

# GAO Highlights

Highlights of [GAO-16-351](#), a report to congressional committees

## Why GAO Did This Study

Since 2009 Treasury has obligated \$27.8 billion in TARP funds through its MHA program to help struggling homeowners avoid foreclosure. The Emergency Economic Stabilization Act of 2008 includes a provision for GAO to report every 60 days on TARP activities. This report examines the extent to which Treasury is reviewing unexpended balances and cost projections for the MHA programs. To do this work, GAO used 2015 mortgage and other data from a private vendor and Treasury to help illustrate potential future costs of MHA/HAMP, reviewed internal Treasury documents, and interviewed relevant federal agency officials.

## What GAO Recommends

GAO is making two recommendations to Treasury and has one matter for congressional consideration. Treasury should (1) estimate future expenditures for the MHA program and any unexpended balances and (2) deobligate funds that its review shows will likely not be expended and move up to \$2 billion of such funds to the TARP-funded Hardest Hit Fund as authorized. Congress should consider permanently rescinding any deobligated MHA funds that are not moved to the Hardest Hit Fund and make them available for other priorities. Treasury agreed with our recommendations and indicated that it has updated its cost estimates and subsequently deobligated \$2 billion of MHA funds on February 25, 2016.

View [GAO-16-351](#). For more information, contact Mathew Scire at (202) 512-8678 or [sciremj@gao.gov](mailto:sciremj@gao.gov)

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## TROUBLED ASSET RELIEF PROGRAM

### Treasury Should Estimate Future Expenditures for the Making Home Affordable Program

#### What GAO Found

The U.S. Department of the Treasury (Treasury) monitors activity and aggregate expenditures under its Troubled Asset Relief Program (TARP)-funded Making Home Affordable (MHA) program, but it has not instituted a system to review the extent that it will use the full available program balance (\$7.7 billion as of October 16, 2015). In a July 2009 report, GAO found that Treasury's estimates of program participation may have been overstated, reflecting uncertainty caused by data gaps and assumptions that had to be made, and recommended that Treasury periodically review and update its estimates.

In response, Treasury started performing periodic estimates of the eligible HAMP population. Treasury officials previously told GAO that they could not reliably estimate future participation levels due to data limitations and that they assumed that all available MHA funds would be spent. GAO recognizes that no estimate of future participation and expenditures can be made with certainty. But prior GAO work has concluded that reviewing unexpended balances, including those that have been obligated, can help agencies identify possible budgetary savings. Moreover, Congress's recent action to limit entry into the MHA programs after December 31, 2016, and to allow Treasury to obligate up to \$2 billion in TARP funds, including MHA funds, to the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (Hardest Hit Fund), provides Treasury with greater certainty and opportunity with respect to estimating and reprogramming excess MHA fund balances. Since then, the President's 2017 Budget identified \$4.7 billion in potential excess funds, and Treasury has announced its intention to transfer \$2 billion of these funds to the Hardest Hit Fund. Officials said that deobligating additional amounts would present undue risk of having insufficient funds, and that further estimates of excess funds should await the completion of all new activity.

GAO performed its own analysis of September 2015 mortgage data to estimate potential future HAMP participation and costs. This analysis resulted in estimates of MHA program balances as of October 16, 2015, that ranged from using all available funds to a surplus of \$2.5 billion. In preparing these estimates, GAO attempted to provide a wide range of possible outcomes and generally used inclusive assumptions. Thus the actual number of eligible loans is likely to be lower and the unexpended balances higher than GAO's estimates. Taking action to estimate likely MHA expenditures allows Treasury to deobligate excess funds and, as appropriate, move funds to the Hardest Hit Fund. To the extent that additional funds may be deobligated, Congress may then have the opportunity to use those funds on other priorities.