

M E M O R A N D U M

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: July 8, 2016

Subject: July 13, 2016, Full Committee Hearing entitled "HUD Accountability"

The Committee on Financial Services will hold a hearing entitled "HUD Accountability" on Wednesday, July 13, 2016, at 10:00 a.m. in room 2128 of the Rayburn House Office Building. The witness will be the Honorable Julian Castro, Secretary, U.S. Department of Housing and Urban Development (HUD).

The purpose of this hearing is to examine the recently announced proposed changes to the U.S. Department of Housing and Urban Development's (HUD's) Distressed Asset Stabilization Program ("DASP").

HUD's DASP began in 2010 as a direct sale pilot program that allows pools of Federal Housing Administration (FHA) mortgages headed for foreclosure to be sold to qualified bidders and encourages them to work with borrowers to help bring the loan out of default. The DASP's purpose is to help the Secretary fulfill his fiduciary responsibility to ensure FHA's Mutual Mortgage Insurance Fund remains financially sound by maximizing recoveries to the Fund, reducing claim costs, and minimizing the time that assets are held by FHA. Critics of the changes to the DASP proposed by Secretary Castro in June argue that they would move the program away from its open and competitive bidding process and reduce private sector investor participation, negatively impacting both the fundamental purpose of the program and taxpayers alike.

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