Why GAO Did This Study

More than 3 years have passed since Treasury made up to $50 billion available to help struggling homeowners through the MHA program, and foreclosure rates remain near historically high levels. Further, more than 2 years after Treasury set up the Hardest Hit Fund to help homeowners in high-unemployment states, much of the money remains unspent. The Emergency Economic Stabilization Act of 2008, which authorized Treasury to create TARP, requires GAO to report every 60 days on TARP activities. This 60-day report examines (1) the steps Treasury took to design and implement recent changes to MHA, and (2) Treasury’s monitoring and oversight of states’ implementation of Hardest Hit Fund programs. To address these questions, GAO analyzed data and interviewed officials from Treasury, five selected Hardest Hit Fund states, and five large MHA servicers.

What GAO Recommends

Treasury should (1) expeditiously assess the risks associated with the recent changes to MHA and develop activity-level performance measures for each program, and (2) consolidate the states’ Hardest Hit Fund performance and financial data, including administrative expenses, into a single public report. Treasury neither agreed nor disagreed with the recommendations but took exception to the finding that it did not conduct a comprehensive risk assessment prior to implementing the MHA program changes. In response, GAO provided examples of key components of a comprehensive risk assessment that Treasury had not addressed.

View GAO-12-783. For more information, contact Mathew Scirè at (202) 512-8678 or sciremj@gao.gov.