

**Statement by Rep. Michele Bachmann
House Financial Services Markup of H.R. 787**

February 4, 2009

Thank you, Mr. Chairman.

When it was created three months ago, HOPE for Homeowners was touted as a bold and efficient program that would help 400,000 families who were behind on mortgage payments and possibly facing foreclosure. But with little over 300 applications in the pipeline, it is clear that this program has been a huge waste of time, energy, money and other taxpayer resources.

As of January 3, 2009, the HOPE for Homeowners program, which cost taxpayers \$300 billion, can be credited with helping only 25 families actually refinance.

The bill under consideration today purports to improve the program. In reality, it simply strips out essential taxpayer protections in an effort to spur more participation in the program. That's not improvement, that's irresponsibility.

Participants will no longer be required to pay any upfront premiums which were originally required to help sustain the program. Annual premiums are even significantly decreased under H.R. 384. In fact, the FHA is given the authority to waive them completely when it sees fit.

These two mechanisms were regularly touted by Chairman Frank and other supporters of HOPE for Homeowners as important safeguards to protect taxpayers when the program was established.

It also removes the requirement in the current program that ensures taxpayers will receive a home equity appreciation share as payment for their investment through HOPE for Homeowners.

In other words, people will be permitted to receive assistance from the government to pay their mortgages but should their home values rise, they can make a profit and not have to give anything back to the taxpayers who lent them a helping hand to keep their house in the first place.

Chairman Frank explained this issue best when he stated, "You're not going to get a program approved that helps people refinance loans on their homes and then allows them to turn around the following year and make a profit on that home."

However, that's exactly the direction H.R. 787 takes this program.

The bill scales back the haircut that lenders must take to participate in HOPE for Homeowners from 90% to 93% of the loan to value ratio, but it simultaneously removes the already weak related taxpayer protections.

This provision also authorizes payments to servicers for every loan insured under the HOPE for Homeowners program.

While I, too, have concerns that some servicers may not be refinancing loans as quickly or as often as they could, the bill's language is so vague and open-ended that servicers could be paid billions of taxpayer dollars in return for refinancing loans.

This provision essentially increases risks and costs to the taxpayers while reducing the burden on investors and servicers to submit bad loans to the government for modification.

I urge my colleagues to oppose this irresponsible legislation.

Thank you, Mr. Chairman, and I yield back the balance of my time.