, the Home Affordable Mortgage Program, brings folks in who are having trouble making their mortgage payments. They bring folks in, and they will give them a verbal modification for their mortgage. And what has happened—and this is what my constituents tell me and this is what the hard facts and the data indicate as well—is that a majority of those folks that enter into this program are actively harmed by this Federal program. Actively harmed. They are left materially worse off.

And let me quote from the Special Inspector General for TARP, Mr. Neil Barofsky, who is a very independent-minded individual. He said that people who apply for modifications via HAMP sometimes ''end up unnecessarily depleting their dwindling savings in an ultimately futile effort to obtain the sustainable relief promised by the program guidelines. Others, who have somehow found ways to continue to make their mortgage payments, have been drawn into failed trial modifications that have left them with more principal outstanding on their loans, less home equity, or a position further underwater, and worse credit scores. Perhaps worst of all, even in circumstances where they never missed a payment, they may face back payments, penalties, and even late fees that suddenly become due on their modified mortgages that they are unable to pay, thus resulting in the very loss of their home that HAMP is meant to prevent.

''Treasury's claim that every single person who participates in HAMP gets a 'significant benefit' is either hopelessly out of touch or a cynical attempt to define failure as success.''

Those are the words of the Special Inspector General designated to oversee this program and to report to Congress and the public on the success or failures of Federal programs and ways to fix them.

Now, sadly, in the 2 years of this program and over 1½ years of criticism of this program, the Treasury has refused to fix it. My colleagues on the other side of the aisle have not offered legislation to fix it when they were in the majority. So we're left with what is required today, which is to root out this Federal program that spends our taxpayer dollars, yet hurts more people than it helps.

One of my constituents from Hickory said, ''We've been in the HAMP program since February of 2010 and still have no answer. We're being charged late fees and we were reported to the credit bureau. We've been underwater since April and on trial payments for 6 months, which was only supposed to be 3 months. We have not yet received an answer.''

This is a Federal program. If the private sector were doing this, there would be lawsuits. If the private sector were doing that, my friends on the other side of Congress in particular would be filing legislation to make sure they were unable to do that.

Instead, my colleagues on the other side of the aisle and this administration are defending a failed program. And they refused to reform it. They refused to change. They refused to improve it. They refused to do anything to it except defend it. And I believe, indeed, as the Special Inspector General said, it may be a cynical attempt to define failure as success.

So I ask my colleagues to vote for this legislation and remove this costly, ineffective, and painful government program.

□ 1440

Mr. FRANK of Massachusetts. I yield 3 minutes to the gentlewoman from New York (Mrs. MCCARTHY), a member of the committee.

Mrs. MCCARTHY of New York. Mr. Chairman, let me say something first. In the beginning of this program, we didn't have any service. That means there were no people out there to help those that were trying to apply. But we have seen encouraging signs in the economy; yet we are still on a long path towards economical recovery. Many of my constituents are still facing hardship, including trying to keep their homes.

When the housing crisis hit, the private sector responded by turning their backs on those that needed the help. As a result, Congress stepped in and created housing programs to hold the industry accountable and to help these families weather the worst housing crisis that we have seen in generations.

Now, thanks to the leadership of the President and the Democratic-controlled 111th Congress, we are seeing more and more servicers adopting their own programs, largely based on the eligibility criteria within the programs such as HAMP.

The past few weeks my colleagues on the other side of the aisle have brought bills to the floor to terminate these programs, claiming they have done more harm than good to the homeowner and that struggling homeowners are in better hands with the private companies that contributed to the housing crisis in the first place. Most of the homeowners got in trouble because the private sector is the one that got them in the problems.

I disagree with that and point to constituents who have reached out to my office for help because their servicers were not being responsive.

The bill before us totally terminates the HAMP program; however, it protects assistance to the homeowners in a trial or a permanent modification.

My amendment, which was not made in order, would have expanded that provision to include homeowners who, on or before March 1 of this year, submitted required paperwork for HAMP or had made a verified request to their servicers seeking that modification.

My district office has heard from dozens and dozens of my constituents who have been waiting for up to 16 months, 16 months for a response from their servicer regarding the eligibility for HAMP. They reach out to my office at the point of total frustration due to the lengthy response time when they have submitted the required paperwork. I shudder to think what the response rate would have been without this program in place.

It's very disheartening that my colleagues on the other side of the aisle would like to shut down these distressed homeowners before they have even a chance to qualify for the assistance.

The HAMP program was by no means perfect. Everybody agrees on that. Nor was it meant to be permanent. We all agree on that. Instead, it was meant to hold the mortgage service industry accountable and responsive to those that needed the assistance.

At a time when our housing market is still very fragile and foreclosures continue to occur in record numbers, instead of terminating these programs, we should be trying to improve them.

During the markup in committee, when we were trying to improve, we asked our colleagues, all right, let's not terminate it; let's try and fix some of the things that are not right.

The CHAIR. The time of the gentlewoman has expired.

Mr. FRANK of Massachusetts. I yield the gentlewoman an additional minute.

Mrs. MCCARTHY of New York. Supporting efforts to terminate these housing assistance programs means turning your back on your own constituents.

Mr. Chairman, we have our disagreements. There's no two ways about it. But with that being said, to judge a program from the beginning when we couldn't get servicers, now we are getting servicers, now we are getting people to be responsive on getting people to stay in their homes.

And think about it: All these homes that are being lost to families, where are they supposed to go? In New York, you can't find an apartment, so what are we doing, making more people homeless?

It was not the fault of the homeowners. I agree, there were many people that shouldn't have probably bought a house for $700,000 or $800,000. The majority of us here in Congress couldn't even afford something like that. They should have never been given a mortgage. All of us, when we bought our homes, had to go through the third degree. How much money do you earn? Can you pay the insurance? Can you pay your taxes?

That's why we also put legislation in there to have the servicers help them.

Mrs. BIGGERT. Mr. Chairman, if I might inquire how much time is remaining on both sides.

The CHAIR. The gentlewoman from Illinois has 19½ minutes remaining. The gentleman from Massachusetts has 23 minutes remaining.

Mrs. BIGGERT. I reserve the balance of my time.

Mr. FRANK of Massachusetts. I yield 2 minutes to the gentleman from Delaware (Mr. CARNEY).

Mr. CARNEY. Mr. Chairman, I rise today to oppose this ill-advised effort to repeal the Home Affordable Modification Program. Instead, we ought to be focusing on how we can move together, Democrats and Republicans, to address the foreclosure crisis and keep families in their homes.

Since the housing bubble burst, over 9 million Americans have gone into foreclosure. In my little State of Delaware, annual foreclosure filings nearly tripled over the past few years. And we aren't even one of the worst, hardest hit States.

Now, one thing is clear. We can't help every one of these homeowners. Every situation is different; and, frankly, not every homeowner can or should be helped. And most of the help should come from the banks and mortgage servicers, but they are not doing nearly enough in the State of Delaware.

What is incredible to me is that, with the HAMP Termination Act, our friends on the other side of the aisle have decided not to help at all; and that will mean a more direct path to foreclosure for thousands of families.

The claim is that HAMP has hurt more people than it has helped. That is simply a ridiculous charge. Back in my home State of Delaware, the HAMP program has helped 1,600 homeowners, by far the most effective government program. That's 25 percent of the homeowners who filed for foreclosure last year.

And I know a little bit about this. I served as the chair of the foreclosure task force when I was lieutenant governor for over a year.

And the best course, the best result we know is for the private banks, as I said, and the servicers to make the modifications necessary, for the private sector to shoulder the bulk of the burden. But they're just not doing it. And so public officials need tools to help out, and HAMP is one of the best tools we have.

The real question here is whether you believe there is an appropriate role for government at all to help homeowners facing foreclosure through no fault of their own. It's okay to use taxpayers funds to bail out the banks, but my friends on the other side don't want to use a small amount to help homeowners.

Mrs. BIGGERT. I yield myself 30 seconds.

The gentleman from Delaware talks about his State. Let me just say that in Illinois, if we look back quarter by quarter, HAMP permanent modifications, for example, in the second quarter of 2010 were 167,000; but the proprietary were 331,883. The next quarter, 97 HAMP and 346,910. And it goes on. And I think that's something to keep in mind, that the private sector can do it better.

The CHAIR. The time of the gentlewoman has expired.

Mrs. BIGGERT. I yield myself another 30 seconds.

The private sector, out of 4.1 million modifications, 3.5 million of those were private sector, and the rest of the 550. And that doesn't include the 750,000 modifications that were made by HAMP that were canceled.

I reserve the balance of my time.

Mr. FRANK of Massachusetts. I yield myself 90 seconds to say that that is an extraordinary bit of illogic we have just heard. The private sector, nothing in the existence of HAMP in any way retards people from going to the private sector.

If you listen to the gentlewoman, you would get this fantasy picture that people were being restrained by the Federal Government not to go to the private sector, go to HAMP.

In fact, HAMP is also the private sector. That's part of the problem. It is also a private sector decision with no coercion by the government. Some people wish there was more.

But, yes, it is true the private sector has done the easy ones on its own. And anybody who wants to go to the private sector and get it does not have to go to HAMP. But there is no requirement that people go to HAMP.

And this set-up that it's a choice, you have to go to one or the other, people are free to go to the bank. If the bank won't do it, then they may go to HAMP. So this is an absolutely illogical notion that one blocks the other.

The other point is that HAMP is the Federal Government bringing people into contact with the private sector. It is still ultimately a private sector decision.

Part of the problem here is that it remains voluntary. I wish we had passed in this House bankruptcy. You know, you can go bankrupt for anything but your primary residence. And my Republican friends overwhelmingly blocked that from happening. And absent that, we don't have the leverage with the private sector we'd like to have. But it is in every case the private sector that decides. And if it is a relatively easy one to do, the private sector does it without any hindrance.

□ 1450

If there is a problem, then you go into the HAMP.

The other point is, and I have been waiting to hear, Members have said more people are harmed than helped. That statistic appears nowhere in the record, and I wait to see it explained.

I reserve the balance of my time.

Mrs. BIGGERT. I yield 2 minutes to the gentleman from Pennsylvania (Mr. FITZPATRICK).

Mr. FITZPATRICK. Mr. Chairman, I rise today in support of H.R. 839, the HAMP Termination Act.

I was sent to the Nation's capital like so many Members of the 112th Congress, to do something about cutting back on wasteful Washington spending, to do something about the $14 trillion national debt. And in pursuing this goal, we have made many difficult decisions about funding government programs. At a time when families and businesses across Pennsylvania are being asked to do more with less, we cannot continue ineffective Federal spending. Like so many programs hatched in Washington, HAMP has been one of those programs that, while well intentioned, has grossly missed its mark.

Established in 2009 to assist homeowners seeking to avoid foreclosure, of the $30 billion allocated to the program, only a fraction has been spent. And of the homeowners expected to be helped through the program, only one-eighth have seen any permanent modification.

Despite the fact that U.S. taxpayers have given lenders an average of $20,000 for each participating homeowner, there is nothing that prevents a lender from still foreclosing after the modification. That means that the bottom line of the HAMP program is this: False hope for homeowners who see the Federal Government send thousands to big lenders only to lose their homes a few months later.

According to the Special Inspector General of TARP programs, ''there have been countless published reports of HAMP participants who end up worse off for having engaged in a futile attempt to obtain the sustainable relief that the program promised. Failed trial modifications often leave borrowers with more principal outstanding on their loans, less home equity, depleted savings, and worse credit scores.''

As we work to rein in government spending, to create certainty, confidence and, ultimately, jobs, this program, well intentioned as it is, has not been tax dollars well spent.

I urge my colleagues to support the bill.

Mr. FRANK of Massachusetts. I yield 3 minutes to another member of the committee, the gentleman from Indiana (Mr. CARSON).

Mr. CARSON of Indiana. Over the last few years, the United States has faced a devastating economic crisis.

As a result of the economic downturn, many homeowners have lost their homes or are at imminent risk of foreclosure. That is why the Obama administration launched the Federal Home Affordable Modification Program: to stem the escalating tide of home foreclosures and the disastrous impact it has on families and their communities.

HAMP's purpose is to help eligible homeowners avoid foreclosure by providing them with permanent loan modifications to terms they can afford. Although this program is far from perfect, it has helped more than 600,000 families lower their mortgage payments and stay in their homes. H.R. 839, the HAMP Termination Act of 2011, will end this program and is the latest effort by House Republicans to end foreclosure avoidance and mitigation programs.

With forecasts showing that there will be 3 million foreclosures nationwide this year and the housing turnaround not expected for at least 3 years, Republicans have yet to offer any alternative to help solving our housing crisis.

Republicans have also failed to address the impact this crisis is having on minority communities. An estimated 17 percent of Latino families and 11 percent of African American families have lost their homes or are at imminent risk of losing their homes.

Eliminating support for distressed homeowners at this point in time would be disastrous for neighborhoods trying to recover from the foreclosure crisis. Instead, we should focus our efforts on ways to make HAMP a useful, wide-reaching program with meaningful goals, goals such as pushing lenders to reduce the principal on loans that are underwater and give struggling homeowners real relief.

I urge opposition to this misguided bill.

Mrs. BIGGERT. I yield such time as he may consume to the chairman of the Financial Services Committee, the gentleman from Alabama (Mr. BACHUS).

Mr. BACHUS. I thank the gentlewoman.

As Republicans and Democrats, let's talk about what this bill does. This bill shuts down a Federal program which spends money. Every dime of that money, of the over 1,000 million dollars, has already been spent, and they have authorized $29 billion more to be spent. Now, that's taxpayer money; and that is money that, in 2008, we promised the American people, when the banks paid it back, that it would go into the Treasury. That was a promise that we made. So this bill keeps that promise, and that's that the money will be returned to the Treasury.

Now, why do we make that promise and why do we defend that promise today on the floor of the House? Because, ladies and gentlemen, we are spending our children and grandchildren into financial oblivion. We are threatening the national security of this country.

Now, where do I get such a fact as that? Why do I say that it is a threat to national security, which I said last week and I was criticized?

Well, let me quote Defense Secretary Robert Gates when he said 2 months ago, ''this country's dire fiscal situation and the threat it poses to American influence and credibility around the world will only get worse unless the U.S. Government gets its finances in order.''

And I was told, well, that didn't say that it was a threat to our national security. But following that statement, Admiral Mike Mullen made this statement, the Chairman of our Joint Chiefs of Staff, ''The most significant threat to our national security is our debt.'' In case you weren't listening, let me say that again. ''The most significant threat to our national security is our debt.'' Now, that wasn't a Republican on the floor of the House. That was the Joint Chiefs of Staff's Mike Mullen.

We are spending $1.42 for every $1 we get. We are borrowing 42 cents of that. Twelve percent of our debt is owed to the Chinese. Every day we write the Chinese a check for $120 million. They could buy the most advanced strike jet fighter in the world and still have $20 million to put in their pocket each day. In 1970, only 19 percent of our national debt was owed to other countries; today, it approaches 50 percent.

Now, let's not talk about whether we can afford this program; let's talk about whether our children and our grandchildren can, because—let's not kid ourselves—we can't pay it back. Now, do we want to spend $30 billion of our children's and our grandchildren's money?

□ 1500

First of all, should we do that morally? But let's just assume that you say yes, we should do this with our children and grandchildren's money. Well, who should we pay that money to?

You talked about the banks. Where does this money go? It goes to the banks. Every dime of it is paid to a bank. You have a borrower, you have a lender. As many of you have correctly said, and I agree with you, people loaned homeowners money they couldn't afford to pay back. And is that the taxpayers' fault? Should they pick up the bill? No. It is the bank's, or it may be the homeowner's. But the people that ought to pay it back are not the taxpayers, and if it can't be paid back, the banks ought to take the loss.

You talk about the homeowners, but it is the banks that will be paid. And you talk about 500,000 Americans that have been helped. You didn't mention almost 1 million that have been made worse off. Now, again, is that some mean Republican saying they are worse off? No.

Today, March 29, a letter from the largest national Hispanic civil rights and advocacy organization in the United States. Do you know who that is? It is La Raza. What did they say? Let me quote what the largest, and I think we would all agree, a very liberal organization, what did they say?

I urge you to vote ''yes'' on this legislation, they said. ''Structural flaws, especially the voluntary nature of HAMP, have resulted in an abysmal performance by mortgage servicers and hundreds of thousands of families losing their homes to foreclosure unnecessarily.'' They say this program has resulted in hundreds of thousands of American homeowners losing their homes.

Now, are they the only people who have said this? No. Our own Inspector General, our own Neil Barofsky, SIGTARP, who was put in charge of monitoring this program, what did he say? Let me quote what he said. ''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.'' When did he say that? He said it this month before our committee. This month.

How about the Congressional oversight panel, a majority of which are Democrats. What did they say? They said billions of taxpayer dollars—billions, billions—will have been spent to delay rather than prevent foreclosures.

Now, that is not Republicans who are getting some crazy idea that this program isn't working. No. It is Democrats.

And who has President Obama appointed to temporarily run the Consumer Financial Protection Bureau? Well, it is Elizabeth Warren, we all know the answer to that. What does Elizabeth Warren say about this program? Let me quote what she said. Just the facts. Not SPENCER BACHUS, not PATRICK MCHENRY, not JUDY BIGGERT. No. Elizabeth Warren, who works out of the White House and who is in charge of consumer protection. Here is what she said, December 14th: ''Because Treasury's authority to restructure HAMP ended on October 3, 2010, the program's prospects are unlikely to improve substantially in the future.'' In other words, they are not going to improve this program.

So let's end by saying this. We say shut it down. You say mend it. Let's mend this program. Why? Let's not pretend. We are not talking about mending. We are talking about pretending. The Treasury, according to Elizabeth Warren, doesn't even have the ability to do that.

The administration itself, not someone here, but your administration, Laurie Maggiano, a Treasury official, said at the Mortgage Banking Conference February 24, just a month ago, ''You won't see any major new programs coming out. We may tweak around the edges, but our primary objective in 2011 is excellence in the program we have.'' Well, there has been no excellence in the program. It has failed. The largest Hispanic group in America has said, end this program.

But I tell you what, our grandchildren and children would say this, and you continue to say, and I agree with you, we have got 13 million American families underwater with their mortgages, and you want to pick and choose 500,000 of those to help. What about the others? Should the Federal Government pay everybody's mortgage that is behind?

Why, one out of four American families are underwater on their home. You have got, it just came out yesterday: 13 million vacant houses in America, and almost immediately you come up with a cash-for-keys program where you are going to buy these abandoned properties from the banks, from the speculators.

