

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: February 8, 2016

Subject: February 11, 2016, Housing and Insurance Subcommittee Hearing on
“The Future of Housing in America: Examining the Health of the Federal
Housing Administration”

The Housing and Insurance Subcommittee will hold a hearing titled “The Future of Housing in America: Examining the Health of the Federal Housing Administration” on Thursday, February 11, 2016, at 9:30 a.m. in Room 2128, Rayburn House Office Building.

This will be a one-panel hearing with the following witness:

- Mr. Edward L. Golding, Principal Deputy Assistant Secretary, Office of Housing, Federal Housing Administration

The Federal Housing Administration (FHA) is an agency within the Department of Housing and Urban Development (HUD) that insures private mortgage lenders against the risk that borrowers might default on single-family or multi-family mortgages. When an FHA-insured mortgage goes to foreclosure, the lender files a claim with FHA for the balance owed on the mortgage. Claims on FHA-insured single-family home mortgages are paid from the FHA’s Mutual Mortgage Insurance Fund (MMIF), which is funded from premiums paid by borrowers. To qualify for FHA insurance, a mortgage must be originated by an FHA-approved lender, and the mortgage and the borrower must meet certain criteria. For example, to be eligible for coverage under the FHA’s single-family mortgage insurance program, the mortgage must be for a principal balance of \$625,500 or less, and the borrower must put down a 3.5 percent down payment and intend to live in the house as a primary residence.

This hearing will examine the FHA's operations and financial status, including the health of the MMIF. In FY 2015, the FHA endorsed 1,116,232 mortgages, representing approximately \$213 billion in single family loans — \$140 billion (66 percent) was used for the purchase of new and existing homes, while \$73 billion (34 percent) was used to refinance existing mortgages. In the first three quarters of FY 2015, FHA endorsements accounted for 21 percent of the total purchase mortgage market and 8 percent of the total refinance mortgage market.¹

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¹ FHA's FY 2015 Annual Report to Congress. Available at <http://portal.hud.gov/hudportal/documents/huddoc?id=2015fhaannualreport.pdf>