

Opening Statement

Rep. Elijah Cummings

Ranking Minority Member

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Thank you, Mr. Chairman. The title of today's hearing is "Bailouts and the Foreclosure Crisis." On the first issue, we have some encouraging news today on TARP and its outlook for American taxpayers.

But on the foreclosure issue, I am concerned about escalating allegations of abuse by the private mortgage service industry.

The SIGTARP report issued this morning has an increasingly favorable assessment of TARP's financial success. Here is what it says:

“On the financial side, TARP’s outlook has never been better. Not only did TARP funds help head off a catastrophic financial collapse, but estimates of TARP’s ultimate direct financial cost to the taxpayer have fallen substantially. ... While Treasury’s ultimate return on its investment depends on a host of variables that are largely unknowable at this time, TARP’s financial prospects are today far better than anyone could have dared to hope just two years ago.”

This is great news for the American taxpayer. But the report correctly warns that there is still hard work ahead. And it’s important that we continue strong oversight efforts.

I have long demanded stringent oversight of the TARP program, a program proposed by President Bush in 2008 and enacted after significant improvements by Congress.

I previously requested that SIGTARP audit the hundreds of millions of dollars AIG expended on bonuses.

I also led 26 of my colleagues in requesting that SIGTARP audit the payments made to AIG’s counterparties.

Despite this positive news, I am very concerned about serious allegations of abuse by the mortgage service industry. Today’s SIGTARP report calls their performance “abysmal” and describes “nearly daily accounts of errors and more serious misconduct.”

The SIGTARP report also says this:

“Anecdotal evidence of their failures has been well chronicled. From the repeated loss of borrower paperwork, to blatant failure to follow program standards, to unnecessary delays that severely harm borrowers while benefiting servicers themselves, stories of servicer negligence and misconduct are legion.”

Mr. Chairman, we cannot do a comprehensive examination of the foreclosure crisis without hearing from the industry. That is why I sent you a letter on December 21 asking you to hold the Committee’s first hearing on “the widespread utilization of flawed and fraudulent practices ... throughout the mortgage servicing industry.” This has been my number one priority since before you and I assumed our current positions on this Committee, and I ask that my letter be put into the record.

It’s the same reason I sent you another letter on Monday, asking that you add an industry witness to today’s hearing. I asked you to invite JP Morgan, one of the largest mortgage servicers in the country. I also ask that this letter be put into the record.

I asked for JP Morgan because this company has been implicated in a number of recent scandals, including improperly foreclosing on the homes of military service members deployed overseas. These young men and women are risking their lives for our country. But the company admitted last week to improperly charging them millions of dollars and taking their homes without justification, leaving their loved ones stranded and distressed.

I can't imagine an investigation more worthy of this Committee's time and energy.

You did not want the industry witness to testify here today. But my understanding is that you are prepared to schedule another hearing next month to investigate these and other abuses by the industry. It's hard for me to understand how we can have today's hearing on the foreclosure crisis without anyone from industry at the witness table. Nevertheless, if that is your plan, I will accept your assurance that the Committee will conduct a thorough, bipartisan investigation of the industry's role in the foreclosure crisis.

Finally, let me conclude by telling you why this issue is so important to me. The foreclosure crisis is affecting more families every day.

In 2009, there were 2.8 million foreclosure filings.

In 2010, there were 2.9 million.

This year, the number is expected to surpass 3 million.

In my district office, my staff work day in and day out helping constituents stay in their homes if they are financially able. I hold regular Foreclosure Prevention Workshops to bring borrowers face-to-face with their lenders to see if there is any way they can work out their mortgages.

I have seen with my own eyes how this foreclosure crisis affects real families.

Every member is representing constituents suffering from this crisis, and neighborhoods are being destroyed.

That is why I push so hard on this issue, and why I hope we will follow-through on this commitment.

Documents and Links

[Letter to Chairman Issa Requesting Hearing on Alleged Abuses in the Mortgage Service Industry \(.pdf\)](#)

[Letter to Chairman Issa Requesting a Minority Hearing Witness \(.pdf\)](#)