I don't think you have listened to the American people. I don't think you heard what they said in November. This program has been criticized ever since its inception. You haven't mended it. You are talking about mending it today.

Where is your bill to mend it? Is there a bill to amend it? Have you introduced it? Is there a bill?

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. BACHUS. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Yes, we are introducing legislation to make sure that the taxpayers are off the hook.

Mr. BACHUS. You will be?

Mr. FRANK of Massachusetts. We have introduced a bill to restore a provision that was knocked out by Republicans.

Mr. BACHUS. Is the gentleman saying you will be?

Mr. FRANK of Massachusetts. It has been filed.

Mr. BACHUS. What, today? Was it filed today, or Monday?

Mr. FRANK of Massachusetts. No, last week. Last week.

Mr. BACHUS. Last week. Two years——

Mr. FRANK of Massachusetts. The gentleman doesn't want an answer, apparently.

Mr. BACHUS. I reclaim my time. One thousand million dollars and $29 billion of authorization, 2 years of a failed program, and the week before we come to the floor, you file a bill. You file a bill. I'm sorry to say to the ranking member, you can file the bill, we will take a look at it, but we are ending this failure.

Mr. FRANK of Massachusetts. I yield myself 2 minutes.

I regret the chairman's refusal to allow me to answer the question he asked.

Yes, we just filed the bill because we are restoring a provision that was in the financial reform bill. The gentleman, who has shown very little regard for the taxpayer in his own vote sending money to Brazilian cotton farmers—and, by the way, I wish he had listened to Secretary Gates and Admiral Mullen and not voted to force on them money for weapons systems they didn't want. They said those things when they tried to get the Congress not to give them weapons they didn't want, but many of my Republican friends, the majority, disregarded that.

But in the TARP legislation we said that in 2013, when this program ends, any penny that was spent and not returned to the taxpayers will come from the banks, will come from the hedge funds. And we can anticipate Republican opposition to that, because in the financial reform bill last summer, already passed, not recently introduced, we say that for many of these programs to recover the costs of the foreclosure mitigation and dealing with the results of foreclosure, we would get it from large financial institutions. The Republicans objected to that, and the Republicans insisted in the Senate that it be knocked out. So every time we have tried to get money from the large financial institutions to pay for the costs of the damage their irresponsibility inflicted, the Republicans have opposed it.

Again, when it came to Brazilian cotton farmers or weapons the Pentagon didn't want or infrastructure in Afghanistan or Iraq Security Forces, all of the things the gentleman from Alabama voted for that comes out of the taxpayers' hide, and then he votes against and opposes our legislation already passed and just reintroduced to have the large financial institutions pay for this. So his concern for taxpayers comes into play when we are trying to help people who are in need, but it is not in play when we are talking about heavy defense contractors, Brazilian and American cotton farmers, or the large financial institutions, because he and his fellow partisans have consistently fought every effort we have made to get the large financial institutions to bear this cost. But we do have still, as people will hear later, provisions to do that.

□ 1510

Mrs. BIGGERT. May I request again the time remaining, Mr. Chairman?

The CHAIR. The gentlewoman from Illinois has 5 minutes. The gentleman from Massachusetts has 15½ minutes.

Mrs. BIGGERT. Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. I yield 5 minutes to the gentleman from North Carolina (Mr. MILLER).

Mr. MILLER of North Carolina. Mr. Chairman, I rise to oppose this bill, but I do so with mixed feelings because I have been one of the critics of the HAMP program.

The members of the majority have pointed out correctly that this program has been widely criticized for more than 2 years. It has been criticized by the congressional oversight panel, by the SIGTARP (Special Inspector General for the Troubled Asset Relief Program), by La Raza, by Elizabeth Warren, and, yes, by me. But I have not criticized it for the reasons that the gentleman from Alabama gave. If this bill is keeping a promise, it is not a promise made in open to the American people, it is keeping a promise made in secret to the banks, because the costs of this program are not going to come out of the pockets of the American people. This comes out of the TARP program. That legislation said that any money not recovered by 2013 has to be recovered from the financial industry, and whoever's present in 2013 has to propose to Congress exactly how it is we're going to get that money back.

They can afford it. Thirty percent of all corporate profits are in the financial sector. They can more than afford it.

The gentleman from Alabama frequently says that he hates visiting debt on his grandchildren, and I believe him when he says it, but I have good news for him. Unless his grandchildren take a job on Wall Street in the next 2 years, they are not going to have to pay this debt. This debt, if Congress does keep its promise to the American people, will not come from the American people. It will come from Wall Street. It will come from the people who created the mess that we are now trying to clean up.

But I have criticized this program because it is not as effective as it should be. It has gone on for 2 years. It is not what we need. The problem, however, has not been what government has made banks do. This program has been run by the banks. It has not been run by the government. It has been run by the banks. Every horror story about a homeowner's being abused is being abused by a bank, the bank handling the mortgage, not by the Department of the Treasury, not by the Federal Government.

So, of course, when they come to see a Republican Member of Congress, the Republican Member of Congress says, ''Oh, isn't it terrible what the Federal Government made that poor bank do to you.'' No, the Federal Government didn't make the banks do that.

My criticism of this program and my criticism of the Obama administration in how they have run this program is not that they've made banks do what they've done, but they have let banks do what they've done. This program can work if there are some tough rules that are really enforced, tough on the banks.

The gentleman from Massachusetts mentioned earlier the bankruptcy proposal 3 years ago. I introduced that bill. I have been trying to put rules, requirements, on the banks that they let people out, that they try to begin to let people out in a very orderly, logical, fair way, through judges, through a judicial process, to begin to get control of the collapse of the housing market.

Something has got to happen to stop the continuing fall of housing values. Something has got to happen to end the cycle of foreclosures and diminished home values and more foreclosures. Republicans have offered nothing to do that. We know something can work. We know that we can design a program that will work, because it has been done before.

In the New Deal, one of the most successful programs in the New Deal was the Home Owners' Loan Corporation which bought mortgages, modified them, worked with homeowners, tailored the mortgages to something the homeowner could buy for those homeowners who really could afford a house, the house that they were in but not the mortgage that they had, and most historians say that program saved the housing market in the Great Depression and saved the middle class.

We have got to make something work. There are rules on the horizon. There is now a pending settlement negotiation for the violations of law by the banks in how they've managed mortgages. It is with States attorneys general and it is with the Federal regulatory agencies. Some on the Republican side have publicly pressured the Federal agencies to lay off the banks. I really cannot tell much difference between what they are doing in the pressure they are putting on banks and the regulatory agents in an enforcement matter and what happened a generation ago with the Keating Five. But they're doing it. They're saying, ''Lay off our buddies the banks. Don't come down too hard on them.'' But there is a real possibility the result of that settlement will be some tough rules, and there is now rule-making authority. There is now a cop on the block. The CFPB has the authority to develop rules for banks in how they manage mortgages.

But something has to work. This has not been working. It can be fixed. It has to be fixed. Something has to work.

Mrs. BIGGERT. I yield 1 minute to the gentleman from North Carolina (Mr. MCHENRY).

Mr. MCHENRY. I thank my colleague for yielding, and responding to my colleague from North Carolina, Mr. Chairman, I would say that we agree: The HAMP program is a failure. I think there is bipartisan agreement on that. Even the SIGTARP, Mr. Barofsky, says, ''The Treasury Department is so content with the wretched, shameful status quo, they refuse to even acknowledge the program is a failure.'' We agree. It's a failure. Although it sounds like, at the end of the day, he is going to vote to defend a failed program.

Secondly, I would remind my colleague that this program actually writes checks to those evil banks that he talks about, with those evil profits that he talks about, to the tune of about a billion dollars. So this program is actually cutting checks to banks.

Third and finally, that TARP money is actually the taxpayer, the American people's money, not the banks' money, and we owe it to the American people to give them back that money.

Mr. FRANK of Massachusetts. How much time do I have remaining, Mr. Chairman?

The CHAIR. The gentleman from Massachusetts has 10½ minutes.

Mr. FRANK of Massachusetts. I yield 3 minutes to the gentleman from Minnesota (Mr. ELLISON).

Mr. ELLISON. Mr. Chairman, this bill is just like saying, ''You know what, you said you were going to give us a loaf of bread, but you only gave us a slice. So because you didn't give us the whole loaf, we're going to take all of the bread away, even the slice.''

Because the program isn't as successful as it could be, we ought to be getting in here and doing something about all the foreclosures across America as opposed to what the majority wants to do, which is get rid of even the meager program that exists.

This is unresponsive government. This is government that is turning its back and folding its arms on the American people. We've got 4 million foreclosures, and may end up with 7 million, and yet instead of trying to make a program work, we just get rid of the whole thing. This is a really sad day and a big mistake.

If you want to get up here and criticize the HAMP program, you can do that. But you know what: The HAMP program has come up with more than 600,000 active modifications. That's not nearly enough of what we need, but it has done something. Rather than get the program right, we abandon all those people who are underwater, all those people who are in foreclosure. That is a shame, and it's wrong.

Now let me say, Mr. Chairman, the fact is that this program, this HAMP program that we're terminating today, this program, doesn't do anything to put Americans back to work. It doesn't do anything at all. The Republican majority has been here for 13 weeks and all they've done is cut programs that could put people to work. They haven't tried to fix anything that's not working. They've just tried to cut back on what America needs.

So that we will be in a position when people aren't working, they won't be paying taxes, we won't be even addressing this deficit because of the Republican no jobs agenda. It's really too bad. We were sent here to do something about jobs. We were sent here to do something about foreclosures. We're not doing anything about either, because the Republican majority refuses to address it.

One of the biggest problems with the HAMP program, now that we're on that subject, is that we did just allow incentives. We didn't really make the banks and the services do what they should do, which is to readjust these mortgages. People bought at bubble prices based on Republican majority decisions to not regulate, to abandon consumer protection, and this bubble market created expansive and big prices. The loans people got, we didn't see consumers get protected from no doc, low doc, NINJA loans. We didn't see any protection for the American taxpayer with any of these financial regulations involving derivatives. And yet when the bubble burst, the people are there to try to pick up the pieces.

But what does the Republican majority do? They just take away the one slice that might help some people instead of trying to do something to help the American people.

I hope the American people are watching this debate today, Mr. Chairman. I just hope they take careful note of who is on the side of the American neighborhood, who is on the side of the American people, and who's trying to take away that American Dream.

□ 1520

The CHAIR. The gentlewoman from Illinois has 4 minutes remaining.

Mrs. BIGGERT. Mr. Chairman, I have no further requests for time, and I reserve the balance of my time.

Mr. FRANK of Massachusetts. I yield 3 minutes to the gentleman from North Carolina (Mr. WATT).

Mr. WATT. I thank the gentleman for yielding.

As best I can discern, the argument about the HAMP program is we should terminate it because it's run inefficiently. That seems a fairly strange argument for most of us around here because we know that there are inefficiencies in every department of the government. If you use that as the touchstone for terminating programs, we would close down the entire Defense Department; we would close down the Department of Commerce; we would close down the Department of Health and Human Services. We would go right down the list and close them all because every one of the departments and every program has some inefficiencies in them. You don't solve the problem by closing a program. You solve the problem by trying to correct the problems that exists.

This is a whole new philosophy for this group of people, because when the Securities and Exchange Commission was not equipped to fine the Bernie Madoff episode, their answer to it was let's cut out the SEC or let's reduce this budget, not make it more efficient so that it can stop the kind of fraud and abuse that was taking place, let's just starve it to death. That's the same philosophy that's being applied in this context, Mr. Chairman. Because the program is inefficient, which all of us agree it has been, their answer is let's close it down. Ours is to make the program more efficient and work for the purposes for which it was intended; and that's what we ought to be devoting our attention to today, not terminating the program.

Mrs. BIGGERT. I yield 15 seconds to the gentleman from North Carolina (Mr. MCHENRY).

Mr. MCHENRY. I will respond to my colleague, Mr. Chairman, that, if we can't eliminate this failed program, what program can we eliminate?

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself the balance of my time.

The CHAIR. The gentleman is recognized for 5 minutes.

Mr. FRANK of Massachusetts. Well, let me begin with my friend from North Carolina. $150 million a year to Brazilian cotton farmers, which the gentleman voted for. Now, what we could have done was, instead of giving them $150 million—

Mr. MCHENRY. Will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentleman from North Carolina.

Mr. MCHENRY. Mr. Chairman, I didn't vote for the farm bill.

Mr. FRANK of Massachusetts. No, the question was not the farm bill. It was the amendment from the gentleman from Wisconsin to cut out $150 million that is being voted subsequent to the farm bill to the cotton farmers of Brazil.

We had an amendment offered by the gentleman from Arizona (Mr. FLAKE) and the gentleman from Wisconsin (Mr. KIND) not to pay $150 million a year to Brazilian cotton farmers. We were told that we had to do that because otherwise we would be in trouble. But we had an alternative. We could have knocked $150 million out of the subsidy to American cotton farmers. That's $300 million a year that we are losing.

We have the second engine on the F–35. My friend on the other side, the gentleman from Alabama, quoted the Secretary of Defense and the Chairman of the Joint Chiefs of Staff saying national security is at risk, but then they vote against him and force on him money he doesn't want. The gentleman from Alabama voted for a second engine. The administration, at the request of Secretary Gates, said he'd veto the bill if that happened. So it does seem to me a little odd to quote the Secretary of Defense and the Admiral, the Chairman of the Joint Chiefs of Staff, about the problems of debt and then vote for money over their objection.

So those are things I would do. Brazilian cotton farmers, I would have limited the amount that we pay others.

There's a couple of other major flaws here. We've heard several times from people on the majority side that more people are hurt than helped by HAMP. That appears nowhere in anybody's testimony. Neil Barofsky didn't say it. La Raza didn't say it. They said some people are hurt.

I will yield if the gentleman wants to point to any document that says more people were hurt than helped.

Mr. MCHENRY. I thank the gentleman for yielding.

There are 800,000 people that are given temporary modifications, verbal modifications, that are kicked out of the program. Those are the people that have their credit dinged and——

Mr. FRANK of Massachusetts. Reclaiming my time, the gentleman quoted Barofsky, quoted La Raza. Those figures are nowhere in there. And their credit is not worse off because they're in the program. That's the fundamental flaw. What they are saying is—and people have said, the gentlewoman from Illinois—go to the private sector.

The problem, by the way, that La Raza has is this is too much private sector. La Raza's problem here is that the problem is that it leaves too much to the private sector. The private sector does the easy stuff. The notion that more people are hurt than helped is simply nonexistent.

By the way, we've always heard from my Republican friends that we shouldn't be the nanny state, to let people make choices. No one is forced to go into this program. If they can go into another program, they can make it better.

The final point I want to make is this. Yes, there is a question about who pays for it. Under the TARP bill that we passed, it is mandated that in 2013 we get money from the financial institutions for this. In the financial reform bill that passed the House, we had a provision that required that that assessment be made right away. In the conference report on financial reform, we had an assessment on the financial institutions, those above $50 billion in assets, except hedge funds above $10 billion. We have had three legislative efforts to assess these costs on the financial institutions. The Republicans have opposed every one, unfortunately, with some success; although, we still have one left.

The final point I would make is this. Yes, the HAMP program has a lot of problems. Solutions cannot be more elegant than the problems they seek to resolve. The absence of any program leaves people worse off. The Republicans successfully defeated efforts to give bankruptcy powers. They have successfully opposed efforts to make the banks pay for this. So they set up a program which, thanks to them, at least for now, looks like it comes from the taxpayers—although we'll be able to recover that money—which has no leverage over the private sector, and then they object to it.

So I would say again, Mr. Chairman, look at the votes on subsidizing Brazilian cotton farmers or a second engine or money for infrastructure in Afghanistan or security in Iraq. Billions of dollars collectively in all those programs, which my Republican friends, including the advocates on the other side of killing this program, voted for. We have a program here that will be paid for by assessments on the large financial institutions if the Republicans aren't successful and once again go to their rescue. It is a program that people go to voluntarily. They have a right to go purely to a private sector program. If that doesn't work, they can go in here.

It has not helped everybody. The fact that some people didn't get a modification here I regret, and I wish we'd give them more power, but it doesn't mean they are worse off. A few are worse off. Nobody quoted and said a majority were worse off. I hope the program is continued.

Mrs. BIGGERT. I yield the remainder of my time to the gentleman from North Carolina (Mr. MCHENRY).

Mr. MCHENRY. I appreciate my colleague yielding, and I certainly appreciate the rhetoric used on the floor. I respect my colleagues. I respect their opinion.

I think people of good will created this program; I really do. The intent was to help homeowners. But 2 years after the fact, we're left with the cold, hard facts that this program has hurt more people than it's helped: a Federal Government program that brings people in, destroys their credit, takes their savings, and at the end of the day takes their home. It offers hope, but it isn't able to deliver it. It's false hope that this program delivers.

I would point to the Special Inspector General's report from January 26, 2011. On page 11: A combined total of more than 792,000 trial and permanent modifications have been canceled.

I would also point my colleague to the Treasury Department's monthly report on their housing programs.

□ 1530

Of the trial modifications that are canceled, those are the individuals who are brought in, given verbal modifications, and strung out for a period of months, some for 3, 6 months. I've had constituents tell me they've been in this trial modification period for up to a year. At the end of the day, these people are kicked out after their savings have been taken, and they're left with nothing, not even their homes, not their credit ratings, not their savings.

It's a Federal Government program that's doing this. This is so objectionable at its core, and I have my colleagues on the other side of the aisle saying that they're bleeding heart liberals—right?—and they're making their arguments. Well, let me see if this actually burns your bleeding hearts.

A constituent of mine from Kings Mountain says, ''They keep requesting the same information over and over again. They have supposedly been working with me to get approved under the Make Home Affordable Modification for over 14 months now. The person handling my case returned my call to tell me that they've declined my request for a modification because I was unemployed. I've never been unemployed. I've been with the same employer for over 5 years now, and that has not changed through this whole process. After sending her the proof of my income, she now says that I do not qualify because I am so behind on my payments. I would not be behind on my payments if they would have let me continue to pay them.''

Can you believe this is a Federal program? If that doesn't tear at your heart, if you don't see the tears of your constituents who have been put through the wringer of this Federal program—this Federal program—then I would say that every program must be acceptable then no matter how much harm it's doing.

I know that we're better than that. I think the folks on the left and the right who have analyzed this program, who have done a bipartisan, nonpartisan analysis of this and research, have shown that it has been a failure. It is this Congress' responsibility to end a failure of a program and to make sure that the Federal taxpayers, the American people, don't continue to write the check for a program that destroys people's lives and that has hurt more people than it has helped.

