

The following information was circulated on Friday, February 25, 2011. It discusses the proposal by Financial Services Committee Chairman Spencer Bachus to eliminate funding for the NSP3 program. As more information becomes available we will post it on this website.

## **Committee Will Markup Bills to Terminate Failed Programs**

**WASHINGTON:** Financial Services Committee Chairman Spencer Bachus announced a subcommittee hearing and full committee markup of four bills that will terminate failed and ineffective housing foreclosure programs.

The four proposals – which terminate the troubled Home Affordable Modification Program (HAMP), the Neighborhood Stabilization Program, the FHA Refinance Program, and the Emergency Homeowner Relief Fund – will be the subjects of a hearing on March 2 by the Insurance, Housing and Community Opportunity Subcommittee and a full committee markup on March 3.

“In an era of record-breaking deficits, it’s time to pull the plug on these programs that are actually doing more harm than good for struggling homeowners,” said Chairman Bachus. “These programs may have been well-intentioned but they’re not working and, in reality, are making things worse.”

Insurance and Housing Subcommittee Chairman Judy Biggert said: “We need to break down barriers that have delayed the housing recovery, including expensive and ineffective government programs that have failed to help homeowners. Unfortunately, these programs were set up in haste, executed poorly, and have done little to restore stability in the marketplace. A government program that spends more to save a single borrower than it costs to buy a home is no help at all – it’s just a waste of taxpayer money. We need to stop funding programs that don’t work with money we don’t have.”

***The Neighborhood Stabilization Program Termination Act.*** Congress has appropriated \$7 billion for the Neighborhood Stabilization program, including \$2 billion in the Obama Administration’s stimulus plan. Two rounds of NSP funding have already been provided to states and localities. The Neighborhood Stabilization Program Termination Act ends the program and rescinds the unobligated third round of funding of \$1 billion.

Critics have argued that the NSP does not benefit at-risk homeowners facing foreclosure, and may instead create perverse incentives for banks and other lenders to foreclose on troubled borrowers – arguably worsening the housing crisis.