

Thank you, Mr. Chairman. Thank you, Administrator Stevens and Mr. Scire for testifying today as we examine ways to strengthen the financial condition of FHA and ensure that FHA has the tools to enforce loan requirements and protect taxpayers from fraud and misrepresentation.

FHA serves an important and counter cyclical role in our housing market to ensure that mortgages are available to qualified borrowers even in tight credit markets. From 2007 to 2009, the percentage of loans insured by FHA have significantly increased from 3 percent to approximately 30 percent of the market.

Demonstrating the importance of FHA is the fact that the percentage of borrowers with credit scores at or above 720 has doubled compared to borrowers in 2007 and 2008. Without FHA, even credit worthy borrowers may not have received loans because of the contraction of available credit in the private market.

While FHA fulfills this role, it is also experiencing the strains in the housing market and larger economy. Congress and the Administration have taken action to provide FHA with new tools to mitigate the impact of the economic downturn through additional loan requirements and greater flexibility for insurance premiums. I look forward to hearing more about how these changes are affecting FHA's balance sheet and what other changes are needed to ensure that FHA can

continue to fulfill its mission while also protecting its long term financial stability and the taxpayers.