I encourage my colleagues to vote ''yes'' on this bill.

Mr. TOWNS. Mr. Chair, I rise today to urge my colleagues to vote no on H.R. 839 "The HAMP Termination Act of 2011". This bill would prohibit new mortgage loan modifications under the Home Affordable Modification Program (HAMP) which has assisted over 600,000 people. The program works with loan servicers and borrowers to allow hard working people to stay in their homes.

Mr. Chair, my home state of New York has over 140,000 households with at least one member of that household out of work. We must invest in programs that give relief to families that have lost income in this great recession through no fault of their own. HAMP entitles qualified homeowners to reduced mortgage payments at a sustainable debt to income ratio of 31 percent. This program also provides incentives to loan investors and servicers for every permanent loan modification. These incentives allow homeowners in distress the ability to stay in their homes and to continue making payments on time.

I realize that this program is not perfect and that there are still some outstanding issues that must be addressed in order to make HAMP more efficient and effective. However H.R. 839 would simply prevent any future attempt by this congress to address those concerns. Mr. Chair, we were sent to Congress to solve problems. We must deal with the current foreclosure crisis by using every tool in our arsenal to make sure people can afford to stay in their homes.

It is my hope that Members of Congress from both sides of the aisle will work together to make sure the American dream of homeownership is viable in 2011. We must work together to solve the major challenges of our day and we must do so in a bipartisan manner.

H.R. 839 is not the answer to our nation's foreclosure crisis. I urge my colleagues to vote no on this measure.

Ms. HIRONO. Mr. Chair, I rise in strong opposition to H.R. 839, the Home Affordable Modification Program (HAMP) Termination Act.

The House majority supports H.R. 839 and other bills that would end new and existing foreclosure mitigation programs, turning their backs on the middle class families in our country.

Instead of coming up with practical ways to improve these programs, or establishing new initiatives that assist homeowners and stabilize the housing market, my colleagues on the other side of the aisle support immediate termination of these programs without working to address the housing crisis and its effect on the nation's economy.

Most of us would agree that HAMP has not been nearly as successful as initially hoped. Since this program started, about 5 million foreclosures have been completed. HAMP is far from reaching the targeted goal of assisting 3 to 4 million homeowners: nearly 1.5 million homeowners have received a trial HAMP modification, but only about 600,000 have had their mortgages permanently modified under HAMP.

On March 28th, fifty of my colleagues and I sent a letter to Treasury Secretary Geithner to share our concerns about HAMP, including (1) establishing a single point of contact requirement for mortgage servicers; (2) suspending the foreclosure process when the borrower makes a request for a loan modification; (3) providing for an independent review of loan modification denials; and (4) urging the Treasury Department to begin levying fines and penalties against servicers who fail to follow program rules. These reforms are essential to ensure that HAMP becomes a more successful and effective program.

While HAMP has been far from perfect, the program has had its share of successes. About 30,000 additional homeowners are receiving a permanent HAMP modification every month.

Moreover, the Office of the Comptroller of the Currency reports that the re-default rate for the program's permanent modifications at six months was about half that of other modifications, and nearly 85 percent of homeowners who received a permanent HAMP modification remain in their modification a year later. This program has also set important mortgage industry standards to address the magnitude of this housing crisis and ensure that struggling homeowners get the help that they need to stay in their homes.

If it were not for HAMP, there is no question that even more homes in my congressional district would have been subject to foreclosure. A constituent from Hilo on the island of Hawaii contacted me desperate for assistance. At 72 years old, he has a medical condition and lives on a fixed income. This constituent has no substantial debt and put in over $300,000 of his savings into his home. His bank ignored his pleas for help, and he was on track to getting a foreclosure notice until he received assistance from HAMP.

Another constituent, a disabled veteran living in Volcano on the island of Hawaii, tried for over two years to get help from her lender, to no avail. It was only as a result of the Making Home Affordable foreclosure prevention services that she was able to get a permanent loan modification, which saved her $500 a month and lowered her interest rate by over two percentage points.

These are only two of the personal and heart-wrenching stories that I've heard from people in my congressional district who are struggling to stay in their homes. The bottom line is that HAMP provides yet another lifeline for these families. Terminating HAMP would effectively end a lifeline to tens of thousands of homeowners.

I urge my colleagues to vote against this misguided bill.

Mr. POSEY. Mr. Chair, I rise today in support of H.R. 839, the HAMP Termination Act.

As you know, this bill would terminate the failed Home Affordable Modification Program (HAMP), while still protecting assistance for homeowners who were already extended an offer to participate in the program. If passed, it would save taxpayers $1.4 billion.

HAMP was established under the Troubled Assets Relief Program (TARP) and was aimed at helping homeowners modify their loans. The Administration rolled out HAMP with the goal of assisting three to four million homeowners, yet the program has fallen far short of that goal, assisting only 500,000 borrowers and at a cost much higher than anticipated. In fact, this program is hurting more homeowners than it is helping. Many trial modifications ultimately end up being cancelled—putting borrowers in a worse financial position than they were before they applied for HAMP assistance. Too many found HAMP to be less than helpful, and ended up owing back payments, interest, and fees in one lump sum once their modification request is rejected.

Numerous government watchdogs—including the Government Accountability Office, the Special Inspector General for TARP, and the Congressional Oversight Panel—are all on record labeling HAMP as ineffective. Unfortunately, as I've witnessed in Financial Services Committee hearings and on the House floor, the Administration has been unwilling to accept these objective analyses and terminate the program, instead choosing to throw good money after bad.

I believe when we see valuable tax dollars being spent on a flawed program we must terminate those programs. A dollar saved here is one less dollar borrowed and put on the tab of future generations.

Washington is on an unsustainable path. Out-of-control government spending has caused a massive increase in borrowing and the national debt is now a record $14 trillion. Facing a $1.5 trillion deficit for the third year in a row, the time is past due for Washington to make tough decisions so that our nation's financial future will be secure. All across America, families are doing more with less, and it is time for Washington to do likewise. Fiscally responsible Americans know the budgetary challenges we face and are supportive of the steps we are taking to stop the waste.

Mr. Chair and my colleagues, I ask that you join me in support of H.R. 839, the HAMP Termination Act. Together, let's stand with the American people and get Washington's spending spree under control.

Mr. VAN HOLLEN. Mr. Chair, today's bill represents the fourth piece of legislation we have considered in as many weeks to withdraw assistance from struggling homeowners, worsen the foreclosure crisis and further weaken the middle class.

Specifically, H.R. 839 proposes to terminate the Home Affordable Modification Program, or HAMP. HAMP is a voluntary program with strict and sensible guidelines that has already provided permanent loan modifications to 600,000 American households, including over 17,000 in my home state of Maryland—and is expected to help another 30,000 Americans stay in their homes every month through the end of next year. Furthermore, HAMP's standards have now been largely adopted and standardized across the mortgage industry, thereby benefiting millions of additional homeowners outside the program itself.

HAMP is not a silver bullet, and it will not help everyone. For example, it is not available for mortgages over $729,750, for second homes, for investment properties or for vacant houses. Additionally, HAMP is not for homeowners who can afford to pay their mortgages without government assistance—or for homeowners who could not afford to pay their mortgages even with government assistance. But for the estimated 1.4 million Americans who are eligible for the program, HAMP is a lifeline that can make all the difference.

Mr. Chair, as we struggle to pull ourselves out of the worst economic downturn since the Great Depression, it makes little sense to terminate a targeted and effective foreclosure prevention program like HAMP when so many of our fellow Americans still face completely avoidable foreclosure.

I urge a no vote.

Mr. BACA. Mr. Chair, I rise in opposition to H.R. 839—the HAMP Termination Act.

HAMP is far from perfect—and we all are aware of some of the problems it has experienced since it began.

But it has helped over 500 thousand homeowners gain mortgage modifications.

And—it is expected to help another 500 thousand homeowners gain modifications over the next two years.

These modifications have resulted in real savings for American families.

In fact—the median savings for homeowners who have received a modification is $537 a month.

I know much has been made by my friends on the other side, about how some advocacy organizations—like NCLR—support the termination of HAMP.

I understand the frustration of these groups. HAMP is a voluntary program. Treasury could have pushed our financial regulators harder to comply with standards. And—we have yet to see a comprehensive plan to punish the bad actors.

But terminating HAMP—without any alternative plans to assist struggling homeowners—is wrong.

Unfortunately, Republicans are eager to turn control of loan modifications over to the same banks who got us in this mess to begin with.

Before HAMP, homeowners who were lucky enough to get a modification would often pay more per month.

Now—we have standardized the modification market, and are expanding HAMP's reach.

Make no mistake—HAMP is not perfect.

But it does give us a framework to build from.

And doing nothing is not a viable alternative.

I urge my colleagues to oppose this effort to deny mortgage assistance to over a half a million Americans.

Vote no on H.R. 839.

Mr. TURNER. Mr. Chair, I rise today in support of H.R. 839, the HAMP Termination Act. The foreclosure crisis facing our nation is far from over. Families across the nation who face the threat of losing their homes need help they can count on and hope for a better future. Unfortunately, the Home Affordable Modification Program, better known as HAMP, has failed to deliver on both counts.

According to The New York Times, in 2010 Fannie Mae and Freddie Mac took over a foreclosed home approximately every 90 seconds. By the end of December, they owned 234,582 homes. They spend 10 million dollars in just one month to have the lawn of each home mowed twice!

To try and help those who are suffering most, both the Bush and Obama Administrations created programs to help families who are at risk of losing their homes. One of these programs was the Home Affordable Modification Program which we will end with the enactment of the bill before us today.

In the face of such a large crisis it is our responsibility to terminate programs that falsely raised the hopes of so many, but were poorly designed and help only a very few. While the administration has allocated $75 billion for HAMP, it failed to perform under any honest observation.

When the Administration announced the program they estimated it would help between three and four million homeowners. As of December 2010, only 521,630 HAMP modifications have been made permanent. I am concerned that for every one of these success stories there are so many more that have been kicked out of the program, since nearly 800,000 modifications have been canceled since the start of the program. Temporary modifications offer little help to homeowners who do not receive permanent ones, and they end up losing their homes anyway. In addition, the Treasury Department reports that about 20 percent of the borrowers who had their modifications made permanent are now 60 days or more behind on their mortgages.

Why would a program that was designed to help so many homeowners fall so short? Perhaps it's because the program was not designed to help homeowners facing foreclosure. On June 22, 2010, Secretary Geithner testified before the TARP Oversight Panel regarding HAMP and stated "This program was not designed to prevent foreclosures."

Programs that were not designed to help families keep their homes deserve termination. Programs that kick many more qualifying families out of the program than are assisted by the program deserve termination. Programs that have such a high redefault rate among the families that are helped by the program are fundamentally flawed and deserve termination.

I ask my colleagues to join me in supporting this bill to terminate a program that has fallen so short of its laudable goals.

Ms. BROWN of Florida. Mr. Chair, I rise today to oppose this spurious legislation to eliminate a program that has just begun to help our constituents recover from the horrible housing crisis that has taken hold of our communities.

This program has helped more than 600,000 families stay in their homes while helping neighborhoods avoid the associated blight that comes with vacant and foreclosed homes.

The legislation allowed hard-working American families in danger of losing their homes to refinance into lower-cost government-insured mortgages they can afford to repay.

Florida has had over 82,000 permanent and trial modifications under this program. This is over 82,000 families who do not have to worry about where they are going to sleep tomorrow. 82,000 families who know where their kids are going to go to school tomorrow.

I was able to hold foreclosure workshops in cities and towns throughout my district to help these families at risk of losing their homes. With this program's help, these families were able to stay in their homes, keeping neighborhoods intact.

I believe that more money should be used to keep people in their homes. To the administration's credit, they attempted to create other programs that would do that. The Republican majority has spent the last weeks attempting to eliminate those programs also.

Eliminating this program without a replacement program for the people on the front lines of this recession is heartless and should be criminal.

Defeat this legislation and vote to keep people in their homes and our communities living and vibrant.

The CHAIR. All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute printed in the bill shall be considered as an original bill for the purpose of amendment under the 5-minute rule and shall be considered read.

The text of the amendment in the nature of a substitute is as follows:

H.R. 839

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''The HAMP Termination Act of 2011''.

SEC. 2. TERMINATION OF AUTHORITY.

Section 120 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5230) is amended by adding at the end the following new subsection:

''(c) TERMINATION OF AUTHORITY TO PROVIDE NEW ASSISTANCE UNDER THE HOME AFFORDABLE MODIFICATION PROGRAM.—

''(1) IN GENERAL.—Except as provided under paragraph (2), after the date of the enactment of this subsection the Secretary may not provide any assistance under the Home Affordable Modification Program under the Making Home Affordable initiative of the Secretary, authorized under this Act, on behalf of any homeowner.

''(2) PROTECTION OF EXISTING OBLIGATIONS ON BEHALF OF HOMEOWNERS ALREADY EXTENDED AN OFFER TO PARTICIPATE IN THE PROGRAM.—Paragraph (1) shall not apply with respect to assistance provided on behalf of a homeowner who, before the date of the enactment of this subsection, was extended an offer to participate in the Home Affordable Modification Program on a trial or permanent basis.

''(3) STUDY OF USE OF PROGRAM BY MEMBERS OF THE ARMED FORCES, VETERANS, AND GOLD STAR RECIPIENTS.—

''(A) STUDY.—The Secretary shall conduct a study to determine the extent of usage of the Home Affordable Modification Program by, and the impact of such Program on, covered homeowners.

''(B) REPORT.—Not later than the expiration of the 90-day period beginning on the date of the enactment of this subsection, the Secretary shall submit to the Congress a report setting forth the results of the study under paragraph (1) and identifying best practices, derived from studying the Home Affordable Modification Program, that could be applied to existing mortgage assistance programs available to covered homeowners.

''(C) COVERED HOMEOWNER.—For purposes of this subsection, the term 'covered homeowner' means a homeowner who is—

''(i) a member of the Armed Forces of the United States on active duty or the spouse or parent of such a member;

''(ii) a veteran, as such term is defined in section 101 of title 38, United States Code; or

''(iii) eligible to receive a Gold Star lapel pin under section 1126 of title 10, United States Code, as a widow, parent, or next of kin of a member of the Armed Forces person who died in a manner described in subsection (a) of such section.

''(4) PUBLICATION OF MEMBER AVAILABILITY FOR ASSISTANCE.—Not later than 5 days after the date of the enactment of this subsection, the Secretary of the Treasury shall publish to its Website on the World Wide Web in a prominent location, large point font, and boldface type the following statement: 'The Home Affordable Modification Program (HAMP) has been terminated. If you are having trouble paying your mortgage and need help contacting your lender or servicer for purposes of negotiating or acquiring a loan modification, please contact your Member of Congress to assist you in contacting your lender or servicer for the purpose of negotiating or acquiring a loan modification.'.''.

The CHAIR. No amendment to the committee amendment is in order except those printed in part A of House Report 112–34. Each such amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. HANNA

The CHAIR. It is now in order to consider amendment No. 1 printed in part A of House Report 112–34.

Mr. HANNA. Mr. Chairman, I have an amendment at the desk.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 4, after line 6, insert the following new section (and redesignate the succeeding sections accordingly):

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds the following:

(1) According to the Department of the Treasury—

(A) the Home Affordable Modification Program (HAMP) is designed to ''help as many as 3 to 4 million financially struggling homeowners avoid foreclosure by modifying loans to a level that is affordable for borrowers now and sustainable over the long term''; and

(B) as of February 2011, only 607,600 active permanent mortgage modifications were made under HAMP.

(2) Many homeowners whose HAMP modifications were canceled suffered because they made futile payments and some of those homeowners were even forced into foreclosure.

(3) The Special Inspector General for TARP reported that 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''.

(4) Approximately $30 billion was obligated by the Department of the Treasury to HAMP, however, approximately only $840 million has been disbursed.

(5) Terminating HAMP would save American taxpayers approximately $1.4 billion, according to the Congressional Budget Office.

The CHAIR. Pursuant to House Resolution 170, the gentleman from New York (Mr. HANNA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from New York.

Mr. HANNA. Mr. Chairman, this amendment would add a findings section detailing the flaws of the Home Affordable Modification Program, or HAMP. It would also state that terminating HAMP would result in significant savings for the American taxpayers.

I filed this amendment during Sunshine Week, which highlights the importance of open government. In keeping with the spirit of transparency, this amendment would include within the bill the specific reasons why we should end the failed HAMP program.

The HAMP program was designed to assist between 3 and 4 million homeowners. However, as of February, only 607,000 active permanent mortgage modifications were made under HAMP. While $30 billion was obligated by the Treasury to HAMP, only $1.04 billion has been disbursed. Furthermore, the Special Inspector General for TARP reported that HAMP offers many homeowners ''little more than false hope and in certain cases causes more harm than good.'' The program does not fulfill its intended purpose of helping American homeowners. It delays rather than prevents foreclosure.

This program was flawed from the beginning. According to The Wall Street Journal, the number of applications canceled far exceeds those that were approved, and the number of applications continues to slow. I agree with the Journal's assessment, which also pointed out that keeping people in homes they cannot afford is bad policy. Incentivizing mortgage servicers to do just that only exacerbates our housing crisis. Moreover, the private sector is better equipped to deal with the problem, and they have modified nearly double the number of loans themselves without government involvement.

My amendment concludes that ending this ineffective program would save taxpayers $1.4 billion, which is according to the Congressional Budget Office. This is one step toward restoring fiscal discipline to our Federal Government.

Too often, our constituents receive biased or incomplete information on the issues we are discussing in Congress, thus making it difficult for them to make informed assessments of our work. Including additional facts on the intended consequences of legislation is beneficial to the public. That is why I urge support for the Hanna amendment and the underlying bill.

I yield back the balance of my time.

Mr. ELLISON. Mr. Chairman, I rise in opposition to the amendment.

The CHAIR. The gentleman from Minnesota is recognized for 5 minutes.

Mr. ELLISON. I rise in opposition to the gentleman from New York's amendment and in opposition to the underlying bill today.

Mr. Chairman, the middle class is shrinking, and deficits are rising because Republicans are giving a pass to special interests who cheated American homeowners and wrecked our economy. This is the 13th week of the Republican-controlled Congress. Republicans continue to ignore the people's top priority, which is jobs. Instead of working to keep middle class families in their homes, the Republican plan is to foreclose on the American middle class. The American people sent us here to protect the dream, not to destroy it, not to perpetuate a Wall Street nightmare. Democrats are standing with the American people to create good-paying American jobs and to keep Americans in their homes.

