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Rep. Doris Matsui Calls for All Returned TARP Funds to be Re-directed to Homeowner Affordability and Stabilization Plan

Initiates Letter to Treasury Secretary Geithner

WASHINGTON, DC – Congresswoman Doris Matsui (CA-05) called for any Troubled Asset Relief Program (TARP) funds that are returned to the federal government be re-directed to President Obama’s Homeowner Affordability and Stabilization Plan. This action will ensure funds will go to helping more Americans living in areas disproportionately affected by foreclosures.

Over the last few weeks, several financial institutions have notified the Treasury Department of their intentions to voluntarily return taxpayer-assistance received from TARP. These include Bank of America., Goldman Sachs, U.S. Bancorp, and Wells Fargo, as well as a number of small financial institutions. Some of these banks have cited TARP conditions, including executive compensation rules, for wanting to return the TARP money.

“We believe any returned TARP funds should be re-directed to the President’s Homeowner Affordability and Stabilization Plan—particularly to those states and areas that have been disproportionately affected by the foreclosure crisis,” read the letter sent by Congresswomen Doris Matsui (CA-05), Kathy Castor (FL-11), Shelley Berkley (NV-01) and Betty Sutton (OH-13).

No states have been impacted more than California, Florida, Nevada and Ohio. In these states, homes values are severely ‘underwater’ and many homeowners have second liens and don’t have Fannie Mae and Freddie Mac loans, therefore making them ineligible to receive assistance under President Obama’s plan. These additional funds could increase resources in order to help more principal homeowners in severely affected areas to stay in their homes under the President’s foreclosure plan.

“While the President’s plan is the strongest foreclosure mitigation plan to date, we want to ensure that all borrowers, in all parts of the country, are able to qualify for a refinance or loan modification,” the letter continued.

“Returned TARP funds should be reallocated to help responsible homeowners in the hardest-hit areas of the country to qualify for a mortgage refinance or loan modification,” said Congresswoman Matsui. “We need to stabilize the housing market, not only for the sake of our economy, but for the good of our neighbors, communities, and state and local governments.”

