

Home

About Us

Issues

Media

Resources

Archives

Contact

Press Release

Waters Statement on FHA Reserves Shortfall

September 27, 2013

Congresswoman Maxine Waters, Ranking Member of the Committee on Financial Services, released the following statement in response to reports of a likely shortfall in capital reserve funds at the Federal Housing Administration:

"During the worst of the crisis, when the private sector virtually left the market, the Federal Housing Administration stepped up and provided the liquidity that kept our struggling housing market afloat. This is the countercyclical role of FHA, as it has been throughout the course of its nearly 80-year history.

Despite corrective action taken in recent years, the severity of the financial crisis weakened the health of FHA's Mutual Mortgage Insurance Fund. Although this one-time transfer of funds from the Treasury is legally necessary, it's important to note that FHA is far from bankrupt, holding over \$30 billion in reserves and continuing to generate revenue. In fact, these funds are only required because FHA is bound by law to hold the revenue necessary to pay any potential claims over the next 30 years, without taking into account future business. Above all, we must strive to have a healthy, viable FHA that can continue to facilitate homeownership for first-time and low-income homebuyers, while standing ready in the unfortunate event of another housing downturn.

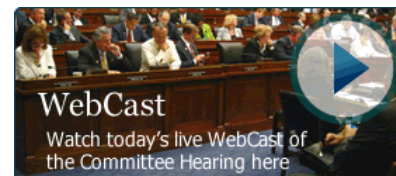
Since 2010, I have joined the Obama Administration in pushing for comprehensive FHA solvency legislation that would have achieved just that. Unfortunately, obstruction by Senate Republicans prevented any progress. Now, Republicans are focused on the PATH Act, which does not address FHA solvency, instead undercutting the entirety of the program."

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In this Section

[Press Releases](#)

[Videos](#)



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☒ Word/Phrase ☐ Bill Number

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Oversight & Investigations
Committee Rules
Committee Oversight Plan
Budget Views

Issues

Wall Street Reform &
Consumer Protection Act
Small Business Jobs and
Credit Act of 2010, H.R. 5297
National Affordable Housing
Trust Fund
GOP Votes to End Foreclosure
Aid
Mortgage Lending Reform
Credit Card Act of 2009, H.R.
627

Media

Press Releases
News
Documents
Video

Resources

Hearings
Markups
Schedule
Committee Reports
Glossary of Financial Term
Additional Resources

Archives

Press Releases
Floor Statements
Hearings
Markups
Committee Membership
Committee Reports
Legislation Chart
Committee Rules
Committee Oversight Plans

Contact

Committee Democrats
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