This legislation is just the latest attempt by the Republican majority to end foreclosure programs to help middle class Americans. The majority's housing plan is very simple: foreclose on the middle class. Now that millions of families have already lost their homes, their plan is to hand out foreclosure notices to everybody else.

What's the Republican answer if you lose your home to foreclosure? So be it. What's the Republican answer if your neighbors lose their homes? So be it. What's the Republican answer if you lose your job? So be it.

Mr. Chair, I would like to yield 20 seconds to the gentleman from New York for a question. I am offering the gentleman 20 seconds because I want to ask him a question.

Does the gentleman want to answer the question?

Mrs. BIGGERT. The gentleman is not here.

Mr. ELLISON. How many jobs does this amendment create?

Mrs. BIGGERT. This legislation is to reiterate what the Congressional Budget Office says about——

Mr. ELLISON. Reclaiming my time, the gentlelady hasn't told me the jobs that this amendment, this bill, is going to create.

Mr. MCHENRY. Will the gentleman yield?

Mr. ELLISON. I yield to the gentleman from North Carolina.

How many jobs is this amendment going to create or is this bill going to create?

Mr. MCHENRY. Certainly, a multibillion-dollar Federal program doesn't create any real private sector jobs.

Mr. ELLISON. I reclaim my time.

''No jobs'' is the answer from the gentleman from North Carolina. I appreciate his candor.

Mr. MCHENRY. Will the gentleman yield?

Mr. ELLISON. Let me just finish here.

Mr. MCHENRY. If the gentleman would yield, I would be happy to explain.

The CHAIR. The gentleman from Minnesota controls the time.

Mr. ELLISON. We are here for the specific purpose of trying to create some jobs and to help the American people create their own dreams. That's about jobs. We've been here 13 weeks, and the majority caucus, Mr. Chair, hasn't created one single job.

I asked the gentleman from North Carolina how many jobs this bill is creating, and he just went off on a tangent somewhere. Now, I'm looking for some kind of a number. I'll even take an estimate.

How many jobs does this bill create? I yield to the gentleman.

Mr. MCHENRY. When you cut Federal spending, you create private sector jobs. When you tax people more, you get less private sector growth.

Mr. ELLISON. I reclaim my time.

Look, we are supposed to be creating jobs around here, Mr. Chair, and we're not creating anything.

□ 1540

The fact is we get spin and we get imaginary arguments and we get failed and flawed economic theory but no answer to the fundamental question, which is, when are the jobs going to start arriving around here?

Mr. Chair, it is a pretty simple question: How many jobs does this bill create? How many families will this bill help keep in their homes? In fact, Mr. Chair, I have three major studies here with me today which I would like to enter into the RECORD which state very clearly that the Republican spending bill eliminates nearly 1 million jobs. The Economic Policy Institute study shows that the Republican spending bill, H.R. 1, will cut nearly 1 million American jobs. Mark Zandi of Moody's Analytics said that the Republican spending bill will cut 1 million jobs. A report from Goldman Sachs says that the Republican spending bill will cut nearly 1 million jobs.

Why is the Republican majority against jobs? Why won't they take a moment to do something about jobs?

[From the Economic Policy Institute, Feb. 9, 2011]

REPUBLICAN PROPOSAL TO 'RIGHT OUR FISCAL SHIP' THROWS MORE WORKERS OVERBOARD

(By Rebecca Thiess)

Update: Since this piece was posted last week, the magnitude of discretionary funding cuts for the duration of this fiscal year proposed by House Republican leadership has grown substantially, especially considering the short time frame for implementation. After the House Appropriations Committee detailed $74 billion in cuts last Wednesday, a number of conservative members demanded $26 billion in additional cuts to make good on the ''Pledge to America,'' bringing the total level of cuts relative to President Obama's FY 2011 budget request to $100 billion. A full $100 billion cut to discretionary spending would likely result in job losses on the order of 994,000, using OMB's GDP projections (CBO's projections are based on current law) and assuming a fiscal multiplier of 1.5.

The new GOP budget proposes cutting non-security discretionary spending by $81 billion relative to the president's $478 billion request for 2011. Non-security discretionary cuts of this magnitude would likely result in job losses of just over 800,000. (2/15/2011)

Today the Republican-led House Appropriations Committee released a list of 70 proposed funding cuts to government operations for the rest of fiscal year 2011. The cuts included in the committee's proposal are extensive in both their depth and reach. In total, House Republicans propose funding the government at a level $74 billion below President Obama's FY 2011 budget request. Of that cut, $58 billion (over three-quarters) would apply to non-security discretionary spending.

Included on the chopping block are a $224 million cut to Amtrak, a $256 million cut in assistance to state and local law enforcement, an $889 million cut for energy efficiency and renewable energy programs, a $1 billion cut to the National Institute for Health, a $1.3 billion cut to community health centers, and a $1.6 billion cut to the Environmental Protection Agency. All cuts can be seen proportionally, below:

Cuts of this magnitude will undermine gross domestic product performance at a time when the economy is seeing anemic post-recession growth. Cuts in the range of $74 billion will lead to the loss of roughly 700,000 jobs. The domestic discretionary reduction of $58 billion will result in the loss of around 590,000 jobs, as we demonstrate in this briefing paper.

Like Paul Ryan's budget outline, as we stress in this related piece, the proposal suggests Americans take on unnecessary pain with no long-term gain. While $58 billion represents a 12% reduction to the nonsecurity discretionary budget, it only represents 4% of the total 2011 deficit, and less than 2% of total spending as projected by the Congressional Budget Office. In other words, changes to the short-term budget picture would be inconsequential at best, and there would be practically no benefit at all regarding the longer-term budget trajectory. Meanwhile, associated job losses would certainly magnify the ongoing labor market crisis, which has now experienced 21 straight months of unemployment over 9%.

Appropriations Committee chairman Hal Rogers has stated that he has a unique opportunity to ''right our fiscal ship.'' In reality, the nonsecurity discretionary budget is not adding to our long-term debt instability. If anything, the GOP efforts to extend tax cuts for the wealthiest 2% of Americans and water down the estate tax have made our fiscal ship a leakier vessel (according to the Center on Budget and Policy Priorities, these tax policies will have a two-year deficit impact of $139 billion). The proposed program cuts not only fail to offset that lost tax revenue, but they also target programs that exist to promote innovation, global competitiveness, and community and safety-net services. This is an effort to cut helpful and innovative programs and services traditionally opposed by conservatives, disguised as an effort to promote fiscal responsibility. It would reduce jobs, it would hurt millions of people, and it would barely dent our long-term budget picture.

[From Moody's Analytics, Feb. 28, 2011]

A FEDERAL SHUTDOWN COULD DERAIL THE RECOVERY

(By Mark Zandi)

Odds are uncomfortably high that the federal budget impasse will prompt a government shutdown.

The Obama administration has shown significant spending restraint in its recent budget, but House Republicans want deeper cuts.

While cuts and tax increases are necessary to address the nation's long-term fiscal problems, cutting too deeply before the economy is in full expansion would add unnecessary risk.

The House Republicans' proposal would reduce 2011 real GDP growth by 0.5% and 2012 growth by 0.2 percentage points. This would mean some 400,000 fewer jobs created by the end of 2011 and 700,000 fewer jobs by the end of 2012.

A government shutdown lasting longer than a couple of weeks would do much more damage to the economy.

Lawmakers are likely to split the difference between the administration and House Republican proposals. This isn't ideal fiscal policy, but the economy will be able to manage through it.

A compromise could send an encouraging signal about the more serious budget battles to come.

The political war is intensifying over the federal budget. Lawmakers are at loggerheads over how to cut government spending, raising prospects that government services will halt temporarily while the debate is resolved. Significant government spending restraint is vital, but given the economy's halting recovery, it would be counterproductive for that restraint to begin until the U.S. is creating enough jobs to lower the unemployment rate. Shutting the government for long would put the recovery at risk, not only because of the disruption to public services but also because of the potential damage to consumer, business and investor confidence.

THE NEAR-TERM FIGHT OVER FUNDING

Washington's most immediate battle is over near-term government spending. The catalyst is the chance of a federal shutdown March 4, when current funding will run out. The Obama administration's recently unveiled budget plan calls for significant spending restraint through the remainder of this fiscal year, but House Republicans want even greater cuts. Their proposal would cut spending by about $100 billion more than in the administration's plan and would put spending $60 billion below fiscal 2010 levels.

It is laudable that policymakers are focused on reining in government spending. Much greater cuts will be needed, along with tax increases, to address the nation's daunting long-term fiscal challenges. Even under the most optimistic assumptions, the current fiscal year's deficit will exceed $1.3 trillion, equal to 9% of GDP. If the economy continues to improve as anticipated, and there are no significant policy changes, the deficit will shrink over the next few years, settling around a level equal to 5% of GDP. This is the so-called structural budget deficit. Left alone, it will cause interest payments on the nation's debt to balloon, producing a fiscal crisis. Policymakers will eventually need to cut annual spending and/or raise taxes to shrink the deficit by $400 billion, bringing it down to a sustainable level at no more than 2.5% of GDP.

TOO MUCH CUTTING TOO SOON

While long-term government spending restraint is vital, and laying out a credible path toward that restraint very desirable, too much cutting too soon would be counterproductive. The economy is much improved and should continue to gain traction, but the coast is not clear; it won't be until businesses begin hiring aggressively enough to meaningfully lower the still-high unemployment rate. The economy is adding between 100,000 and 150,000 per month—but it must add closer to 200,000 jobs per month before we can say the economy is truly expanding again. Imposing additional government spending cuts before this has happened, as House Republicans want, would be taking an unnecessary chance with the recovery.

This is particularly true given the added threat presented by rising oil prices. Unrest in the Middle East has pushed up the price of crude oil by about $10 per barrel; West Texas Intermediate is selling for almost $100 per barrel, and a gallon of regular unleaded gasoline has risen to about $3.25 nationwide. If sustained, these prices will shave about 0.2% from real GDP growth in 2011, a disappointing but manageable outcome. If oil prices approach $125 barrel, and gasoline reaches $4 per gallon, growth will slow sharply and unemployment will begin rising again. Should fuel prices return to their all-time high near $150 per barrel for oil and $4.50 per gallon for gasoline, the economy would sink back into recession. Such a price spike seems unlikely, but handicapping events in the Middle East with any precision is practically impossible.

POLICY AT ODDS WITH ITSELF

Additional spending cuts would also be at cross-purposes with the government's other economic policies. The Federal Reserve is holding short-term interest rates close to zero and purchasing hundreds of billions of dollars in long-term Treasury bonds, in an effort to hold down long-term interest rates. The Fed's credit-easing efforts are scheduled to continue through June, and the central bank is likely keep interest rates near zero through 2011. Monetary authorities clearly remain nervous about the economy's near-term prospects.

The tax cuts and benefit extensions lawmakers agreed to late in 2010 are also providing substantial temporary support to the economy. In addition to extending marginal personal tax rates for two years, the deal provided for a 2% payroll tax holiday in 2011, an extension of emergency unemployment insurance benefits through the end of the year, and—perhaps least appreciated in terms of its economic impact—the expensing of all business investment this year. The deal ensured that fiscal policy, which would have significantly weighed on the economy in 2011, will be largely neutral instead. Fiscal restraint was appropriately put off until 2012, when the expansion is likely to be in full swing.

While the government spending cuts proposed by House Republicans for this fiscal year mean only modest fiscal restraint, this restraint is meaningful. If fully adopted, the cuts would shave almost half a percentage point from real GDP growth in 2011 and another 0.2 percentage point in 2012. There would be almost 400,000 fewer U.S. jobs by the end of 2011 than without the cuts and some 700,000 fewer jobs by the end of 2012. The fallout will extend into next year because it takes time for budget cuts to filter through the economy. In all likelihood, the proposed House cuts would not undermine the current recovery; still, it is not necessary to take the chance.

NO CROWDING OUT YET

This wouldn't be true if the current budget deficits were crowding out private investment, but they aren't. Business demand for credit has recovered modestly, and households continue to lower their debt obligations. Interest rates also remain extraordinarily low. Some of this is due to the Fed's credit easing, but global investors also remain willing buyers of U.S. debt even at low interest rates. Ten-year Treasury bonds are yielding 3.5%, fixed mortgage rates are near 5%, and borrowing costs for below-investment grade, or ''junk'', corporate bonds are 8%—about as low as they have ever been. Global investors won't remain avid buyers of U.S. debt for long if policymakers don't tackle the nation's long-term fiscal problems; yet markets today appear unconcerned about the near-term deficits.

This could change if policymakers remain deadlocked and the government suffers a prolonged shutdown. The 1995–1996 experience suggests that a brief shutdown need not be disruptive; in those years, nonessential functions of the government were stopped briefly twice after the Clinton administration and the Newt Gingrich-led House reached an impasse. By that measure, a week-long shutdown in mid-March of 2011 would cost the economy about 0.2% in annualized real growth in the first quarter. Growth would rebound in the second quarter, and there would be no discernible impact by year's end.

A shutdown that lasted into April would be a problem, however. Not only would this disrupt a wide range of government operations and significantly cut the output of government workers, but the hit to confidence could be serious. Consumer, business and investor sentiment is much improved from the depths of the recession, but it remains extraordinarily fragile. A government shutdown lasting more than a week or two could easily undermine confidence as questions grow about policymakers' ability to govern. This would be fodder for a new recession.

HITTING THE DEBT CEILING

Even more disconcerting would be a shutdown emerging from an impasse about the federal debt ceiling. Judging from the Treasury's near-term financing needs, the current debt ceiling will become a binding constraint on government operations no later than June. The longer it takes Congress to raise the ceiling, the greater the fallout on financial markets and the economy. Global investors who own Treasury debt will receive their interest and principal payments, but, the spectacle of legislative gridlock on this issue may convince markets that U.S. policymakers will have even more trouble making hard future policy choices. Interest rates could spike, stock prices and the value of the U.S. dollar could fall, and the economy would suffer severe harm.

While these dark scenarios highlight the threat of a serious policy misstep in the next several weeks, the very seriousness of the threat improves chances that policymakers will come to terms. The most likely scenario is thus a political compromise that roughly splits the difference between the administration and House Republican proposals, with spending cuts in fiscal 2011 of closer to $30 billion.

This isn't ideal fiscal policy, but the economy will be able to manage through it. And if the compromise is reached relatively gracefully, it could send an encouraging signal that policymakers can navigate the much more difficult budget battles still to come.

GOLDMAN SACHS

(By Alec Phillips)

Proposals to cut federal spending, the possibility of a government shutdown, and the escalated debate over state employee compensation has increased interest in the effect of fiscal policy on growth, after last year's fiscal package briefly neutralized the expected drag from federal fiscal policy.

Federal spending cuts deserve the most attention. They are the most likely of these issues to occur, and could have the largest magnitude. The assumption we incorporated into our recently revised budget estimates—discretionary spending cuts of $25bn and $50bn below the CBO baseline for FY2011 and FY2012 respectively—would shave nearly one percentage point off of the annualized rate of real GDP growth in Q2, but would fade quickly with a negligible effect on growth by year-end.

The related risk of a temporary federal government shutdown could also lead to a fiscal drag on growth, but this appears to be a lower probability scenario. We estimate that each week that the federal government is shut down would reduce federal spending by around $8bn, and could reduce real GDP growth by as much as 0.8 pp at an annualized rate in the quarter it occurred, but would provide a lift to growth in the following quarter as federal activity returned to the previous level.

The policies that several state governments are debating related to state employee compensation and organization appear to have—at least in the short term—little potential macroeconomic effect. We assume that state governments will cut spending or raise taxes no more than necessary to balance their budgets. This amount will be determined by the level of tax receipts available to pay for spending, not political negotiations.

Fiscal drag is quickly reemerging as a focus, only a couple of months after an agreement to extend tax cuts and unemployment benefits appeared to have neutralized most of the drag from federal fiscal policy for most of 2011. We see federal spending cuts as the most important near-term risk The possibility of a government shutdown is a significant but less likely factor, while the debate over state employee compensation seems unlikely to have a meaningful near-term macroeconomic effect:

Federal spending cuts would result in additional fiscal drag: In our recently updated budget deficit estimates, we have assumed that Congress will reduce discretionary spending by $25bn below the Congressional Budget Office's (CBO) baseline for FY2011, and another $25bn (for a total of $50bn below the baseline) for FY2012 (for more on these assumptions and our budget estimates, see ''The US Budget Outlook: Better, but Not Good Enough,'' US Economics Analyst 11/05, February 4, 2011). By contrast, the House of Representatives passed legislation over the weekend to cut spending for FY2011 by $60bn from current levels (the House hasn't yet addressed FY2012). Both scenarios would add to the drag from federal fiscal policy on growth:

1. The modest spending cuts we assume in our own budget forecast would lead to renewed fiscal drag. Since spending cuts could be enacted no earlier than next month, when the current fiscal year will be nearly half over, $25bn in cuts would require spending in the second half of FY2011 to be reduced by $50bn at an annual rate. Since the cut would be phased in abruptly, it could result in a drag on growth in Q2 by as much as one percentage point (pp), but would quickly fade over the next two quarters as spending stabilizes at a lower level, with little effect versus current policy on the rate of real GDP growth by year end.

2. The spending cut package that passed the House of Representatives would have a deeper effect. Under the House passed spending bill, the drag on GDP growth from federal fiscal policy would increase by 1.5pp to 2pp in Q2 and Q3 compared with current law. However, we don't see this scenario as likely; while we expect discretionary spending to be cut, the current House proposal doesn't appear viable in the Senate, and the president has already threatened a veto.

A federal shutdown poses less risk, as long as it is brief. A federal shutdown can potentially occur when one or more of the 12 annual appropriations bills have not been enacted for the current fiscal year. Usually, Congress provides temporary funding through a ''continuing resolution'' (CR) until appropriations have been enacted, but from time to time, particularly when control of government is divided, this does not happen and funding lapses. When this occurs, any agency or cabinet department without funding in place for the current fiscal year must cease non-essential operations. So far, Congress has not enacted any of the annual appropriations bills for the fiscal year that began October 1, so a shutdown would affect virtually all non-essential programs. That said, the potential for a federal shutdown probably does not present a major risk:

1. While the possibility of a shutdown is real, it isn't that likely. We wrote more extensively on the key fiscal developments over the next few months last week (see ''The Federal Budget Process Gets Underway,'' US Daily, February 17, 2011). The bottom line is that while rhetoric has escalated regarding spending cuts and the threat of a shutdown, we expect both sides to try to avoid one if possible, with the most likely solution appearing to be a short-term extension of funding at slightly reduced levels.

