

**NEWS from Congressman John W. Olver (MA-1)
Chair, House Appropriations Subcommittee on Transportation, Housing
and Urban Development**

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**Opening Remarks by Chairman John Olver
FHA Hearing
Commissioner David Stevens
10:00 am, April 21, 2010**

We are all painfully aware that many Americans are still struggling in the current financial crisis. FHA has played an important role for first time homebuyers and those refinancing their homes by providing affordable, 30-year, fixed-rate mortgages. Since 2006, FHA's share of the mortgage market has increased from under 2% to over 30% of loans originated. These steps have helped some homeowners; however, it is obvious that much more remains to be done, as the crisis is far from over.

Every day, we hear of financial institutions reporting billions of dollars in profits. At the same time, we hear from constituents that the same institutions are not interested in providing relief to struggling homeowners. Program after program has been proposed to incentivize

these institutions, including the most recent announcement from FHA and Treasury, but we have yet to see real progress. I look forward to hearing about your new program and why you think it will attain the success that eluded its predecessors.

I am also interested to know more about the actions you've taken to provide stronger oversight of the lenders participating in FHA programs. Since you were sworn in as Commissioner in July, more than 350 FHA-approved lenders have been removed from the program, more than eight times the number that were removed, in total, between 2006 and 2008.

You have also taken numerous steps, including increasing insurance premiums, to ensure that the FHA manages its portfolio risk responsibly and that the programs operate without cost to the taxpayer.

As we both know, HUD's Fiscal Year 2011 budget was predicated upon the assumption that a number of proposed legislative changes to FHA's loan program would result in \$5.8 billion in receipts. In early March, CBO released its analysis and credited FHA with only \$1.9 billion in receipts for the mortgage insurance program, leaving a gap of \$3.9 billion. For the last two years, HUD and CBO have differed widely on this issue, and I expect FHA to address the reasons for this discrepancy. The implications of your budget extend beyond the FHA and impact the

resources available for the remainder of HUD's housing programs and also for transportation programs.

Commissioner, your responsibility is to ensure that the FHA operates responsibly as an affordable option for average Americans. I look forward to hearing your testimony and discussing the opportunities and challenges facing FHA today and in the future.