

**Congressman Randy Neugebauer
Financial Services Committee Hearing
April 9, 2008**

I thank Chairman Frank for calling today's hearing and appreciate the perspectives all of the witnesses bring to our discussion of the mortgage market situation.

As our Committee considers new legislation introduced by the Chairman, I think we first need to remind ourselves that 95 percent of Americans with a mortgage are making their payments in full and on time.

At the same time, we know some Americans are having difficulty meeting their mortgage obligations for a variety of reasons. I appreciate lenders' efforts to work with borrowers who want to stay in their homes, and more than a million homeowners have been helped by the Hope Now Alliance.

However, I am concerned that these new proposals we are considering go far beyond assisting Americans facing difficulties paying their current mortgage and greatly expand the role and reach of the federal government.

It is not the role of the federal government to create equity in a home. Yet the proposal we are discussing today would put the federal government in a position of determining a borrower's equity and put the taxpayers on the hook for any further declines in that borrower's equity or default. Borrowers would be eligible even if they are able to make their current mortgage payments. As home prices appreciate in the future, borrowers who sell their property after five years could retain all gains on the value, despite not meeting the obligations of their original mortgage.

While helping some refinance who truly need the assistance, this proposal would reward many who made irresponsible decisions and transfer many borrowers' risks to the taxpayers.

While markets are not always kind, they are efficient. Home equity should be determined by the marketplace, and many areas of the country are undergoing a market correction. I believe there is private capital waiting to enter these markets, but investors won't make those decisions until they believe the federal government is done intervening and creating an even better deal.

I ask my colleagues to carefully consider all the consequences of further federal government intervention. Congress shouldn't penalize Americans who are making their payments and working hard to stay in their homes. Families shouldn't have to make their mortgage payments and their neighbor's mortgage payment too.