2. The effect of a shutdown is narrower than the term implies. Even in the most protracted government shutdown to date, from November 13 to 19, 1995 and again from December 15, 1995 to January 6, 1996, the majority of federal employees kept working. In the first episode in November 1995, about 40% of federal employees excluding the postal service were furloughed; in the December lapse the share of furloughed employees dropped to less than 15%, since Congress had managed to enact some appropriations legislation between the two shutdowns. If a shutdown occurred next month, it would probably affect nearly all agencies and departments, since no appropriations legislation has been enacted so far this year. But even so, this would imply that only around 40% of federal employees would be affected.

3. A shutdown lasting more than a week could be meaningful. If Congress fails to renew the continuing resolution that is set to expire on March 4, the lapse seems likely to be fairly short. After all, there have been several short government shutdowns over the last few decades, but only two lasting more than three days. But a lapse of more than a few days, particularly toward the end of the quarter, could be more important. If funding lapsed, non-essential services would shut down immediately, representing around $8bn per week in missed federal spending, assuming that 40% of federal employees (not including the postal service) and their activities are deemed non-essential. This would equate to $32bn in annualized terms, or around 0.2% of GDP for each week of shutdown. Pulling this spending out of Q2 would reduce the contribution to quarterly GDP growth from federal activity by a little over 0.8pp at an annualized rate for each week the shutdown lasted, though if the shutdown ended long enough before the end of the quarter it is quite possible that some of the missed activity could be made up, reducing the overall hit to growth. Otherwise, the return to previous spending levels following a one-week shutdown would actually increase growth in the following quarter by 0.5pp and by smaller amounts in subsequent quarters until most of the effect is reversed.

State budget negotiations seem likely to have the least effect: Debate over state employee compensation and the related issue of collective bargaining and other organizational issues among state employee unions have begun to make headlines in a number of states—Wisconsin, Ohio, and Indiana are the latest. While these issues are important for the longer-run fiscal health of state and local governments, in the short-term their balanced budget requirements make revenue shortfalls the most important factor driving their fiscal stance over the coming fiscal year (for most states, this begins in July). Political decisions will determine how spending cuts are distributed, and will also determine the mix of tax hikes and spending cuts, but are much less likely to change the overall amount of tightening that will occur. So while we continue to expect around 0.5pp in drag this year from state and local fiscal retrenchment, recent developments don't seem likely to change this in either direction.

PARLIAMENTARY INQUIRY

Mr. ELLISON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIR. The gentleman will state his parliamentary inquiry.

Mr. ELLISON. Does the author of the amendment need to be on the floor for his amendment?

The CHAIR. The gentleman from New York had yielded back all of his time.

Mr. ELLISON. So what is the answer to the question? Is that ''no''?

The CHAIR. The gentleman had no time remaining.

Mr. ELLISON. I reserve the balance of my time.

The CHAIR. The gentleman from Minnesota has the only time remaining.

Mr. ELLISON. Well, let me close, then.

We've seen 13 weeks of the Republican majority. The American people made changes and expected jobs. They've gotten zero jobs bills at all. What they've seen is a Republican agenda that cuts 1 million jobs, cuts 1 million jobs, and on this critical issue of Americans keeping their homes, the Republican majority has nothing but to take away the small programs that exist. This is a shame, and I hope the American people are watching this debate today, Mr. Chairman.

I yield back the balance of my time.

The CHAIR. The question is on the amendment offered by the gentleman from New York (Mr. HANNA).

The question was taken; and the Chair announced that the noes appeared to have it.

Mrs. BIGGERT. Mr. Chairman, I demand a recorded vote.

The CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from New York will be postponed.

AMENDMENT NO. 2 OFFERED BY MR. ELLISON

The CHAIR. It is now in order to consider amendment No. 2 printed in part A of House Report 112–34.

Mr. ELLISON. Mr. Chairman, Congressman QUIGLEY has an amendment at the desk, and I rise to offer his amendment on his behalf.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 4, after line 6, insert the following new section (and redesignate the succeeding sections accordingly):

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds that—

(1) the Home Affordable Modification Program (HAMP) was first announced in February 2009 and became active in March 2009;

(2) HAMP provides financial incentives to mortgage servicers, borrowers, and investors to facilitate mortgage modifications that lower borrowers' monthly mortgage payments to no more than 31 percent of their monthly income;

(3) as of February 25, 2011, $1.04 billion of HAMP funding has been disbursed;

(4) as of January 31, 2011, there were 539,493 active permanent modifications and 145,260 active trial modifications, for a total of 684,753 currently active modifications; and

(5) each currently active modification has cost the Department of Treasury approximately $1,518.80.

The CHAIR. Pursuant to House Resolution 170, the gentleman from Minnesota (Mr. ELLISON) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Minnesota.

Mr. ELLISON. I yield myself as much time as I may consume.

Mr. Chairman, it's important that the American people are well aware that the Republican majority has had 13 weeks to introduce some kind of jobs bill, and they have introduced exactly none. Instead, what they've done is, we read the Constitution, and that's good except for we should probably do it on our own time. And then we have pursued an effort to cut American jobs, and now that we're dealing with housing programs, in the midst of the worst foreclosure crisis since the Great Depression, the Republican majority has nothing to offer except to take away the little program that does work.

The Republican majority's quick to say, oh, those 600,000 people who did get a modification, that's nothing, but to those people that's a lot. To those people, that's home. A responsible majority would say, well, how can we double the numbers, how can we triple them, how can we help Americans stay in their homes? But that's not what we have.

What we have today in America's Congress is a Republican plan to foreclose on the American dream. And so Congressman QUIGLEY offers some very commonsense findings that should be contained within this legislation that point out the fact that as of February 25, $1.04 billion of HAMP funding has been disbursed; that as of January 31, there have been about 500,000-plus active and permanent modifications, about another 145,000 active trial modifications, for a total of well over 600,000 currently active modifications. The record should reflect that, Mr. Chairman, because the record should tell the truth. The record should tell the truth, yes, about problems that need fixing but also about the success that has happened.

It's a shame if we can't pass this very simple commonsense amendment, and we need to pass it today.

I reserve the balance of my time.

Mr. MCHENRY. Mr. Chairman, I rise in opposition to the amendment.

The CHAIR. The gentleman from North Carolina is recognized for 5 minutes.

Mr. MCHENRY. Well, let's talk about the substance of the amendment. If the sponsor will not, I intend to. The sponsor of the amendment and the amendment here says that it costs about $1,500 per mortgage modification. That is, in fact, not the case. The substance of this amendment is extremely deceptive and flawed. In fact, the statistics used within it are not even the dissenting views of the Democrats on the Financial Services Committee. They're not even the views of the Treasury Department. The Treasury Department testified in front of the Congressional Oversight Panel and said that the permanent modifications under HAMP would cost about $20,000. This amendment says $1,500. On its face it's false. I would encourage my colleagues to vote against it.

I reserve the balance of my time.

Mr. ELLISON. To clearly correct the record, paragraph 5 says each current active modification has cost the Department of the Treasury approximately $1,518. That's an accurate statement, and I think the gentleman ought to read the documentation much more clearly because, to date, that has been the cost, and it's an accurate statement.

But my question is even deeper than that. What is the Republican majority going to do about the massive foreclosure crisis in America today? My question is, do you all stand by the proposition that it's just laissez faire economics, and that while we have socialism for the banks, we have hardcore capitalism for the American people? That's the question I'd like to hear the majority answer today. But this is an accurate statement. This has been, up till now, the existing cost of Mr. QUIGLEY's amendment for each modification.

I reserve the balance of my time.

Mr. MCHENRY. I would say that his dissenting views are dissenting from the ranking member of Financial Services, Mr. FRANK and his staff. $7,500 is what they claim. The Treasury Department claims $20,000.

My colleague also said that this is a little program. That's absolutely absurd, Mr. Chairman. That's absurd. It's a $29.5 billion program of our taxpayer dollars. But you know, I think he needs to understand something, and my colleague needs to understand what this program is actually doing to people.

You ask my constituent from Hickory who is in the HAMP program: We've been in the HAMP program since February of 2010 and still have no answer. We're being charged late fees, and we've been reported to the credit bureau. We've been in underwater since April and on trial payments for 6 months, which is only supposed to have been 3 months. We've not received an answer.

Another constituent from Stanley said, We've paid payments every month, but now we're being told we're behind in payments because it was not the original monthly amount on our original loan, but it's the amount we were told to pay in 2010. How can we be behind?

I've heard from constituents that tell the same story. It is reduced monthly trial payments. They've been rejected due to eligibility issues or lost documentation. By payments being reduced in the trial payment period, they've ended up defaulting on their mortgage. This is a Federal program that's actively harmed them.

□ 1550

I would ask my colleague to look at the substance of the facts of this program and admit it's been a failure and vote to repeal and end this program.

I reserve the balance of my time.

Mr. ELLISON. Mr. Chairman, I would like to point out that, in fact, the number $1,518 is accurate for the cost up until to date. That's how much the program has cost. Projected costs are a different matter. And I think if the gentleman digs into the facts, he'll learn that.

But, again, let's talk about the bigger issue at work here. We're talking about a system in which, under Republican control, we have not regulated markets, have not pursued consumer protection, consumers getting into no-doc, low-doc loans, being taken advantage of by unscrupulous individuals whom the Republican majority refused to regulate. Under Republican majorities in Congress and in the White House, this chicken has come home to roost and has wreaked havoc on the American economy. And instead of trying to do something about it, the Republican majority is not doing anything about it.

It's one thing to get up here and say: You know what? That program isn't working very well, and here's somebody who thinks it doesn't work well. I'm quite sure that that story you read is probably true; but, you know what? There are a lot of people whom it did help. And more than that, why don't we fix it? What is the majority's program to deal with foreclosure? Do they have one, or do they just have criticism for what other people propose?

It's easy to be a critic. I'd rather write a critique to a movie than make one. I think making one is tougher, even a bad one. But being a critic is always easy, and the worst movie is better than the best review.

So let me just say, the Republican majority has a responsibility to respond to the American people. They have a responsibility to do something about foreclosures. And I'm hoping to hear somewhere, sometime, today, that they're ready to do something in favor of the American people.

The Republican no-jobs agenda has been exposed, Mr. Chair. The American people know they haven't done anything to create jobs or to protect homes. All they want to do is criticize programs that could use some improvement. They'd rather just get rid of them altogether.

I yield back the balance of my time.

Mr. McHENRY. I would say, Mr. Chairman, my colleague is right. It is easy to be a critic of this program because it is an epic failure.

I yield such time as she may consume to my colleague from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. I thank the gentleman for yielding.

We keep talking about jobs, jobs, jobs. We've talked about that for several years now—jobs, jobs, jobs. What we are trying to do is to create an environment that we will be able to have the private sector create the jobs.

We need to stop funding programs that don't work with money that we don't have. And out-of-control Federal spending is hurting our economic recovery so that we can have those jobs. We've got a $14.2 trillion national debt. And economists agree that reducing government spending will create a more favorable environment for private sector growth and the ability to create jobs. We've got so much uncertainty there right now that we have got to stop the spending and stop the taxing and all the things that could happen.

So exactly what unemployed Americans want and what homeowners want and need is a job and a paycheck, not a handout or another failed taxpayer-paid government program.

I would urge my colleagues to oppose this amendment and stop talking about the jobs. Let's focus on the substance of these amendments.

The CHAIR. The gentleman from North Carolina has 15 seconds remaining.

Mr. McHENRY. In closing, Mr. Chair, I would encourage my colleagues to understand that when government taxes more and spends more, it crowds out private sector job creation and growth. We're about growing jobs in this Congress, and I urge my colleagues to get on board.

The CHAIR. The question is on the amendment offered by the gentleman from Minnesota (Mr. ELLISON).

The amendment was rejected.

AMENDMENT NO. 3 OFFERED BY MR. CANSECO

The CHAIR. It is now in order to consider amendment No. 3 printed in part A of House Report 112–34.

Mr. CANSECO. Mr. Chairman, I have an amendment made in order under the rule.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 5, after line 3, insert the following new paragraph:

''(3) DEFICIT REDUCTION.—

''(A) USE OF UNOBLIGATED FUNDS.—Notwithstanding any other provision of this title, the amounts described in subparagraph (B) shall not be available after the date of the enactment of this subsection for obligation or expenditure under the Home Affordable Modification Program of the Secretary, but should be covered into the General Fund of the Treasury and should be used only for reducing the budget deficit of the Federal Government.

''(B) IDENTIFICATION OF UNOBLIGATED FUNDS.—The amounts described in this subparagraph are any amounts made available under title I of the Emergency Economic Stabilization Act of 2008 that—

''(i) have been allocated for use, but not yet obligated as of the date of the enactment of this subsection, under the Home Affordable Modification Program of the Secretary; and

''(ii) are not necessary for providing assistance under such Program on behalf of homeowners who, pursuant to paragraph (2), may be provided assistance after the date of the enactment of this subsection.''.

Page 5, line 4, strike ''(3)'' and insert ''(4)''.

Page 6, line 13, strike ''(4)'' and insert ''(5)''.

The CHAIR. Pursuant to House Resolution 170, the gentleman from Texas (Mr. CANSECO) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Texas.

Mr. CANSECO. I thank my colleague from North Carolina (Mr. McHENRY) for offering this bill that eliminates a wasteful and ineffective program.

Mr. Chairman, I am offering an amendment to this bill that will ensure that every dime of savings that comes from terminating the program will go back to the Treasury to reduce the debt of our country.

Our country finds itself in the middle of a spending-driven fiscal crisis. And back in November, the American people sent a message that was loud and clear: Stop the out-of-control spending in Washington.

For 2 years, the motto in Washington was ''spend now, worry later.'' This is unfair to future generations who will inherit a bankrupt country if we don't act.

It's only appropriate that we in this Congress begin our work by cutting programs that simply don't work. The Home Affordable Modification Program, or HAMP, has hurt the very people it was intended to help by giving them false hope.

In his most recent quarterly report to Congress, the Inspector General of TARP stated that the HAMP program ''continues to fall dramatically short of any meaningful standard of success.'' That, Mr. Chairman, is Washington-speak for ''failure.''

The program has done nothing to halt foreclosures. In fact, home foreclosures in the United States have risen from 2.3 million in 2008 to 2.9 million in 2010. HAMP is not only a bad deal for homeowners, it's a bad deal for taxpayers as well. Every child born in America today is responsible for over $45,000 of our national debt. It is simply unacceptable for Washington to continue spending money on a program that doesn't work.

For 2 years, Washington acted as if it didn't have a spending problem. And as we look around the world at countries who now find themselves in fiscal nightmares because of out-of-control government, we have to take a look in the mirror.

The most dangerous words in America right now are ''it can't happen here,'' but just take a look at the facts:

Moody's has recently downgraded the debt of Spain, a country that is expected to run a budget deficit equal to 6 percent of GDP in 2011;

Today, Portugal and Greece were downgraded by the S&P because of overspending and budget deficits;

And now the United States is expected to run a much greater deficit of 9.8 percent of GDP in 2011;

Admiral Mullen, the Chairman of the Joint Chiefs of Staff, has stated that the most significant threat to our Nation and our national security is our debt.

So make no mistake about it: It can happen here, and it will happen here unless something is done.

I just returned from a constituent workweek in my district, the 23d District of Texas. I had many town hall meetings and conversations with constituents, and all the while I heard over and over again their concerns of our exploding national debt.

□ 1600

Speaking with one constituent, who is an example of every constituent that I spoke to, Will and Debbie Brenson, are most concerned about their grandchildren, Katlin and Taylor, what kind of a country are they going to inherit, certainly, not with the opportunities that they had to build their small business in Fair Oaks, Texas.

If we don't change course, we will be guilty of committing an intergenerational theft, the likes of which no country has ever seen. We'll be the first generation of Americans to ever leave the next generation with a diminished future.

My colleagues on the other side of the aisle often feel that only government can steer our economy on the right course, but we now know just how wrong that argument is. Unemployment is at an unacceptable 8.9 percent, and over 13 million Americans remain unemployed.

We are on track for our third straight $1 trillion deficit, and we don't have much to show for it. We have to put an end to wasteful spending, and we must reduce the debt for future generations.

Mr. McHenry's bill, and my amendment, with them we will stop wasting taxpayer dollars on failing programs and ensure that any savings from termination are not recycled into yet another program. The savings will go towards paying down our country's exploding debt.

I urge passage of my amendment.

I yield back the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I have the right to close, and I am my only speaker.

The CHAIR. Does the gentleman wish to claim time in opposition?

Mr. FRANK of Massachusetts. Yes, I claim the time in opposition, and I'm the only speaker, so I will reserve my time.

The CHAIR. The gentleman from Massachusetts has the only time remaining.

Mr. FRANK of Massachusetts. Has the gentleman used up all the time?

The CHAIR. The time of the gentleman from Texas has expired.

Mr. FRANK of Massachusetts. I apologize. I heard him say reserve, and I misunderstood that.

I will say about this amendment that it is harmless and perfectly okay for people to claim credit for what's already been done, kind of like going to a taxidermist and shooting the bear.

If this amendment didn't happen, the same result would be there. But here's the result: temporarily this comes out of tax funds. But because it's TARP money, it's subject to a—and by the way, we passed an amendment that says it goes back to the Treasury temporarily.

I say ''temporarily'' because over Republican objections, and I hope they're going to relent in these, we put into the TARP legislation language that says that in 2013 whatever hasn't been paid back from the TARP to the general Treasury will be assessed to financial institutions.

What that means is that if this does have a net cost to the Treasury, in 2013 the President in power at that time will be directed to send us legislation to require that this come out of the large financial institutions, that is, nothing from the Treasury.

Now, I say I'm worried about it because we've had two further instances of this which the Republicans have opposed. We've just had a package of four bills. Two of them came out of the financial reform bill, their financing did: help for the unemployed homeowners and the neighborhood stabilization program.

In the version of the bill that we put first in the conference, that money was to be recovered by an assessment on banks with $50 billion or more and hedge funds with $10 billion or more; and Republican opposition to it killed it.

So, yes, it is true that temporarily, now, the unemployed homeowners and the neighborhood stabilization come out of the Treasury. We have filed legislation, and I just refiled it last week, but it goes back to where we were in July that would take it from the large financial institutions.

