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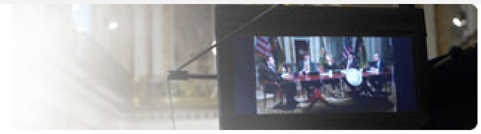

Assistant Secretary Michael S. Barr Remarks to the National Council of State Housing Agencies As Prepared for Delivery

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I want to thank the National Council of State Housing Agencies for hosting me today. And I want to thank all of the housing finance agencies for being key partners in the Administration's housing initiatives.

The Administration has taken broad action over the past year to stabilize the housing market and help American homeowners. And the housing finance agencies are playing an important role in these efforts.

On February 18, 2009, the Administration announced the *Homeowner Affordability and Stability Plan* – a broad set of programs designed to stabilize the U.S. housing market and help keep millions of homeowners in their homes.

Programs partnering with the HFA's- the HFA Initiative and the HFA Hardest Hit Fund [SM] are key parts of the Administration's broad set of housing initiatives.

HFA Initiative – Program Design and Goals

The Administration recognizes that HFAs have historically played a central role in providing a safe, sustainable path to homeownership for working families in all 50 states and many localities across the country. Over the years, HFAs have helped finance over 3 million affordable rental homes and helped over 3 million working families obtain financing for new homes.

In recent years, as the private market offered increasingly risky loans, HFAs continued to offer responsible mortgage products – generally fully underwritten, 30-year fixed rate loans – and a unique delivery system including direct homeownership education and counseling. Because of high quality mortgage products, sound underwriting and proactive servicing, HFAs have established a record of sustainable homeownership for working families.

HFAs experienced a number of challenges in the course of the housing downturn that limited their ability to continue their established role as leaders in providing affordable housing resources for working families.

For this reason, the Administration launched the HFA Initiative on October 19, 2009 to support state and local housing finance agencies in providing sustainable homeownership and rental resources for working Americans nationwide. The HFA Initiative provided $23.5 billion in support to help maintain the viability of HFA lending programs and infrastructure on a temporary basis, helping bridge this difficult transition period as HFAs resume their normal activities.

The initiative was designed to:

- provide hundreds of thousands of affordable mortgages for working families;
- enable the development and rehabilitation of tens of thousands of affordable rental properties;
- provide refinancing opportunities for at-risk borrowers to convert to sustainable mortgages;
- help HFAs to transition back to market sources of capital as quickly as possible; and
- maintain the viability of HFAs to preserve their important role in providing housing resources.

The Administration's HFA Initiative has two parts: a New Issue Bond Program (NIBP) to support new lending by HFAs and a Temporary Credit and Liquidity Program (TCLP) to improve the access of HFAs to liquidity for outstanding HFA bonds.

The NIBP may support up to several hundred thousand new mortgages to first time homebuyers this coming year, as well as refinancing opportunities to put at-risk, but responsible and performing, borrowers into more sustainable mortgages. The NIBP will also support development of tens of thousands of new rental housing units for working families.

The TCLP provides HFAs with temporary credit and liquidity facilities to help the HFAs maintain their financial health and preserve the viability of the HFA infrastructure.

Over 90 state and local HFAs representing 49 states participated in the NIBP for an aggregate total new issuance of $15.3 billion. Twelve HFAs participated in the TCLP for an aggregate total usage of $8.2 billion. And the HFA Initiative is expected to come at no cost to the taxpayers.

On January 13, the Treasury, together with HUD, and the FHFA announced the completion of all transactions under the HFA Initiative. The GSEs, FHFA and the HFAs worked together to implement the program in a very compressed timeframe – completing over 125 transactions in the last month of 2009. With the closing of these transactions, we are moving forward to support low mortgage rates and expand resources for low and middle income borrowers to purchase or rent homes that are affordable over the long term.

Impact of the HFA Initiative

These HFA Initiative resources are already being put to use in states and localities across the country, and are expected to have a significant positive impact nationwide.

For example, in Nevada, some of the funds from the HFA Initiative are being used to construct affordable rental housing for veterans returning from Iraq, which will include a rehabilitation center for injured veterans.

In Pennsylvania, the Pennsylvania Housing Finance Agency expects that the HFA Initiative will help 12,000 to 15,000 people access credit markets to purchase or refinance homes – people who otherwise would not have been able to access such credit.

In Washington, the program will allow the Washington State Housing Finance Commission to serve twice as many first time homebuyers this year, as compared to last year.

And the initiative has allowed Wisconsin's Housing and Economic Development Authority to restart lending after having been forced to suspend lending due to market stress for over a year.

HFA Hardest Hit Fund

As the Administration continues to take actions to help homeowners and stabilize the housing market, we continue to look to partnerships with the HFAs on innovative and locally focused initiatives.

Less than 3 weeks ago, o n February 19, 2010, President Obama announced $1.5 billion in funding to work with HFAs to help address housing issues in the states that have experienced the most severe home price declines.

The $1.5 billion in funding will be for innovative measures to help families in the states that have been hit the hardest by the aftermath of the burst of the housing bubble. In each of these states, the average price for all homes in the state has fallen more than 20% from the peak. Home prices across the country are beginning to stabilize since the Administration's economic policies began to take effect in mid-2009. But the legacy of price declines, together with the effects of high unemployment, means that many working and middle-class families in these especially hard-hit areas are facing serious challenges, in many cases beyond what their families' resources can handle.

This Hardest Hit Fund will work with HFAs in the hardest hit areas, so that those states and localities can develop locally tailored initiatives addressing the most pressing problems in their communities. The types of programs that HFAs might design to help prevent avoidable foreclosures include: programs targeting unemployed borrowers, programs to help underwater homeowners and programs designed to modify or reduce second liens.

Program implementation is moving quickly. On Friday, March 5th, the Administration announced the final allocation amounts and program design guidelines for the Hardest Hit Fund. The states participating in the program will be asked to submit program designs to Treasury by April, and we are working together to ensure that assistance will reach struggling homeowners in these hard hit states as quickly as possible.

Overview of Administration Housing Programs

Both the HFA Hardest Hit Fund and the HFA Initiative are important parts of the Administration's broad housing policies.

Housing is a key priority for the Obama Administration. Less than a month after taking office - on February 18, 2009, the Administration announced the *Homeowner Affordability and Stability Plan* – a broad set of programs designed to stabilize the U.S. housing market and help keep millions of homeowners in their homes.

As part of this plan, we have provided broad support to Fannie Mae and Freddie Mac to ensure continued confidence in those institutions and continued access to affordable mortgage credit across the market. Together, the Treasury MBS purchase program and the Federal Reserve have purchased over $1 trillion in GSE mortgage backed securities. This has helped keep mortgage rates at historic lows. Historically low mortgage rates along with expanded GSE refinancing flexibilities have helped over four million American homeowners to refinance, saving an estimated $150 per month on average and more than $6.8 billion in total .

The Home Affordable Modification Program^{SM} has provided over 1 million struggling homeowners a second chance to stay in their homes – with each homeowner in a modification saving over $500 per month on average. In addition, the Federal Housing Administration has played an important counter-cyclical role, providing liquidity for housing purchases at a time when private lending declined.

The First Time Homebuyer Tax Credit has helped hundreds of thousands of responsible Americans purchase homes.

The American Recovery and Reinvestment Act of 2009 has supported the Low Income Housing Tax Credit market with over $5 billion in support for affordable rental housing.

The Recovery Act provided $2 billion in additional support for the Neighborhood Stabilization Program (NSP) helping to restore neighborhoods hardest hit by concentrated foreclosures.

And, as I have discussed, we have worked with the Housing Finance Agencies as key partners to implement the $23.5 billion Housing Finance Agencies Initiative and $1.5 billion HFA Hardest Hit Fund.

Stabilizing Impact of Administration Housing Initiatives

These broad housing policies are helping to stabilize housing markets. Mortgage rates remain near historic lows. Housing inventories continue to fall and home prices appear to be stabilizing in many areas of the country. Measured on a year-over-year basis home prices are declining less rapidly, with some house price measures posting increases in recent months. Expectations about future home prices have improved. In the most recent Mortgage Bankers Association delinquency survey, the share of all loans delinquent and the 30-day delinquency rates on one-to-four unit residential mortgages fell in the fourth quarter along with the number of new foreclosures started.

However, even with these signs of progress, we have more work to do to help American homeowners and the US housing market. Families are struggling and communities are hurting. Foreclosure and delinquency rates remain high. Roughly one in four homeowners owe more on their mortgages than the properties are currently worth. Elevated unemployment is making it difficult for many families to make their mortgage payments. These conditions place great pressure on American homeowners and neighborhoods.

The efforts of the Administration and the HFAs are critical at this time in continuing to reach out to struggling American homeowners to support access to affordable mortgage credit, prevent avoidable foreclosures and continue to strengthen the US housing market.

Conclusion

I'd like to close by thanking the HFAs for all of their leadership and work on behalf of hardworking Americans, helping struggling families find the housing resources that they need. We look forward to continuing our partnership through the HFA Initiative, the HFA Hardest Hit Fund and other efforts to help struggling American families.