



11/18/2008

## Paulson defends bailout for homeowners

Treasury Secretary Henry Paulson was defending the \$700 billion Troubled Asset Relief Program (TARP) today as other Congressional lawmakers have expressed a desire in having the TARP money bailout General Motors, Ford Motor Company, and Chrysler LLC.

Secretary Paulson rejected the idea of using the financial rescue program as a "panacea" for financial distress across the nation. Paulson made a statement, in sworn testimony to the House Financial Services Committee in Washington, saying "The rescue package was not intended to be an economic stimulus or an economic recovery package." Paulson went on to explain that the relief program's original intent was to "stabilize our country's financial markets and credit flow."

Sheila Bair, chairman of the FDIC, encouraged the Treasury Department to exercise the authority given them via the financial- rescue package to curtail foreclosures. In seeking support for a separate mortgage-relief plan which would have the ability to prevent close to 1.5 million foreclosures by the end of 2009, Bair stated "It is essential to utilize this authority to accelerate the pace of loan modifications in order to halt and reverse the rising tide of foreclosures that is imperiling the economy."

Representative Barney Frank, head of the House panel, said " 'public confidence in what we have done so far is lower than anybody would have wanted to be,' adding 'there is an overwhelmingly powerful set of reasons why some of the TARP money must be used' for aiding homeowners struggling to keep their homes" as reported by Bloomberg.com.