Similarly, by the way, in the financial reform bill we had a provision that said, over Republican objections, that the FDIC would immediately assess the amount that we thought we would need for the TARP on the large financial institutions.

So let's be very clear. If we carry out our promises and commitments, this money will not come out of the taxpayer; it will come out of the TARP. It will come out of the large financial institutions.

I can't say the same for certain other wasteful spending. Members on the other side insisted, for example, in overriding the objection of Secretary Gates to the second engine. Now, the gentleman from Texas voted with Secretary Gates and me, and I appreciate that.

But a majority of Republicans voted to give him the second engine, even though he said he'd tell the President to veto the bill. People disregarded, a majority in the House, on both sides, the request that the Osprey be killed.

In other words, people cite Secretary Gates and cite Admiral Mullen, but we still hear on the Republican side criticism of them for trying to live up to their own words when they say, well, we're going to limit military spending.

I don't think it is a reasonable policy to cite their worries about the deficit and then override them in specific cases. And we also have, of course—and here the Pentagon wanted it, I think they were wrong—$1.2 billion my colleagues voted for—I voted against it—to spend money to build up the security forces of Iraq. You talk about money not being well spent. At its worst, I cannot imagine anyone thinking that any foreclosure program here would be spent worse than it is being spent in Iraq.

By the way, the Inspector General did say he was critical of the program. When asked by the gentleman's Texas colleague, Mr. Green of Houston, he said, no, he would not abolish it. He specifically said he wouldn't abolish it. He was asked that in the hearing and said no.

And we have consistently heard from the other side a statistic they have never yet validated, that more people were harmed than helped. None of the people they quote say that.

Yes, it's a program that's difficult because we wouldn't do bankruptcy and we have left the voluntary decision in the hands of the private sector. That's why this argument that the private sector can do it better is so nonsensical. It is the refusal of the private sector to fully participate in this program in its full spirit that's been the problem.

Mr. CANSECO. Will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentleman from Texas.

Mr. CANSECO. Are you in favor of the amendment or opposed to the amendment?

Mr. FRANK of Massachusetts. I am indifferent. Well, I'm against the amendment. I take it back. I am against the amendment because I had to be against the amendment to get the time to speak. So I am against the amendment.

But I'm not against the amendment on substantive grounds. I'm against it on aesthetic grounds. I hate to clutter things up with an amendment that doesn't do anything.

Well, let me go back to the substance. The substance is that we have a false claim that this is because of the taxpayers, when the TARP will make sure that it doesn't come out of the taxpayers, the TARP legislation.

And Members who vote to send money, $1.2 billion, to build up the security forces of Iraq, please don't have them tell me, Mr. Chairman, that they're for efficient spending. The security forces in Iraq.

How about Afghan infrastructure? The majority voted to send money to Afghanistan for infrastructure. There is a great mark of efficiency.

The CHAIR. The question is on the amendment offered by the gentleman from Texas (Mr. Canseco).

The amendment was agreed to.

AMENDMENT NO. 4 OFFERED BY MR. MILLER OF NORTH CAROLINA

The CHAIR. It is now in order to consider amendment No. 4 printed in part A of House Report 112–34.

Mr. MILLER of North Carolina. Mr. Chair, I seek to offer the amendment as the designee of Mr. Inslee of Washington.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 5, line 6, before the period insert ", EFFECTIVENESS OF PROGRAM, AND REPLACEMENT PROGRAM".

Page 5, line 8, before "determine" insert "(i)".

Page 5, line 9, after "by" insert "homeowners meeting the criteria under the terms of such Program for eligibility for assistance under such Program, the effectiveness of such Program, and the impact of such Program on such eligible homeowners, including the extent of usage by".

Page 5, line 11, before the period insert the following: ", (ii) identify improvements to the Program and best practices under the Program, and (iii) determine the need, and appropriate guidelines and standards, for a mortgage modification program of the Secretary to replace the Home Affordable Modification Program that is (I) based on the guidelines and standards for such Program, with appropriate improvements as identified by the study, and (II) available to homeowners who meet the criteria under the terms of such Program for eligibility for assistance under such Program".

Page 5, lines 16 and 17, strike "paragraph (1)" and insert the following: "subparagraph (A), identifying the improvements to and best practices under the Home Affordable Modification Program identified pursuant to the study, setting forth the Secretary's determination of the need for, the appropriate guidelines and standards for, the mortgage insurance program determined pursuant to the study,".

Page 5, line 21, before the period insert the following: "and to the mortgage insurance program identified and described pursuant to subparagraph (A)(iii)".

Page 6, after line 12, insert the following:

"(D) IMPLEMENTATION.—Upon the expiration of the 90-day period beginning upon the submission to the Congress of the report required under subparagraph (B), the Secretary shall, only to the extent that amounts for such purpose are provided in advance in appropriations Acts, implement the mortgage insurance program described in such report pursuant to subparagraph (A)(iii) through issuance of appropriate guidelines and standards set forth in the report.".

The CHAIR. Pursuant to House Resolution 170, the gentleman from North Carolina (Mr. MILLER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from North Carolina.

Mr. MILLER of North Carolina. Mr. Chairman, first I want to assure the gentleman from Texas that if he's worried about the debt burden that children being born today face, with respect to this program, unless one of those children takes a job on Wall Street within the next two years, like the talking baby in the ETrade ads, they really are not going to have to pay for this program. This program is going to come from the financial sector. That was a promise made in the TARP legislation; and unless they plan to break that promise, and I'm beginning to get the feeling that they are, this is not going to be a cost borne by innocent taxpayers, but by the industry that created the mess.

Now, many people have criticized the TARP program, including me. The Congressional Oversight Panel has; the Special Investigator, Inspector General for the TARP program; yes, a lot of people have criticized the program.

Unlike Republicans, a lot of us have been trying to figure out a way to make it work. I have offered several suggestions.

□ 1610

I have criticized it continuously for 2 years and said what we should be doing instead, and on what we should be doing instead there has been a deafening silence from Republicans.

We know we can do something. We know we have to do something. The foreclosures and the drop in home values are grinding down the middle class. The value they have in their home, the equity they have in their home is the bulk of their life savings. So when their home goes down in value, their life savings go away. We have got to get control of this. We know we can make something work because we have the tool. One of the most successful programs in the New Deal got control of the foreclosure crisis then, and the Federal Government made a profit from the program.

And there is reason to think that there will be real rules, real enforceable rules soon. There are settlement talks pending on enforcement action by States Attorney Generals and by the Federal agencies for the violations of law by the biggest banks that handled most of these mortgages, which Republicans have opposed; and there are rules in the offing from the CFPB, the Consumer Financial Protection Bureau, which they have also proposed, something that really will make this work.

Mr. INSLEE's amendment is much the same. It requires a pullback, a hard look at the program and what will make it work, what are the guidelines that need to make it work, what are the standards that need to make it work, and requires that those suggested changes be implemented in the program.

I urge adoption of the amendment.

Mr. MCHENRY. Mr. Chairman, I rise in opposition to the amendment.

The CHAIR. The gentleman from North Carolina is recognized for 5 minutes.

Mr. MCHENRY. I think this is a fundamentally flawed amendment.

What this amendment essentially does is say that the last agency in government that we had asked to conduct a review of this program would be in charge of the review of the program and would be in charge of designing a new program, even though the previous program they designed is flawed and harmful and a failure, and immediately report back to Congress a program that is basically the same.

Look, Ronald Reagan once said: The closest thing to eternal life is a Federal program. That quote is this amendment. I ask my colleagues to oppose it.

I reserve the balance of my time.

Mr. MILLER of North Carolina. I yield back the balance of my time.

Mr. MCHENRY. I would say that you read a quote from the Special Inspector General from TARP, Mr. Barofsky: "The basic idea of a well-run government program is to have clear goals, have a plan to meet these goals, measure progress along the way against these goals, change your program when necessary so you can still achieve those goals.

"But this is how the TARP has been implemented and, in particular, this program within TARP: set goals. Ignore goals entirely. Hope for the best. When the best is different, change your goals and say you never really meant it when you had those goals. Pretend that the program is a success, even though it is not meeting these goals."

That is Mr. Barofsky's analysis of Treasury's implementation. I would ask my colleague, if that is in keeping with his expectations for a new government program, then, I would submit, that is what they will come up with.

This Treasury has defended TARP and defended HAMP, and in particular HAMP, which has been roundly criticized even by La Raza, which has been a tried and true liberal activist for a long time. But Treasury has been defending it. Why? I'm not sure. But instead of reforming the program, instead of fixing the program, they refuse to do it; and so we must end it.

I yield back the balance of my time.

The CHAIR. The question is on the amendment offered by the gentleman from North Carolina (Mr. MILLER).

The amendment was rejected.

AMENDMENT NO. 5 OFFERED BY MS. WATERS

The CHAIR. It is now in order to consider amendment No. 5 printed in part A of House Report 112–34.

Ms. WATERS. Mr. Chairman, I have an amendment at the desk.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 7, line 2, strike the last closing quotation marks and the last period.

Page 7, after line 2, add the following:

"(5) NOTIFICATION TO HAMP APPLICANTS REQUIRED.—

"(A) IN GENERAL.—Not later than 30 days after the date of the enactment of this subsection, the Secretary of the Treasury shall inform each individual who applied for the Home Affordable Modification Program and will not be considered for a modification under such Program due to termination of such Program under this subsection—

"(i) that such Program has been terminated;

"(ii) that loan modifications under such Program are no longer available;

"(iii) of the name and contact information of such individual's Member of Congress; and

"(iv) that the individual should contact his or her Member of Congress to assist the individual in contacting the individual's lender or servicer for the purpose of negotiating or acquiring a loan modification.".

The CHAIR. Pursuant to House Resolution 170, the gentlewoman from California (Ms. WATERS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California.

Ms. WATERS. Mr. Chairman, I rise in strong support of my amendment, which is a commonsense provision that provides transparency and clarity for distressed homeowners.

My amendment would require the Secretary of the Treasury to send a letter to HAMP applicants that they will not be considered for a modification due to termination of the program, and that they can contact their Member of Congress for assistance in negotiating with or acquiring a loan modification from their servicer.

I raise this amendment because my friends on the opposite side of the aisle have the majority in the House, and they will probably prevail on this amendment; but I think that we have a responsibility to say to our constituents what we are doing and what we are not doing.

Many of them have just begun to learn about the loan modification program, the HAMP program, and all of a sudden it is going to be pulled out from under them if this amendment prevails and if it passes on the opposite side of the aisle and in the Senate, et cetera; and the constituents need to know exactly what we have done.

Now, I worked with Mr. MCHENRY on this amendment and we worked out some language that he thought was fair, and I believe we do have his support. That is not to say that I support the bill because I don't support this amendment. I don't support this bill that would literally dismantle the HAMP program.

Yes, there are criticisms about this program. I and others would have liked for it to have been broader, for it to have helped more people. But don't forget, over 600,000 people have been helped. I know the target was 3 million to 4 million people, and we certainly haven't come close to that.

But to do away with this program would leave the American taxpayers who have gotten into loans, oftentimes tricked into these loans, misled into these loans by the loan initiators, the banks and the mortgage companies that told them that they could help them get a mortgage even though these were exotic products, these were teaser loans, these were no doc loans, these were loans that were going to reset and cause the taxpayer to be in a loan that they could not afford.

Many innocent people trying to live the American Dream signed on the dotted line. And also there was a lot of fraud involved where some of these loan initiators signed on the dotted line for the homeowner or the would-be homeowner. And so we have this crisis, this subprime crisis that we have been going through, and there is a lot of misery out there, people who were just trying to own a home who now find themselves in foreclosure.

The banks were not helping with loan modification, so we had to come up with something. The administration came up with the HAMP program. It is a voluntary program. But they signed on to these agreements with the banks to say that they would do loan modifications under certain conditions. And the administration had to do this because the banks were not helping out the homeowners. As a matter of fact, the banks said: Well, we don't have anything to do with this anymore. It is up to the servicers.

What a lot of people don't know is who is the servicer. The servicer is simply in most cases a company that is owned by the bank. They own their own servicing company, which means that once the mortgage is signed on by the homeowner, they now give it to this other company that they own, these servicers; and the servicers have the responsibility for collecting on the mortgage, for collecting on late fees, for collecting on attorney fees, and for doing loan modifications. But the homeowners couldn't get to them. HAMP is supposed to help them get to them.

These servicers have gotten away with being unregulated for all of these years. As a matter of fact, there are no standards for servicers. If you call one bank, they will send you to their loss mitigation department. What they don't tell you, banks such as Bank of America, their loss mitigation is an offshore operation. You may be talking to somebody in India who has got this little cookie-cutter sheet which says: How much money do you make? How many times have you been late on your payment? Let's figure out how not to give you a loan modification, but maybe to give you a few months to catch up. But loss mitigation means a lot of different things in all of these different banks, if you are lucky enough to get to the servicer.

The CHAIR. The time of the gentlewoman has expired.

Ms. WATERS. I would just simply ask for support for transparency and support to keep this program going.

□ 1620

Mrs. BIGGERT. I claim the time in opposition, even though I am not opposed to the amendment.

The CHAIR. Without objection, the gentlewoman from Illinois is recognized for 5 minutes.

There was no objection.

Mrs. BIGGERT. I just have a question for the sponsor of this amendment. You have had several amendments in several of these bills, and I wanted to make sure this is the same as what you and Mr. MCHENRY agreed to.

Ms. WATERS. Yes, this is absolutely the same thing we agreed to.

Mrs. BIGGERT. You are just asking for this amendment, not to change the bill or anything?

Ms. WATERS. I beg your pardon?

Mrs. BIGGERT. You are just asking for support of this amendment and not for anything concerning the bill?

Ms. WATERS. This amendment is a transparency amendment that I worked on with Mr. MCHENRY, where our constituents would be notified and have an opportunity.

Mrs. BIGGERT. Reclaiming my time, we accept the amendment.

I yield back the balance of my time.

The CHAIR. The question is on the amendment offered by the gentlewoman from California (Ms. WATERS).

The amendment was agreed to.

AMENDMENT NO. 6 OFFERED BY MS. JACKSON LEE OF TEXAS

The CHAIR. It is now in order to consider amendment No. 6 printed in part A of House Report 112–34.

Ms. JACKSON LEE of Texas. Mr. Chairman, I have an amendment at the desk.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following new section:

SEC. 3. STUDY.

(a) IN GENERAL.—Not later than the end of the 60-day period beginning on the date of the enactment of this Act, the Secretary of the Treasury shall begin a study to identify what aspects of the Home Affordable Modification Program were successful and most effectively carried out the original purpose of the Program.

(b) REPORT.—Not later than the end of the 6-month period beginning on the date of the enactment of this Act, the Secretary shall issue a report to the Congress containing—

(1) all findings and determinations made in carrying out the study required under subsection (a); and

(2) legislative recommendations for a new mortgage modification program that could more successfully and effectively achieve the original purpose of the Home Affordable Modification Program.

The CHAIR. Pursuant to House Resolution 170, the gentlewoman from Texas (Ms. JACKSON LEE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Texas.

Ms. JACKSON LEE of Texas. I thank the chairman very much, and I thank my colleagues very much as well.

As we come to the floor of the House, I know that Members on both sides of the aisle are committed to knowing the facts. We want to know the facts when we go to town hall meetings when our constituents pose very deliberative questions. We want to give them numbers. We want to be able to reason with them. And one of the deliberative aspects of legislation is that you fix it; you don't end it.

So I rise today to ask my colleagues to support my amendment, an amendment that I think makes common sense. It is an amendment that thoughtful Members can support. It is an amendment that, whether you are Republican or Democrat, you want to know what works.

My amendment would call on the Secretary of the Treasury to commission a study that would identify what aspects of the HAMP program were successful and effectively carried out the original intent of the program. It would then require the Secretary to issue a report to Congress containing all findings and determinations of the study and legislative recommendations for a new mortgage modification program that could more successfully and effectively achieve the original purpose of the Home Affordable Modification Program.

We have to thank the administration for recognizing that people were literally on their knees. There is no doubt that we have different philosophies. My friends on the other side of the aisle, they keep talking about the deficit and the depressing aspect of the $1 trillion debt. We keep talking about invest and grow the economy. When you grow the economy, you have the ability to pay down on your debt; you have the ability to address the question of the debt ceiling. So my question is: Why wouldn't you want to know the best practices?

Let me give you some of the myths that have been presented. One suggestion is that this legislation that we have before us to end the HAMP program will prevent another $30 billion from going to one of these programs. That is inaccurate. The repeal of this program will, in essence, save only $1.437 billion. That is all that it will save. But, more importantly, what you will have is you will throw homeowners into the streets when the major asset for Americans, middle class, hard-working Americans, is their home. Let's find out the best practices and make this work.

The monthly rate of new loan approvals would have to triple in order to approximate the amount cited by the chairman of this committee, suggesting $30 billion. Actually, we expect the rates are, instead, likely to modestly decline. So you are not going to have that much savings and it is not going to, in essence, blow up with so many people using it that you are going to use this amount of money.

One Republican has suggested that the program goes to private lenders. Well, for every dollar that the HAMP program has paid out, homeowners have received from lenders $5 in reduced mortgage payments. Most of the program funds do not go to lenders but go directly to homeowners as incentives on the on-time mortgage payments. It is giving individuals a leg up.

It is interesting that we would not want to focus on the best practices when, if you look at this map, you will see that every single State has received a HAMP impact, someone has a mortgage problem that the HAMP program has helped.

Now, can we fix it? Yes, we can make it better. But let me tell you about a person by the name of Laurel. She indicated how this program has helped her. ''Well, my income has not fully come back.'' She was unemployed. ''I am making much less than I was making before, so it has been a difficult time. With the modification, my mortgage payment has gone down $800 and I am able to make my payment on time. I have been able to remain in the home that I love, and that has provided me with great stability. I am extremely grateful that I received the modification.''

She has saved an asset that contributes to the economy. What would be the result of ending the modification program? I can tell you what the result would be. The result would be that Laurel would dump another home onto the market that no one could buy, that would bring down the quality of the neighborhood and the house appraisal prices of the neighborhood and, therefore, add another dent to the economy.

Invest and grow. And the question is, all of my friends who are there on the other side of the aisle, here is a document that is 15 pages long that shows that your district, your cities, have been impacted positively by the HAMP program. Job growth is picking up. Invest and grow jobs should be the mindset of the American Congress, for that is what we were sent back to Washington to do.

