Oversight of FHA Imperative to Prevent Another Taxpayer-Funded Bailout

WASHINGTON. D.C. – House Committee on Oversight and Government Reform Ranking Member Darrell Issa (R-CA) has **sent a letter** to Committee Chairman Edolphus Towns (D-NY) calling for "oversight of the Federal Housing Administration (FHA) expressing concern that absent bipartisan cooperation and oversight the "numerous problems at FHA may result in another taxpayer-funded bailout which this country cannot afford and which the American people do not want."

"Since FHA provides 100 percent guarantees on the mortgages it insures, taxpayers will be on the hook for every dollar owed on loans that go into foreclosure," Issa wrote to Towns. "Holding a hearing on the current challenges at FHA provides an opportunity to bring vigorous oversight to bear in hopes of preventing a crisis before it starts."

As of June of 2009, 77 percent of FHA loans that had defaulted at least once within two years of origination were still in default or had re-defaulted, up from 46 percent in June of 2006. Since 2006, there has been a staggering increase in FHA-guaranteed loans rising from 958,000 loans in June 2006 to more than 2.6 million loans in June 2009. The FHA guaranteed more than $360 billion in single-family mortgages in 2009, a 75 percent increase over 2008 and more than 400% increase since 2007.

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