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Congressional Oversight Panel Releases Oversight Report on Foreclosure Mitigation

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For Immediate Release

Report provides a road map for solving foreclosure crisis

WASHINGTON, D.C.—March 6, 2009, the Congressional Oversight Panel released its March Oversight Report, *The Foreclosure Crisis: Working Toward a Solution*. Like the crisis in the banking system, the foreclosure problem has grown so large that it threatens the entire economy. Foreclosures are depressing housing and commercial real estate prices throughout the country, imposing costs on those who are not even a party to the mortgage transaction through lower tax revenues, increased crime and depressed home prices.

The Emergency Economic Stabilization Act of 2008 required the Panel to look into the current state of the foreclosure crisis and gauge the adequacy of current programs to address the crisis. The Panel's report examines the causes of the foreclosure crisis and the impediments to its resolution and develops a checklist that provides a roadmap for foreclosure mitigation program success.

"The foreclosure crisis seems to be getting deeper every day. Despite everyone's good intentions, nothing seems to be working. The Panel wanted to examine why this was the case," said Elizabeth Warren, Chair of the Panel. "We looked at the causes of the crisis and the impediments to sensible foreclosure mitigation. We were able to create a roadmap for policy makers to use to create successful programs to address this crisis."

The Panel's roadmap can be used by those who are developing programs to address foreclosure mitigation whether they are local, state or federal policy makers or private groups looking to help. Any successful program to address this crisis must address the following issues:

- Will the plan result in modifications that create affordable monthly payments?
- Does the plan deal with negative equity?
- Does the plan address junior mortgages?
- Does the plan overcome obstacles in existing pooling and servicing agreements that may prevent modifications?
- Does the plan counteract mortgage servicer incentives not to engage in modifications?
- Does the plan provide adequate outreach to homeowners?
- Can the plan be scaled up quickly to deal with millions of mortgages?
- Will the plan have widespread participation by lenders and servicers?

"By identifying current impediments to successful foreclosure mitigation efforts, the Panel

hopes to advance efforts for sensible modifications that will help put the American family and the American economy back on a strong footing,” said Warren.

This report also includes an initial assessment of President Obama’s Homeowner Affordability and Stability Plan, and outlines the extent to which it addresses many of the impediments identified in the report.

The full report can be found at www.cop.senate.gov. The Panel held a companion hearing to this report in Prince George’s County, Maryland, the materials from that hearing can be found on the Panel’s website.

The Congressional Oversight Panel was created to oversee the expenditure of the Troubled Asset Relief Program (TARP) funds authorized by Congress in the Emergency Economic Stabilization Act of 2008 (EESA) and to provide recommendations on regulatory reform. The Panel members are: Congressman Jeb Hensarling (R-TX), Richard H. Neiman, Superintendent of Banks for the State of New York, Damon Silvers, Associate General Counsel of the AFL-CIO, former U.S. Senator John E. Sununu (R-NH) and Elizabeth Warren, Leo Gottlieb Professor of Law at Harvard Law School.

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