There is no doubt that we have a collective commitment to bringing down the debt. There is a collective commitment to doing that, and we can look reasonably at what and how to do it. But when you don't even have the best practices or know why you are repealing something, and right now people are in the middle of addressing this question of modifying their mortgage.

I ask my colleagues to support my amendment because it does in fact provide a lifeline, and it invests in the economy, creates jobs and stabilizes the middle class.

With regard to the HAMP program, I would like say, ''Mend it, don't end it!''

The HAMP program has not been perfect, but it has helped a considerable number of Americans modify their mortgages in order to prevent foreclosure and keep their homes and livelihoods that they work so hard for day in and day out.

The White House agrees—The White House has indicated that the President will veto the HAMP termination bill if it passes.

As written, this bill would prohibit new mortgage loan modifications under the Home Affordable Modification Program, (HAMP), which is funded under authority generally referred to as TARP, pursuant to the ''Emergency Economic Stabilization Act of 2008'' (also known as EESA). Despite termination of the program, this bill would grandfather in assistance to homeowners who, prior to the date of enactment, had already been extended an offer to participate in HAMP, either on a permanent or trial basis.

I am here before you today to offer an amendment that I believe will greatly enhance this bill by making it a vehicle that providing us, the Members of Congress, with very useful information. If H.R. 839 were to pass, terminating the HAMP program, my amendment would call on the Secretary of the Treasury to commission a study that would identify what aspects of the HAMP program were successful and effectively carried out the original intent of the program.

It would then require the Secretary to issue a report to Congress containing all findings and determinations of the study, and legislative recommendations for a new mortgage modification program that could more successfully and effectively achieve the original purpose of the Home Affordable Modification Program.

Parliamentarian ruled that the amendment is germane.

Congressional Budget Office, CBO, found that there is no cost associated with my amendment.

If the HAMP program is terminated, we will still be left to deal with the problem of foreclosed homes in a recovering, yet very fragile, housing market. With the unemployment rate still hovering at an uncomfortably high rate, Americans are still dealing with the difficulties of making ends meet. Although our economy is slowly but surely on the path to recovery, Americans struggling to find work will still be faced with the painful reality of losing their home, although now, without an avenue for assistance with refinancing.

To avoid another slump in the housing market, and to avoid dealing yet another blow to our fragile economy, if H.R. 839 becomes law, it will be necessary for us to consider a new mortgage refinance and modification program in the future to prevent stalling the recovery of the housing market, or even worse, allowing it to crumble once again. If that day were to come, it would be most useful to have firm facts and strong statistics about what methods are proven to be most effective in solving the problems associated with high foreclosure rates and ensuring that home loan modifications are both permanent and successful.

The HAMP program was put in place by the Obama Administration in early 2009 with the intent to modify mortgage loans in order that distressed borrowers might have a better chance at making payments and holding onto their homes. The program has successfully modified over 500,000 million mortgages to prevent foreclosure and keep homeowners in their homes. While well intentioned HAMP program has encountered some difficulties—not yet reaching the goal set by the Obama Administration of helping 3 to 4 million homeowners.

Nonetheless, the program has effectively helped a number of homeowners with successful loan modifications that allowed them to keep their homes. To date, there are 539,493 homeowners with permanent HAMP loan modifications.

New permanent HAMP modifications have averaged around 29,000 per month over the last six months of 2010. Therefore, assuming a modestly declining rate from this, a reasonable estimate is that program participation will double by the end of next year, for a cumulative total of 1.1 million homeowners. Based on this estimate, the bill would deny modifications to more than a half million homeowners at risk of foreclosure.

This is a sign, that despite its problems, there are some positive and effective aspects of the HAMP program that should be considered when we look to replace the HAMP program if H.R. 839 is passed terminating this program. My amendment would call for a detailed study that would highlight these best practices, while also ensuring that those aspects of the program which may have hampered its initial success are not repeated.

There are a number of reasons the program has not met the original Obama Administration goal of helping 3 to 4 million homeowners, some of which are actually sound and appropriate aspects of the program. HAMP appropriately excludes different categories of borrowers—including investors, owners of second homes, homeowners whose mortgages are unsustainable even with HAMP assistance, and homeowners that can pay their mortgage without government assistance. These particular categories of borrowers are either unlikely to refinance successfully, or are not those who the HAMP program originally intended to help—those bar rowers who are in dire need of assistance to keep from losing their home.

Another reason the HAMP program has not reached its desired goal is because banks and other mortgage servicers were understaffed and unprepared to carry out loan modifications—resulting in widespread complaints about lost files, non-responsiveness, etc. Furthermore, legally, mortgage holders can not be forced to reduce mortgage payments. Programs have had to be voluntary, incentivizing lenders to reduce mortgage payments in lieu of foreclosing on the loan.

One of the more fundamental flaws in the HAMP Program was that it does not take certain circumstances into consideration. For instance, the program does not account for second mortgages than many homeowners may have on their property. As a result, some homeowners have ended up paying more than they originally owed, an outrageous thought considering the intended goal of the program. The study and report that would result from my amendment would bring these types of issues to light to ensure that a new program would better achieve the goals set by the Obama Administration

Temporary Modifications—There were many temporary modifications that did not result in permanent modifications but . . . the Obama Administration says 50 percent of those who got temp modifications received permanent modifications in the private market (so this means HAMP temporary modifications did in fact help homeowners)

These types of strengths and weaknesses are invaluable pieces of information. My amendment would simply ensure that Congress would be privy to an official report containing this information and determinations from those experts who have worked most closely with the HAMP program since its inception.

With that, Mr. Chair, I ask that this committee strongly consider accepting my amendment. Thank you again for the opportunity to testify.

Mr. McHENRY. Mr. Chairman, I rise in opposition to the amendment.

The CHAIR. The gentleman from North Carolina is recognized for 5 minutes.

Mr. McHENRY. Mr. Chairman, I am not sure what my colleague from Texas has heard at her town hall meetings, but what I have heard from my constituents, I have one resident of Stanley, North Carolina, who said, ''We have paid payments every month.'' Now, I say to my colleague, I have read this before, but I wasn't sure if you were on the floor for this. But one constituent of mine said, ''We have paid payments every month. But now we are being told we are behind in our payments because it is not the original monthly payment on our original loan, but it was an amount we were told to pay in 2010. How can we be behind?''

I would ask my colleagues to read the Special Inspector General's report, ''The Details of Failures of HAMP.'' I ask my colleagues to listen to their constituents. More people in America, I would remind my colleagues, more people in America, close to 800,000 Americans, have been actively harmed and left worse off under this Federal program than have actually been helped.

My colleague points to a laudable survey of the positives. The survey doesn't detail the destroyed lives that this HAMP program has pushed on people, has created.

So, this amendment, the reason why I rise in opposition is because this amendment is similar to ones we have had in committee that we rejected in committee. This directs the Treasury to conduct a study of HAMP and would be completely counterproductive. The reason why it would be completely counterproductive is over the last 6 months we have seen the Treasury Department engage in a frantic 6-month media campaign for this program. They won't admit it is a failure; although, the rest of the world is largely saying it is a failure. They even have offered a veto threat on this legislation.

The Special Inspector General, Mr. Barofsky, said just earlier this week, ''This Treasury Department is so content with the wretched, shameful status quo, they refuse to even acknowledge that the program is a failure.'' And that is why simply to offer the Treasury to study this really is beneath the House.

□ 1630

I yield back the balance of my time.

The CHAIR. The question is on the amendment offered by the gentlewoman from Texas (Ms. JACKSON LEE).

The question was taken; and the Chair announced that the noes appeared to have it.

Ms. JACKSON LEE of Texas. Mr. Chairman, I demand a recorded vote.

The CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from Texas will be postponed.

AMENDMENT NO. 7 OFFERED BY MS. MATSUI

The CHAIR. It is now in order to consider amendment No. 7 printed in part A of House Report 112–34.

Ms. MATSUI. Mr. Chairman, I have an amendment at the desk.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following new section:

SEC. 3. CONTINUED REPORTING ON MORTGAGE MODIFICATIONS.

Section 110 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5220) is amended by adding at the end the following new subsection:

''(e) CONTINUED REPORTING ON MORTGAGE MODIFICATIONS.—

''(1) FINDINGS.—The Congress finds that—

''(A) the data on mortgage modifications collected from mortgage servicers and lenders and made available to the public pursuant to the guidelines of the Home Affordable Modification Program has been a valuable tool for increasing transparency; and

''(B) that the public would be served by having such servicers and lenders continue to report information on mortgage modifications.

''(2) IN GENERAL.—Each mortgage servicer and mortgage lender who participated in the Home Affordable Modification Program shall, monthly, disclose on a World Wide Web site owned by such servicer or lender, the following information:

''(A) The number of requests for mortgage modifications that the servicer or lender has received.

''(B) The number of requests for mortgage modifications that the servicer or lender has processed.

''(C) The number of requests for mortgage modifications that the servicer or lender has approved.

''(D) The number of requests for mortgage modifications that the servicer or lender has denied.

''(3) REPORT TO THE CONGRESS.—At the time a mortgage servicer or mortgage lender discloses information pursuant to paragraph (1), such servicer or lender shall also issue a report to the Congress containing such information.

''(4) RULEMAKING.—The Secretary of the Treasury shall issue such regulations as may be necessary to carry out this subsection, including regulations for the protection of the privacy interest of those individuals seeking mortgage modifications with the servicer or lender, including the deletion or alteration of the applicant's name and identification number.''.

The CHAIR. Pursuant to House Resolution 170, the gentlewoman from California (Ms. MATSUI) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California.

Ms. MATSUI. I yield myself such time as I may consume.

Mr. Chairman, I rise today to offer an amendment to H.R. 839, the HAMP Termination Act, that calls on mortgage lenders to continue to publicly report basic home loan modification information.

Because of an amendment I offered to the Dodd-Frank Wall Street Reform and Consumer Protection Act which passed the house unanimously last Congress, mortgage lenders and services participating in the Home Affordable Modification Program are required to report basic loan modification information to the Department of the Treasury. Due to the enactment of my amendment, we now know that 2.5 million Americans have applied to participate in the Home Affordable Modification Program, and well over 600,000 of those applicants began permanent modifications.

In the Sacramento region, over 9,000 of the nearly 12,000 homeowners who have applied for permanent modifications have been approved, providing assistance to thousands of homeowners in my district. This information is crucial to accountability and transparency and for this Congress to measure the performance of the mortgage industry.

The amendment I offer today requires the same basic home loan modification reporting to continue, such as the number of applications they receive, the number of applications processed, or the number of modifications they approve or deny.

In its current form, H.R. 839 would eliminate HAMP, and, as a result, financial institutions who received HAMP taxpayer funds would no longer be obligated to continue reporting such basic information to the public.

Mr. Chairman, the foreclosure crisis was the root cause of the dire economic situation. It led to the near collapse of our financial system, increased unemployment, and caused the housing and credit crisis. Sadly, there are still millions of American homeowners facing foreclosure, and my home district of Sacramento, California, has been hit especially hard by this crisis.

During the last few years, I have been to foreclosure workshops in my district where I have met with constituents who are facing losing their home. I was recently contacted by Joan, a constituent of mine who would have lost her house without assistance from HAMP. Joan paid her bills on time and was current on her mortgage when her son was diagnosed with a psychiatric disorder that rendered him unable to work. When her adult son moved in with her shortly after, Joan was no longer able to provide for him and make her mortgage payments at the same time and sought assistance. With proper assistance, Joan received a low interest rate HAMP loan and now is able once again to make her mortgage payments on time.

Joan shared with me that her home was saved due to the HAMP program and that her son would have been homeless without it. She said, ''I have no words to express my feelings of gratitude for my loan modification.''

Mr. Chairman, I've heard a significant number of similar stories in Sacramento. It is essential that we require lenders to continue to report their loan modification activities. We need to know how many Joans are out there struggling but seeking assistance. We need to know whether lenders are doing all they can.

Mr. Chairman, this amendment will ensure a level of transparency and accountability continue. I urge my colleagues to support this commonsense transparency amendment.

I reserve the balance of my time.

Mr. MCHENRY. Mr. Chairman, I rise in opposition to the amendment.

The CHAIR. The gentleman from North Carolina is recognized for 5 minutes.

Mr. MCHENRY. I appreciate the gentlelady offering this amendment. Unfortunately, I must rise in opposition to it.

The requirements in this amendment are both cumbersome and unnecessary. It requires servicers and lenders to provide information regarding proprietary information on their entire portfolio of loans, not just HAMP. The reporting requirement for, quote, requests for modifications is undefined in the amendment and is, therefore, unworkable based on the research that we have done.

It's unclear why this new role is necessary in the contractual negotiations between private citizens and private companies. Furthermore, servicers already provide results of their modification efforts to the HOPE NOW Alliance as well as in their annual reports without disclosing proprietary information. In fact, the HOPE NOW Alliance reports servicers having completed 961,355 proprietary modifications in 2008; 1,172,490 proprietary modifications in 2009; and 1.2 million in 2010.

Now I might add, this is many multiples in the private sector in terms of mortgage modifications than have been provided under the HAMP government funded program that we're discussing here today and trying to eliminate here today, the program that has hurt just shy of 800,000 Americans, destroyed their credit, taken their savings and, at the end of the day, taken their homes. I would encourage my colleagues to vote against this amendment.

I reserve the balance of my time.

Ms. MATSUI. I yield myself the balance of my time.

Mr. Chairman, I just want to say that these basic reporting requirements are not new. It's about HAMP. Every financial institution receiving HAMP funds from the TARP program is currently required to report this information today.

The current industry reporting requirements have played a significant role in providing a sense of transparency and accountability, and that's what we're talking about, transparency and accountability in our efforts to help homeowners and stabilize our housing market. Requiring basic information to be reported will provide this Congress with the information to make future decisions on loan modification programs as well as monitor the performance of the mortgage industry.

Mr. Chairman, I ask my colleagues to join me in supporting this important amendment to bring clarity and transparency to the mortgage industry.

I yield back the balance of my time.

Mr. MCHENRY. Mr. Chairman, in closing, I would encourage my colleagues to vote ''no'' on this amendment. The reporting requirements my colleague references are required by the servicers that are participating in HAMP, and they are required to disclose the information related to the Federal program, HAMP.

This amendment goes much further and requires these servicers to disclose hundreds of thousands of other modifications that are in the private sector. We know the aggregate number. What is being requested here is detailed information that is not correct for personal privacy and is not proper in keeping with the hundreds of thousands of private transactions going on across this country.

I urge my colleagues to vote ''no.''

I yield back the balance of my time.

The CHAIR. The question is on the amendment offered by the gentlewoman from California (Ms. MATSUI).

The amendment was rejected.

AMENDMENT NO. 8 OFFERED BY MRS. MALONEY

The CHAIR. It is now in order to consider amendment No. 8 printed in part A of House Report 112–34.

Mrs. MALONEY. Mr. Chairman, I have an amendment at the desk made in order under the rule.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following new section:

SEC. 3. FINDINGS.

The Congress finds the following:

(1) As of January 2011, active trials and permanent Home Affordable Modification Program (HAMP) modifications had been initiated in all 50 States and the District of Columbia, including—

(A) 4036 active trials and permanent HAMP modifications in Alabama;

(B) 291 active trials and permanent HAMP modifications in Alaska;

(C) 32159 active trials and permanent HAMP modifications in Arizona;

(D) 1527 active trials and permanent HAMP modifications in Arkansas;

(E) 161181 active trials and permanent HAMP modifications in California;

(F) 9349 active trials and permanent HAMP modifications in Colorado;

(G) 8604 active trials and permanent HAMP modifications in Connecticut;

(H) 1166 active trials and permanent HAMP modifications in the District of Columbia;

(I) 2130 active trials and permanent HAMP modifications in Delaware;

(J) 82230 active trials and permanent HAMP modifications in Florida;

(K) 25120 active trials and permanent HAMP modifications in Georgia;

(L) 2656 active trials and permanent HAMP modifications in Hawaii;

(M) 2640 active trials and permanent HAMP modifications in Idaho;

(N) 36907 active trials and permanent HAMP modifications in Illinois;

(O) 6785 active trials and permanent HAMP modifications in Indiana;

(P) 1761 active trials and permanent HAMP modifications in Iowa;

(Q) 1639 active trials and permanent HAMP modifications in Kansas;

(R) 2622 active trials and permanent HAMP modifications in Kentucky;

(S) 3774 active trials and permanent HAMP modifications in Louisiana;

(T) 1925 active trials and permanent HAMP modifications in Maine;

(U) 22028 active trials and permanent HAMP modifications in Maryland;

(V) 17039 active trials and permanent HAMP modifications in Massachusetts;

(W) 22716 active trials and permanent HAMP modifications in Michigan;

(X) 12108 active trials and permanent HAMP modifications in Minnesota;

(Y) 2641 active trials and permanent HAMP modifications in Mississippi;

(Z) 7284 active trials and permanent HAMP modifications in Missouri;

(AA) 764 active trials and permanent HAMP modifications in Montana;

(BB) 917 active trials and permanent HAMP modifications in Nebraska;

(CC) 17860 active trials and permanent HAMP modifications in Nevada;

(DD) 3175 active trials and permanent HAMP modifications in New Hampshire;

(EE) 22105 active trials and permanent HAMP modifications in New Jersey;

(FF) 2190 active trials and permanent HAMP modifications in New Mexico;

(GG) 30955 active trials and permanent HAMP modifications in New York;

(HH) 12663 active trials and permanent HAMP modifications in North Carolina;

(II) 116 active trials and permanent HAMP modifications in North Dakota;

(JJ) 15379 active trials and permanent HAMP modifications in Ohio;

(KK) 1624 active trials and permanent HAMP modifications in Oklahoma;

(LL) 7452 active trials and permanent HAMP modifications in Oregon;

(MM) 14302 active trials and permanent HAMP modifications in Pennsylvania;

(NN) 3539 active trials and permanent HAMP modifications in Rhode Island;

(OO) 6526 active trials and permanent HAMP modifications in South Carolina;

(PP) 273 active trials and permanent HAMP modifications in South Dakota;

(QQ) 7124 active trials and permanent HAMP modifications in Tennessee;

(RR) 17961 active trials and permanent HAMP modifications in Texas;

(SS) 6405 active trials and permanent HAMP modifications in Utah;

(TT) 565 active trials and permanent HAMP modifications in Vermont;

(UU) 16738 active trials and permanent HAMP modifications in Virginia;

(VV) 13387 active trials and permanent HAMP modifications in Washington;

(WW) 1040 active trials and permanent HAMP modifications in West Virginia;

(XX) 6793 active trials and permanent HAMP modifications in Wisconsin; and

(YY) 349 active trials and permanent HAMP modifications in Wyoming.

(2) As of January 2011, 1,493,107 additional trial modifications were started under the HAMP Program.

(3) As of January 2011, 607,607 additional permanent modifications were started under the HAMP Program.

(4) By voting to terminate the Home Affordable Modification Program without a suggested replacement, the Congress is voting to terminate a program that may have helped to modify an additional 2,867,420 delinquent mortgages in the United States.

The CHAIR. Pursuant to House Resolution 170, the gentlewoman from New York (Mrs. MALONEY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from New York.

□ 1640

Mrs. MALONEY. Mr. Chair, for everyone that cares about the issues of poverty, housing, economic growth, and community life, the last couple of weeks have brought some troubling news. Wednesday came the news that purchases of new U.S. homes declined last month to the slowest pace on record, and new home prices dropped to the lowest level since December, 2003. And yet over the past 2 weeks, House Republicans have said with their votes again and again that their policy to help homeowners is to just give up; to throw in the towel and to say that there's just nothing that Congress can do or will do to address the problem to help struggling American families. They have already voted to terminate three Federal programs that help Americans who are struggling to stay in their homes. And now we are considering yet another one that has helped more than 32,000 New Yorkers stay in their homes—over 600,000 across our great country.

What bothers me is that they are leading the effort to eliminate these programs, voting against them, and yet they have no plans of their own to address the foreclosure crisis that is hurting neighborhoods and disrupting lives throughout their country, like the jobs bills they said they would have. We have yet to see them. The only initiative to help housing is to eliminate the programs that are already there.

The HAMP program has been successful in helping, as I said, over 600,000. And with over 30,000 mortgages modified each month nationally, HAMP is continuing to provide relief to struggling families across this country. My amendment will add findings to the bill with the number of trial and permanent modifications stated under the HAMP program. The findings will also state the number of seriously delinquent mortgages in the U.S. that may be eligible for HAMP modifications but won't be because the program is being terminated. I believe it is important for the public to understand State by State the number of mortgages—the number of families—who are still in their homes because of the HAMP program. Families are saving an average of over $500 per month on their mortgage payments. This amounts to nearly $5 billion in savings since the program started. These are real families and real savings. If our friends who have proposed to terminate this program want to talk about savings, they should think about the number of people in these States who have benefited from HAMP and are now saving money every single month. They should also think about the number of seriously delinquent mortgages out there that are on the verge of foreclosure. Currently, over 2 million families in our country are in this situation. Many of these could be eligible to participate in the HAMP program. But by terminating it now, our friends are saying that these families are on their own. The numbers speak for themselves, and I think it is important that we highlight how we have helped families across this country and how many more are not going to be helped or are not being helped by terminating and closing this program.

So I urge my colleagues to support my amendment and to oppose the underlying bill, and I will place in the RECORD a statement of administration policy from the Executive Office of President Barack Obama in support of the HAMP program, urging a ''no'' vote on the efforts by the Republican majority.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, March 29, 2011.

STATEMENT OF ADMINISTRATION POLICY

H.R. 839—HAMP TERMINATION ACT

(Rep. McHenry, R–NC, and 8 cosponsor)

The Administration strongly opposes House passage of H.R. 839 which would eliminate the Department of the Treasury's Home Affordable Modification Program (HAMP). This program offers eligible homeowners an opportunity to lower their mortgage payments, helping individuals avoid foreclosure and leading to the protection of home values and the preservation of homeownership. The Administration is committed to helping struggling American homeowners stay in their homes, and has taken many steps over the last two years to stabilize what was a rapidly-declining housing market. As tens of thousands of responsible American homeowners struggling with their mortgages receive permanent assistance each month from HAMP, the Administration believes that continuation of HAMP is important to the Nation's sustained economic recovery.

If the President is presented with H.R. 839, his senior advisors would recommend that he veto the bill.

MAKING HOME AFFORDABLE PROGRAM SERVICER PERFORMANCE REPORT THROUGH JANUARY 2011

HAMP ACTIVITY BY STATE

State	Active Trials	Permanent Modifications	Total	% of Total
AK	63	228	291	0.0
AL	927	3,109	4,036	0.6
AR	337	1,190	1,527	0.2
AZ	5,837	26,322	32,159	4.7
CA	32,617	128,564	161,181	23.5
CO	1,762	7,587	9,349	1.4
CT	1,759	6,845	8,604	1.3
DC	247	919	1,166	0.2
DE	454	1,676	2,130	0.3
FL	18,570	63,660	82,230	12.0
GA	5,553	19,567	25,120	3.7
HI	607	2,049	2,656	0.4
IA	388	1,373	1,761	0.3
ID	602	2,038	2,640	0.4
IL	7,803	29,104	36,907	5.4
IN	1,505	5,280	6,785	1.0
KS	379	1,260	1,639	0.2
KY	556	2,066	2,622	0.4
LA	977	2,797	3,774	0.6
MA	3,542	13,497	17,039	2.5
MD	4,545	17,483	22,028	3.2
ME	452	1,473	1,925	0.3
MI	4,651	18,065	22,716	3.3
MN	2,201	9,907	12,108	1.8
MO	1,536	5,748	7,284	1.1
MS	571	2,070	2,641	0.4
MT	176	588	764	0.1
NC	2,649	10,014	12,663	1.8
ND	26	90	116	0.0
NE	198	719	917	0.1
NH	670	2,505	3,175	0.5
NJ	4,738	17,367	22,105	3.2
NM	476	1,714	2,190	0.3
NV	3,697	14,163	17,860	2.6
NY	7,022	23,933	30,955	4.5
OH	3,325	12,054	15,379	2.2
OK	401	1,223	1,624	0.2
OR	1,547	5,905	7,452	1.1
PA	3,124	11,178	14,302	2.1
RI	719	2,820	3,539	0.5
SC	1,377	5,149	6,526	1.0
SD	66	207	273	0.0
TN	1,601	5,523	7,124	1.0
TX	4,381	13,580	17,961	2.6
UT	1,330	5,075	6,405	0.9
VA	3,364	13,374	16,738	2.4
VT	125	440	565	0.1
WA	2,927	10,460	13,387	2.0
WI	1,474	5,319	6,793	1.0
WV	209	831	1,040	0.2
WY	61	288	349	0.1
Other*	1,136	1,097	2,233	0.3

* Includes Guam, Puerto Rico and the U.S. Virgin Islands.

I reserve the balance of my time.

Mr. McHENRY. Mr. Chair, I rise in opposition to the amendment.

The CHAIR. The gentleman from North Carolina is recognized for 5 minutes.

Mr. McHENRY. Thank you, Mr. Chairman.

The amendment fails to highlight that there are more failed modifications than successful permanent modifications. In fact, in the dissenting views from the Financial Services Committee Democrats, of which my colleague from New York (Mrs. MALONEY) signed, along with 14 of her Democrat colleagues, it states that, in their view, 570,000 homeowners would be assisted under HAMP if the program were allowed to continue. This amendment, however, states that that number is 2.8 million. This differs from the facts of her own party. And I think both numbers are much higher than what have been agreed upon by the Congressional Oversight Panel of TARP. Their numbers are much, much lower.

I think if you use my colleague's words and figures, it's fair to say that those are grossly inflated and go well beyond what is reasonable, what is serious, and what is agreed upon in the private sector, or by even most of her Democrat colleagues. So I would urge my colleagues to vote against that.

I reserve the balance of my time.

Mrs. MALONEY. The number of over 2 million delinquent mortgages in the United States is the range of people that could be eligible, who could apply for the program, but not all of them would qualify. You have to reach certain standards to qualify to enter the program. So this is the range of the people who could be helped.

The difficulty with my Republican colleagues is that they have no alternative. They're abolishing a program without coming forward with any idea to help themselves. As Mark Zandi said in his recent report, housing remains fragile in America. And housing is roughly 25 percent of our economy. So to the extent that we can help people stay in their homes, thereby not only helping that family but helping their community and helping their country, helping to stabilize the housing prices around that house so it doesn't become delinquent and abandoned, pulling down the values in the communities, this is an important program. And it should be continued. It's no taxpayer dollars used. It's from the TARP program, funded by the banks. This is an effort to help the overall economy.

The Acting CHAIR (Mr. WOMACK). The time of the gentlewoman from New York has expired.

Mr. McHENRY. Mr. Chairman, in closing, I would quote from page 17 of the dissenting views of the Financial Services Committee Democrats, of which my colleague, Mrs. MALONEY, signed on. Page 17, ''A reasonable estimate is that the program participation will double by the end of next year,'' which, I might add, is a bit ambitious. I'll just continue with the quote. ''A reasonable estimate is that the program participation will double by the end of next year, for a cumulative total of 1.1 million homeowners. Based on this estimate, the bill would deny modification for more than a half million homeowners at risk of foreclosure.'' I might add, the statistics also bear out that for every half a million that are helped in this program, you're actively hurting about 800,000 Americans.

So what the opposition on the other side of the aisle is doing is saying we should continue failure, we should endorse failure. In fact, we should continue to hurt people by keeping this program open. And that, under their view, it means that you'll have 800,000 Americans that will be left worse off because this program exists—worse off. Their credit depleted, their home taken, their credit rating destroyed. I think that is highly inappropriate, Mr. Chairman. That's why I oppose this amendment.

I yield the balance of my time to my colleague from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. I thank the gentleman for yielding.

My colleague from New York and many of the colleagues from that side of the aisle have been saying that if we end this program, there will be nothing. That simply isn't true. Of the 4.1 million mortgage modifications that were completed, 3.5 million were done by the private sector with no government program and not a dime from the taxpayers. There's also the Home Affordable Refinance Program, or HARP, for homeowners with government-backed Fannie Mae and Freddie Mac loans. And don't forget about the Hardest Hit Fund. According to the Treasury Web site, the President established this in February, 2010, to provide targeted aid to families in States hard hit by the economic and housing market downturn. That includes $1.5 million that went to the hardest hit States—California, Arizona, Florida, Nevada, and Michigan. Another $600 million went to another set—North Carolina, Ohio, Rhode Island, and South Carolina. And finally, $2 billion was distributed to 17 States and the District of Columbia.

□ 1650

In 2008, $300 million in guarantees was committed for HOPE for Homeowners, a voluntary FHA program. Only 200 loans have been modified in this program, but it does exist; $475 million has been appropriated to Neighborhood Works for foreclosure counseling for homeowners. Finally, there are countless local, State, and private sector initiatives.

We have to stop funding programs with money that we don't have. Let's make that clear. With that, I would urge opposition to this amendment.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from New York (Mrs. MALONEY).

The question was taken; and the Acting Chair announced that the noes appeared to have it.

Mrs. MALONEY. Mr. Chairman, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from New York will be postponed.

AMENDMENT NO. 9 OFFERED BY MS. LORETTA SANCHEZ OF CALIFORNIA

The Acting CHAIR. It is now in order to consider amendment No. 9 printed in part A of House Report 112–34.

Ms. LORETTA SANCHEZ of California. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following new section:

SEC. 3. SENSE OF CONGRESS.

The Congress encourages banks to work with homeowners to provide loan modifications to those that are eligible. The Congress also encourages banks to work and assist homeowners and prospective homeowners with foreclosure prevention programs and information on loan modifications.

The Acting CHAIR. Pursuant to House Resolution 170, the gentlewoman from California (Ms. LORETTA SANCHEZ) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California.

Ms. LORETTA SANCHEZ of California. Mr. Chairman, I yield to the gentleman from California (Mr. GEORGE MILLER) for a unanimous consent request.

(Mr. GEORGE MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. GEORGE MILLER of California. I thank the gentlewoman for yielding.

Mr. Chairman, it is with great regret but with clear intent that I rise in opposition to continuing the Federal Home Affordable Modification Program, known as HAMP, without significant changes.

HAMP was designed to help millions of homeowners who had fallen victim to the financial crisis of 2008 and to the collapse of the housing market; but regrettably, at this time, it is not working under its current structure.

On behalf of struggling homeowners in my congressional district trying to avoid foreclosure and stay in their homes, I have gone to great lengths to encourage the Obama administration to recognize the serious shortcomings of the HAMP program, shortcomings that have been well documented by numerous independent and authoritative sources.

But the administration has been unable to successfully respond to the legitimate criticisms of HAMP and as a result the administration faces opposition to its program today on the floor of the House not only from those who oppose everything this administration does for purely partisan reasons but also from representatives like me who have genuinely sought to work with the administration to improve this program.

I hope that my vote today is understood clearly by the administration as one more effort on my part, on behalf of my desperate constituents, to get the administration to recognize the urgency of the housing crisis and respond to it accordingly. I appreciate that much hard work has already been done. I know that many people are involved in this effort and many hours have been dedicated to the problem. But in the case of ongoing foreclosures nationwide and the abuses homeowners face from banks and mortgage servicers, all the hard work and effort has not been sufficient and more must be done.

Homeowners in my community and across the country are being lied to, chewed up, and abused by banks and servicers in an arbitrary and capricious system that has stripped them of their homes and their livelihoods. In my district, people who are in need of substantial help in their fights against the big banks are simply not getting it. Hard as I try with my staff, and hard as my colleagues try with their staff, we cannot do enough on our own.

Make no mistake—Republicans in Washington are not on the side of homeowners in this fight. They're using the problems with HAMP as an excuse to once again oppose the Obama administration, just as they have opposed the Obama administration on every step it has taken to rescue the economy, for purely partisan reasons. Regrettably, the Republican approach to the housing crisis is to cut and run, to starve the economy of the investments it needs to create jobs and get the economy—and the housing market—back on its feet. Their bill today does nothing to help the housing crisis and it would deprive the administration of funds that could be used to help homeowners. But their bill does one thing that I do support—it sends a message that homeowners are not getting the help they need from HAMP and that HAMP must be significantly improved or replaced in order to offer the kind of help distressed homeowners need.

So far, such improvements have not taken place. And I see no sign that they will. And left with no choice but to register one more complaint by voting to end HAMP.

I hope today's vote is understood clearly as a wake-up call to the administration that HAMP is not good enough today to earn my support and that it must be strengthened immediately or replaced by a program that does work. I hope my vote sends the message that banks and servicers are responsible for the abuse that is taking place in today's housing market and that we intend to hold them accountable for their behavior, and that we are committed to helping struggling homeowners survive and recover from this crisis.

Ms. LORETTA SANCHEZ of California. Mr. Chairman, since my colleagues on the other side of the aisle are ending the Home Affordable Modification Program, my amendment simply states that the Congress should encourage the banks to provide our qualifying neighbors with loan modifications. It also encourages the banks to provide our friends and families with information on foreclosure prevention and loan modification.

My Republican colleagues say that the Home Affordable Modification Program is not helping enough people. Well, it didn't help all the people. That's true. I know people who went and tried to get their loans modified, and it didn't work for them; but there have been quite a few who have been helped. I want to give you some examples just in my own area.

For example, there is this couple in Garden Grove, California. The husband became unemployed. He was a construction worker; and as we all know, construction was the first industry to fold. Well, the family fell behind on their mortgage payments despite the fact that they are extremely frugal and had been saving money for emergencies.

After some time, the husband found a job. Of course it paid less, and they are still unable to pay their full mortgage. They owed $8,825 in missed payments with late fees; plus, they had a balance of $482,000 on their mortgage. Thanks to the modification program, the debts were forgiven, and the balance was dropped by $87,000 so that they have a new balance.

Even with the loss of income, they are very thankful that they can keep their home and that they have a mortgage payment that they can make. The Home Affordable Modification Program allowed this family to keep their home.

A family from Santa Ana was close to losing their home due to financial hardship as the husband's hours and income were reduced. So to make ends meet, he supplemented his primary job with a part-time job. These are not people who are asking for handouts. These are people who are trying to figure out a way to hold onto their homes and to keep stability with their children. The gentleman really wanted to keep his home, so he worked with a counseling agency to formulate a budget that was affordable to him. Thanks to the loan modification program, his payment was reduced, and the family can stay in their home. That's one more family in Santa Ana that is in their home today.

Then there was this couple who worked for a school district. The budget restraints in the State forced them to have furloughs, which took a significant toll on their income. There was a couple from Anaheim who was using their unused sick and vacation days just so they could get that check in order to make the mortgage. Thanks to the loan modification program, the couple was able to permanently modify their loan and keep their home. Their monthly mortgage payment was reduced, and it made it more affordable. Even with an income reduction, this is another couple, another family, who is still in their home.

Those are only three of the success stories we've had. I know I have worked very hard with my housing agencies and with people in putting on forums and talking to people and giving information and calling them in and getting the banks to try to modify these loans. This is a 5-year process at home that we have been working on. I don't know, maybe the rest of my colleagues didn't do this or didn't know how to do it or they weren't as successful, but we have had success. So we have families who are in their homes.

It is my hope that my Republican colleagues will reconsider this bill. Let's work together to find solutions for people because when you keep families in their homes, the stability of the family stays intact; and when you have that in particular, if you have children, they need that stability.

I yield back the balance of my time.

Mrs. BIGGERT. Mr. Chairman, I rise in opposition to the amendment, even though I am not opposed.

The Acting CHAIR. Without objection, the gentlewoman from Illinois is recognized for 5 minutes.

There was no objection.

Mrs. BIGGERT. We will accept the amendment.

I have had similar occurrences in my district where actually one gentleman had to pay back $42,000 worth of late fees as well as the penalties and the difference between the loan modification. That's where I think this program has failed.

Yet I think your amendment is a sense for Congress to encourage the banks to work with our constituents and to provide loan modifications to those who are eligible. It also encourages banks to work with our constituents and to provide them with the best services. It encourages the banks to assist prospective homeowners with foreclosure prevention and counseling.

I think this is a help in the private sector and encourages the private sector to do this, so we would accept this amendment.

I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from California (Ms. LORETTA SANCHEZ).

The amendment was agreed to.

Mrs. BIGGERT. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. MCHENRY) having assumed the chair, Mr. WOMACK, Acting Chair of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 839) to amend the Emergency Economic Stabilization Act of 2008 to terminate the authority of the Secretary of the Treasury to provide new assistance under the Home Affordable Modification Program, while preserving assistance to homeowners who were already extended an offer to participate in the Program, either on a trial or permanent basis, had come to no resolution thereon.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess until approximately 6:30 p.m. today.

Accordingly (at 5 p.m.), the House stood in recess until approximately 6:30 p.m.

□ 1830

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro