CITIZENS' REPORT
FY 2008 SUMMARY OF PERFORMANCE AND FINANCIAL RESULTS
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This report and prior year Performance and Accountability Reports are at:
(www.hud.gov/offices/cfo/reports/2008par.cfm)
**INTRODUCTION TO THE CITIZENS’ REPORT**

This Citizens’ Report is a summary of the Department of Housing and Urban Development’s (HUD) FY 2008 Performance and Accountability Report (PAR), and is designed to provide an understanding of the Agency’s performance and financial results for the year.

The Citizens’ Report contains a summary of significant performance and financial information published in the full PAR. The PAR is segregated into four sections: 1) Management’s Discussion and Analysis, 2) Performance Information, 3) Financial Information and 4) Other Accompanying Information. Further detailed information and analyses is available online at: http://www.hud.gov/offices/cfo/reports/2008par.cfm.

**MISSION OF HUD**

**INCREASE HOMEOWNERSHIP,**
**SUPPORT COMMUNITY DEVELOPMENT,**
AND
**INCREASE ACCESS TO AFFORDABLE HOUSING**
**FREE FROM DISCRIMINATION.**

These words, from HUD’s Strategic Plan, go back to the heart of the United States Housing Act of 1937 which declared it a national policy to “assist the several states and their political subdivisions to remedy the unsafe and unsanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of lower income and … to vest in local public housing agencies the maximum amount of responsibility in the administration of their housing programs.”

*The first FHA Insured Home*
January 15, 2009

I am pleased to present the U.S. Department of Housing and Urban Development’s Citizens’ Report. This report provides a summary of our financial and performance results for the last year as we pursued promoting sustainable homeownership, community and urban development, and access to affordable housing free from discrimination. Our work touches the lives of millions of American families, and never has this work been more critical than in the past year.

I was appointed Secretary in June 2008, and from the moment I stepped through the front doors, I’ve been impressed by the dedication and commitment of the HUD staff as they work to modernize, develop, and implement programs to address the challenges confronting America’s housing and financial markets. At the heart of the nation’s financial system are our housing and mortgage markets. Resetting interest rates for adjustable rate subprime mortgages and falling home prices have contributed to the current and unique challenges affecting the stability of our communities. This summary report will briefly discuss, at a high level, the actions HUD has taken to help homeowners, including HUD’s FHASecure program, and other newly legislated programs. HUD’s Federal Housing Administration has been particularly successful, helping over 500,000 families stay in their homes.

In the 43 year history of the U.S. Department of Housing and Urban Development (HUD), never has the agency’s mission been more important. We remain very focused on continuing to efficiently and effectively serve our customers, including:

- The chronically homeless;
- Those who cannot afford market prices for rent;
- Those looking to buy or refinance a home;
- Those looking to keep their homes;
- People confronting disasters; and
- People working to rebuild or revitalize our cities.

The Department’s success in these areas is truly noteworthy. Year after year, the Department reports on its delivery of rental assistance to households. In FY 2008, HUD assisted 4.7 million households. Additionally, the homeownership market recognized the stability of FHA, as reflected by a 125 percent increase in business with over 1.2 million single family mortgages insured during the year.

The full PAR addresses the Federal Managers’ Financial Integrity Act (FMFIA) reporting requirements. FMFIA requires that federal programs be operated efficiently, effectively, and in compliance with relevant laws. The financial and performance data presented in this summary
report and in the full PAR are complete and reliable. Throughout the year, our senior managers analyze financial and program performance data to assess the efficiency and effectiveness of each organization. Management relies on these data to identify control deficiencies and material inadequacies in our financial and program performance to help determine corrective tasks needed to resolve them.

This report provides an overview of the activities the Department has taken, and is taking, to address the housing crisis during this very critical time for our nation. It briefly describes the many successes of our existing core programs that ensure Americans have roofs over their heads. HUD’s successes can be overwhelmingly attributed to the Department’s most valuable asset—our employees. I am confident that the new initiatives HUD has implemented, along with our existing programs, will continue to receive the full support of the employees of the Department and will result in HUD remaining a critical factor in the recovery of the housing market.

Steven C. Preston
Secretary
In order to accomplish its mission, HUD has devised a Strategic Plan (available online at [http://www.hud.gov/offices/cfo/stratplan.cfm](http://www.hud.gov/offices/cfo/stratplan.cfm)) consisting of six Strategic Goals (Goals A-F), as shown in the chart below. HUD’s strategic planning process provides a framework for effective planning, budgeting, program evaluation, and accountability for results. Goals A, B, and C are Program Goals, which emphasize HUD’s Mission. Goals D, E, and F are Cross-Cutting Goals, which support the Program Goals.

**HUD’S STRATEGIC FRAMEWORK**

**CROSS-CUTTING STRATEGIC GOALS**

**GOAL D: Ensure Equal Opportunity In Housing**
- D1: Ensure access to a fair and effective administrative process to investigate and resolve complaints of discrimination.
- D2: Improve public awareness of rights and responsibilities under fair housing laws.
- D3: Improve housing accessibility for persons with disabilities.
- D4: Ensure that HUD-funded entities comply with fair housing and other civil rights laws.

**GOAL E: Embrace High Standards of Ethics, Management and Accountability**
- E1: Strategically manage HUD’s human capital to increase employee satisfaction and improve HUD performance.
- E2: Improve HUD’s management and internal controls to ensure program compliance and resolve audit issues.
- E3: Improve accountability, service delivery, and customer service of HUD and its partners.
- E4: Capitalize on modernized technology to improve the delivery of HUD’s core business functions.

**GOAL F: Promote Participation of Faith Based and Community Organizations**
- F1: Reduce barriers to faith-based and community organizations’ participation in HUD-sponsored programs.
- F2: Conduct outreach and provide technical assistance to strengthen the capacity of faith-based and community organizations to attract partners.
- F3: Encourage partnerships between faith-based community organizations and HUD grantees and sub-grantees.

**PROGRAM STRATEGIC GOALS**

**GOAL A: INCREASE HOMEOWNERSHIP OPPORTUNITIES**
- A1: Expand national homeownership opportunities.
- A2: Increase minority homeownership.
- A3: Make the homebuying process less complicated and less expensive.
- A4: Reduce predatory lending through reform, education, and enforcement.
- A5: Help HUD-assisted renters become homeowners.
- A6: Keep existing homeowners from losing their homes.

**GOAL B: PROMOTE DECENT AFFORDABLE HOUSING**
- B1: Expand access to and availability of decent affordable rental housing.
- B2: Improve the management, accountability, and physical quality of public and assisted housing.
- B3: Improve housing opportunities for the elderly and persons with disabilities.
- B4: Promote housing self-sufficiency.
- B5: Facilitate more effective delivery of affordable housing by reforming public housing and the Housing Choice Voucher program.

**GOAL C: STRENGTHEN COMMUNITIES**
- C1: Assist disaster recovery in the Gulf Coast region.
- C2: Enhance sustainability of communities by expanding economic opportunities.
- C3: Foster a suitable living environment in communities by improving physical conditions and quality of life.
- C4: End chronic homelessness and move homeless families and individuals to permanent housing.
- C5: Address housing conditions that threaten health.
Mission: The mission of the Department of Housing and Urban Development is to increase homeownership, support community development, and increase access to affordable housing free from discrimination. (http://www.hud.gov/offices/cfo/stratplan.cfm)

Organization: The Department’s headquarters is in Washington, D.C., with 80 field offices across the Nation. The organizational model for the Department includes the use of third party intermediaries or business partners in the delivery of most of HUD’s community development, rental housing assistance, and housing mortgage insurance programs. These partnerships include state and local governments, non-profit sponsors, public housing agencies, private landlords, and mortgage lending institutions. (http://www.hud.gov/utilities/intercept.cfm?/offices/adm/about/admguide/orgcharts/hud.pdf)

Personnel: The Department has 9,433 full time equivalent employees, including headquarters employees, with the majority of employees located in field offices. (http://www.hud.gov/jobs/index.cfm)

Budgetary Resources: Discretionary resources of $52.3 billion equates to $171 for every American.

Performance Snapshot

Accomplishments: In FY 2008, the Department assisted in strengthening homeownership including 1.2 million Federal Housing Administration endorsements, providing housing counseling for over 1 million clients, and exceeding the pace for adding 5.5 million minority homeowners between 2002 and 2010. The Department assisted communities across the nation through the $4 billion formula Community Development Block Grant program and HOME, homeless, and Housing for Opportunities for Persons With AIDS programs. HUD programs also assisted 4.7 million targeted low-income clients with affordable housing. The Department continued to enforce and educate the nation on Fair Housing rights and responsibilities.

HUD's audited financial statements were submitted ahead of schedule, and for the ninth year in a row, HUD attained an unqualified (i.e., “clean”) audit opinion, with no material weaknesses identified by the auditors.

Challenges: The Department continues to support the national mortgage market through FHA’s insurance programs that provide a safe, affordable financing option that is particularly needed by first-time homeowners and those threatened by foreclosure. The Department continues to support community and economic development seeking to target limited resources to the areas of greatest need and provides substantial resources in response to natural disasters and other emergencies. Work continues to further reduce housing discrimination, end lead poisoning in children, and preserve 4.7 million affordable rental housing units.

Financial Snapshot

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<thead>
<tr>
<th>Clean Financial Audit Opinion: Yes</th>
<th>Material Weaknesses: None</th>
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<tbody>
<tr>
<td>Improper Payment Rate</td>
<td>Total Assets</td>
</tr>
<tr>
<td>3.5%</td>
<td>$125,036</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>Net Cost of Operations</td>
</tr>
<tr>
<td>$30,521</td>
<td>$57,154</td>
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</table>
**Summary of Department of Housing and Urban Development Budget Resources by Strategic Goal for Fiscal Year 2008**

**Strategic Goals**

Gross Budget Authority FY 2008 ($53.94 billion) *

(Dollars in billions)

- $26.17
- $18.88
- $5.75
- $3.01
- $0.13
- $0.002

Goal A: Increase Homeownership Opportunities
Goal B: Promote Decent Affordable Housing
Goal C: Strengthen Communities
Goal D: Ensure Equal Opportunity in Housing
Goal E: Embrace High Standards of Ethics, Management & Accountability
Goal F: Promote Participation of Faith-Based & Community Organizations

*Gross budget authority does not include enacted $1.25 billion overall rescission directed to be from any available HUD resources and does not include the $723 million enacted rescission directed from the Section 8 Tenant Based Rental program, or $37.6 million directed from the Section 236 RAP program.

**HUD’s Performance Overview**

The ensuing graphs illustrate HUD’s performance by percent of performance goals met/missed (1) from a historical perspective, (2) by strategic goal, and (3) by a summary of performance goals met by program office.

**Summary of Performance Indicators Met**

*By Fiscal Year*

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>65%</th>
<th>70%</th>
<th>75%</th>
<th>80%</th>
<th>85%</th>
<th>90%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2004</td>
<td>75.9%</td>
<td>87.0%</td>
<td>89.7%</td>
<td></td>
<td></td>
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<tr>
<td>FY 2005</td>
<td>84.9%</td>
<td>85.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2006</td>
<td>89.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2007</td>
<td>84.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2008</td>
<td>85.6%</td>
<td></td>
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</tbody>
</table>
Fiscal Year 2008 performance reflects a slight increase over FY 2007 results, though it is still below the levels established in FY 2005 and FY 2006. The Department’s ability to achieve a higher success rate was hindered by the downturn in the economy as it has affected the housing industry, as well as from a relative reduction in funding available for HUD program monitoring, assistance, enforcement, and for needed IT systems improvement. For a broader explanation of HUD’s means, strategies, and plans for accomplishing its Strategic Goals, refer to Section 2, the Performance Section, of the full FY 2008 Performance and Accountability Report (PAR).

In order to most efficiently and effectively fulfill the Mission of HUD, the Department has established the following major program offices:

- Office of Housing (including the Federal Housing Administration),
- Government National Mortgage Association (Ginnie Mae),
- Public and Indian Housing (PIH),
- Community Planning and Development (CPD), and
- Office of Fair Housing and Equal Opportunity (FHEO).

Each office has a primary focus on one or more of the Strategic Goals of HUD’s Mission, and their programs are generally focused on a particular housing program delivery constituency, such as state and local governments (CPD), public housing agencies (PIH), private sector lenders and owners (Housing/FHA), or the secondary mortgage market (Ginnie Mae). Additionally, HUD has a number of other administrative, financial, and support offices that directly support the strategic goals and/or provide valuable support to the five major program offices.
The following pages provide a brief summary of the Department’s major organizations and their respective programs, how they work and who they serve, and their accomplishments and challenges during FY 2008. Additionally, other program and support organizations are identified that address a specific housing area and/or perform a specific function. Each office’s specific performance measures are discussed in depth in the Performance Section (Section 2) of the full PAR, which details the FY 2008 results, explaining HUD’s successes and challenges, and how HUD addressed the challenges.

### HOUSING

**Primary Focus:** Increase Homeownership Opportunities and Affordable Rental Housing

**Major Programs:** FHA Single Family and Multifamily Housing Mortgage Insurance, Section 8 Project-Based Rental Assistance, Section 202 Housing for the Elderly, Section 811 Housing for the Disabled, Housing Counseling

**FY 2008 Budget Authority:**
- Gross Appropriated Budget Authority: $7.6 Billion
- Insurance and Loan Guarantees: $181+ Billion
- FHA Collections: $15.7 Billion
- Authorized Staffing: 3,108 Full Time Equivalent

**Performance Indicators:**
- Number of Measures: 26
- Number Met: 19
- Number Missed: 7

### MISSION

To contribute to building and preserving healthy neighborhoods and communities, maintain and expand homeownership, rental housing and healthcare opportunities, and stabilize credit markets in times of economic disruption.
MAJOR PROGRAMS  (http://www.hud.gov/offices/hsg)

- **FHA** provides mortgage insurance on loans for the purchase of new or existing homes, condominiums, manufactured housing, and houses needing rehabilitation; facilitates the construction, substantial rehabilitation, refinancing, and purchase of multifamily housing projects and healthcare facilities; and provides elderly homeowners with reverse equity mortgages. FHA has insured over 35 million single family home mortgages and 47,205 multifamily project mortgages, representing approximately 5.8 million insured units since its inception in 1934.

- **Housing Counseling** provides counseling and advice with respect to property maintenance, financial management and other matters, as appropriate, to assist persons in improving their housing conditions, and to meet their responsibilities of homeownership.

- **Project Based Rental Assistance (Section 8)** is attached to multifamily housing properties and ensures that the properties remain affordable to low-income families.

- **Housing for the Elderly (Section 202)** provides interest-free capital advances to private, non-profit sponsors to finance the development of supportive housing for the elderly. Rent subsidies are also provided in order to make the facilities affordable.

- **Housing for the Disabled (Section 811)** provides affordable housing for very low-income households in which at least one member, 18 years or older, has a physical or developmental disability or chronic mental illness.

**FY 2008 PERFORMANCE RESULTS**

**FHA**  (http://www.hud.gov/offices/hsg/fhafy08annualmanagementreport.pdf)

FHA has been, and continues to be, a stabilizing presence for credit markets in times of economic disruption, as it did when private insurers tightened standards and some closed their businesses during the deep regional recessions of the 1980s. In the current credit crisis, FHA is providing a financially conservative and stabilizing presence.

**Housing and Economic Recovery Act of 2008**  (http://www.hud.gov/offices/hsg)

On July 30, 2008, the President signed the Housing and Economic Recovery Act of 2008 (HERA). HERA established many provisions to address the housing and economic crisis. One provision created the HOPE for Homeowners (H4H) Program, which was established to allow FHA to insure up to $300 billion in mortgages to assist homeowners to refinance with FHA to avoid foreclosure. The H4H program is now operational, available to all FHA-approved mortgage lenders, and should serve the borrowers most in need of the refinancing option it provides. The program has features useful for those with no other choice than foreclosure.

FHA’s role in improving homeownership opportunities is tracked by the volume of FHA insured loans. During FY 2008, FHA endorsed new mortgage insurance for over 1.2 million single family mortgages, including 111,661 Home Equity Conversion Mortgages (HECM), representing $177 billion of new mortgage endorsements and potential liability. Of the new endorsements in FY 2008, 77.9 percent were to first time homebuyers, with 31.2 percent being made to minorities.
The financial stability of the Mutual Mortgage Insurance fund is a major concern of HUD and the Congress. To ensure the stability of this fund, Congress has mandated a minimum level for the capital ratio, currently set at 2.0 percent. The capital ratio is defined as the ratio of estimated economic value of the Fund to outstanding insurance-in-force. The capital ratio has consistently exceeded this minimum requirement, and was 6.4 percent in FY 2007. In FY 2008, HUD again surpassed the minimum level, though this ratio decreased significantly to 3.0 percent. The estimated economic value of the fund decreased significantly with the forecast of expected house price declines due to the declining housing market. Conversely, the total MMI insurance-in-force increased significantly due to the volume of new endorsements.

**Housing Counseling**

In FY 2008 over 2,000,000 homeowners (about 70 percent of those who have sought counseling) avoided foreclosure through HOPE NOW. HOPE NOW is a private, independent coalition for counseling troubled homeowners regarding refinancing or restructuring their loans to avoid foreclosure. This expanded HUD’s Housing Counseling outreach activities significantly as the coalition began to assist affected homeowners. In the chart below, based on national data from HOPE NOW, the Repayment Plans and the Modifications together represent homeowners who have avoided foreclosure through workout plans made with HOPE NOW assistance.

Many foreclosures are being prevented without a major restructuring of debt, and many lenders are willing to take actions to keep homeowners solvent. HOPE NOW counselors are all HUD intermediaries and are approved by HUD to provide Housing Counseling.

**Multifamily Insurance**

This year, the FHA endorsed mortgage insurance for 647 new multifamily housing loans (70,914 units) and 8 new healthcare facilities, representing a FY 2008 total of $4.17 billion of new insurance coverage, bringing the totals to 11,931 multifamily housing loans and 81 healthcare facilities. Although the number of multifamily endorsements fell short of the FY 2008 goal to insure 750 multifamily projects, the results still represent a significant achievement in light of the major economic downturn impacting our country.
Project Based Rental Assistance (Section 8)

Section 8 was named for the section of the U.S. Housing Act of 1937 under which the original subsidy program was authorized, and differs from the Housing Choice Voucher program (described in the PIH section of this report) in that the assistance is not provided to individual families, but is instead attached to multifamily housing properties to ensure that these properties remain affordable to low income families. In FY 2008, approximately 1.3 million units were provided Section 8 assistance.

Housing For The Elderly (Section 202) and Housing For The Disabled (Section 811)

The goals for Section 202 and Section 811 were combined in FY 2008. The target was to reach initial closing on 200 projects. The actual number closed was 224 projects, which resulted in an additional 4,560 Section 202 units and 1,137 Section 811 units, bringing the total to 142,046 units assisted in the Sections 202 and 811 programs.

For the Section 8, 202, and 811 Programs, ensuring the quality and viability of subsidized housing is a major commitment of the Department, and HUD has established a goal to monitor the physical and financial condition of insured and assisted multifamily housing projects. As of the end of FY 2008, 93 percent of 31,497 assisted properties met physical condition standards. This result fell short of the FY 2008 target by 2.0 percentage points.

Ginnie Mae

Primary Focus: Increase Homeownership Opportunities

Major Programs: Mortgage-Backed Securities Guarantees

FY 2008 Budget Authority:
Gross Budget Authority: $8.25 Million for Salaries and Expenses
Commitment Authority: $258.3 Billion
Mortgage-Backed Securities Income and Interest Income: $1.0 Billion
Ginnie Mae Securities Outstanding: $576.8 Billion
Authorized Staffing: 69 Full Time Equivalent

Performance Indicators:
Number of Measures: 4 Number Met: 3 Number Missed: 1

MISSION

To expand affordable housing in America by linking global capital markets to the nation’s housing markets.

MAJOR PROGRAMS (http://www.ginniemae.gov/)

Under the umbrella of HUD’s efforts to promote affordable homeownership, the Government National Mortgage Association, commonly known as Ginnie Mae, has been effectively working in the secondary housing market to channel funds to lenders, enhancing the availability of funds for new mortgages and reducing the mortgage interest rates consumers pay.
In the current uncertain environment of the housing and financial crisis due to mortgage foreclosures, Ginnie Mae is strong and stable. Ginnie Mae securitizes loans that are insured by FHA, VA, USDA, and PIH (HUD). Thus, it is able to offer investors a Mortgage Backed Security (MBS) that is backed by the full faith and credit of the United States government. Not only are the underwriting standards for these loans very high, but the backing gives Ginnie Mae an edge in times of market insecurity.

**FY 2008 PERFORMANCE RESULTS**

Ginnie Mae exceeded its major goal for FY 2008 of securitizing at least 93.5 percent of eligible single family, fixed-rate FHA loans, by securitizing 96.9 percent. The organization also exceeded its goals for securitizing at least 95 percent of FHA multifamily mortgages and 84 percent of Veterans Affairs single family, fixed-rate loans.

Ginnie Mae experienced a rise in the level of MBS issuance from $85.0 billion in FY 2007 to $220.6 billion in FY 2008, increasing its market share from 4 percent to 19 percent, at least partially due to the current financial crisis in the nation.

**PUBLIC AND INDIAN HOUSING**

<table>
<thead>
<tr>
<th>Primary Focus:</th>
<th>Promote Decent Affordable Rental Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Programs:</td>
<td>Section 8 Tenant-Based Rental Assistance, Public Housing Operating and Capital Funds, and Indian and Native Hawaiian Housing Block Grants and Loan Guarantee Funds</td>
</tr>
<tr>
<td><strong>FY 2008 Budget Authority:</strong></td>
<td>Gross Budget Authority: $23.3 Billion</td>
</tr>
<tr>
<td>Authorized Staffing:</td>
<td>1,513 Full Time Equivalent</td>
</tr>
<tr>
<td><strong>Performance Indicators:</strong></td>
<td>Number of Measures: 11 Number Met: 11 Number Missed: 0</td>
</tr>
</tbody>
</table>

**MISSION**

To ensure safe, decent, and affordable housing for low-income households.

**MAJOR PROGRAMS** ([http://www.hud.gov/offices/pih/](http://www.hud.gov/offices/pih/))

- *Section 8 Housing Choice Vouchers* provide a cost-effective means for delivering decent, safe, and affordable housing to low-income families. These vouchers assist eligible families to obtain housing in the private market, and in a neighborhood of their choosing.

- *Public Housing Operating Funds* assist PHAs in meeting public housing project and management expenses, such as administration, routine maintenance, anti-crime and anti-drug activities, resident participation in management, insurance costs, energy costs, and other costs.
FY 2008 Citizens’ Report

- **Public Housing Capital Funds** provide grants to finance capital improvements, including the development, financing, and modernization of public housing developments and for management improvements. Additionally, a PHA may borrow funds from the private markets, pledge a portion of its future year annual capital funds, subject to the availability of appropriations, and then repay the financing as they receive their capital funds.

- **HOPE VI, Section 184 Loan Guarantee Program, Section 184A Loan Guarantee program for Native Hawaiians, and the homeownership option under the Housing Choice Voucher, Family Self-Sufficiency, and Moving to Work programs** each focus on a particular housing program delivery constituency.

**FY 2008 PERFORMANCE AND FINANCIAL RESULTS**

*Section 8 Housing Choice Vouchers*

HUD provided assistance to approximately 2.1 million households through vouchers administered by more than 2,400 PHAs. HUD has noted an increase in the PHAs utilization rate of vouchers provided by the Department from 90.0 percent in FY 2006, to 91.7 percent in FY 2007, and to 93.3 percent in FY 2008. Although this is an improvement, HUD still expects much greater utilization of these funds. To achieve improved utilization in the future, HUD plans to continue outreach to PHAs and to link future administrative fee payments to PHA leasing levels.

*Public Housing Operating Funds*

Operating Funds are provided to over 3,100 PHAs, supporting approximately 1.1 million units of assisted housing, to assist them in meeting public housing project and management expenses. The “Public Housing Cost Study” recommended a transition to asset management to increase the focus and accountability of PHAs for each of their individual public housing properties as a valuable low-rent real estate asset. FY 2008 was the second year of the new Operating Fund formula, which requires conversion to asset management. Asset management includes adoption of project-based budgeting, accounting, and asset management to align PHA accounting and management practices to those used by private industry for PHAs with 400 or more units. At the end of FY 2008, 99 percent of PHAs in this category had implemented asset-based accounting and had completed the conversion to asset management, exceeding the goal by 60 percent.

The physical condition of PHAs, like multifamily housing projects, is very important to HUD and thus is monitored very closely. As of September 30, 2008, the percentage of public housing units meeting HUD’s physical condition standards was 84.5 percent, substantially meeting the goal of 85.0 percent. Once the Department has completed the transition to asset management, the physical condition goal will be tracked on a property level versus on a PHA level.

*Public Housing Capital Funds*

During FY 2008, over 3,100 PHAs were recipients of public housing capital funds, with an average grant amount up to $750,000, to finance capital improvements including the development, financing, and modernization of public housing developments and for management improvements. Also, HUD’s Office of Capital Improvements approved approximately $504 million of leveraged funds through the Capital Fund Financing Plan. This approval
provided 15 PHAs with funding to modernize and develop public housing, thus protecting and enhancing the affordable housing stock.

COMMUNITY PLANNING AND DEVELOPMENT

**Primary Focus:** Strengthen communities and expand economic and community development opportunities for low- and moderate-income households

**Major Programs:** Community Development Block Grants, Special Needs Assistance, and Affordable Housing

**FY 2008 Budget Authority:**
Gross Budget Authority: $21.3 Billion
CPD Core Programs: $7.6 Billion
CPD Disaster Relief: $13.7 Billion
Authorized Staffing: 777 Full Time Equivalent

**Performance Indicators:**
Number of Measures: 19  Number Met: 15  Number Missed: 4

MISSION

To develop viable communities by promoting integrated approaches that expand economic opportunities for low- and moderate-income persons, and provide decent housing with a suitable living environment.


- **Community Development Block Grant (CDBG) program** provides grants to units of general and local government and states for the funding of local community development programs. CDBG also provides disaster recovery assistance to states impacted by hurricanes and other disasters such as hurricanes Katrina, Rita and Wilma of 2005 and Gustav and Ike of 2008, the 2008 Midwestern states’ floods, as well as emergency assistance to state and local governments to use for the redevelopment of abandoned and foreclosed homes and residential properties. Ninety six percent of the 2005 appropriated funds for hurricanes Katrina, Rita and Wilma were allocated to the states of Louisiana and Mississippi, with Louisiana receiving $13.4 billion and Mississippi $5.5 billion. Of the total awarded to Louisiana, 75 percent of the monies are designated for the Road Home program. Fifty percent of the funds awarded to Mississippi is for the Homeowner Program, which is designed to provide financial assistance to homeowners that were outside the flood plains. In addition to the Gulf Coast hurricane disasters of 2005, Congress appropriated $300 million in emergency disaster assistance in 2008 for the
Midwestern states which were affected by the floods in late spring. Congress also appropriated $6.5 billion as enacted for disaster relief, long-term revitalization in federally declared disaster areas affected by hurricanes (including Ike and Gustav), floods, and other natural disasters occurring during 2008.

The Housing and Economic Recovery Act of 2008 provided $3.92 billion for the Neighborhood Stabilization Program (NSP) in emergency assistance to state and local governments to use for the redevelopment of abandoned and foreclosed homes and residential properties. Further details are available on HUD’s website at (http://www.hud.gov/nsf).

- **Special Needs Assistance Programs** focus on assisting in the reduction of homelessness in the Nation by funding programs to help persons who are homeless by offering permanent supportive housing. Special needs efforts also involve housing opportunities for low-income persons living with HIV/AIDS (also known as HOPWA). (http://www.hud.gov/offices/cpd/aidshousing/programs/index.cfm)

- **Affordable Housing Programs** such as the HOME Investment Partnerships (http://www.hud.gov/offices/cpd/affordablehousing/programs/home/), Self-Help Homeownership Opportunity (http://www.hud.gov/offices/cpd/affordablehousing/programs/shop/), and Homeownership Zones (http://www.hud.gov/offices/cpd/affordablehousing/programs/hoz/) programs provide federal resources directly to the state and local level for use in the development of affordable housing units, or to assist income-eligible households in purchasing, rehabilitating, or renting safe and decent housing.

- **Other CDBG Programs** provide financial and technical assistance to local communities to develop and implement their own economic development and community revitalization strategies.

**FY 2008 PERFORMANCE RESULTS**

*Community Development Block Grants (CDBG)* (http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm)

During FY 2008, CDBG grantees (Entitlement and State Programs) expended approximately $4.3 billion in grant funds for programs and activities such as housing ($1.1 billion), economic development ($343 million), public improvements ($1.4 billion), public services ($466 million), and others ($1 billion). The percentage of CDBG entitlement and state CDBG funds that are used to directly benefit low- and moderate-income persons is a key indicator for the Department, as it supports the overall goal of the CDBG program, i.e., that funds principally benefit low- and moderate-income persons. In FY 2008, the share of CDBG entitlement and state CDBG funds that benefited low- and moderate-income persons averaged 95.6 percent, exceeding the goal of 90 percent.

In FY 2008, Louisiana provided $7.1 billion to 118,335 *Road Home* applicants while Mississippi provided $1.7 billion to 23,651 *Homeowner Program* applicants. The *Road Home* program is designed to provide compensation to citizen homeowners affected by Hurricanes Katrina or Rita for damages of their homes, and is administered by the State of Louisiana. The *Homeowner*
Program is designed to provide assistance to homeowners of Mississippi that were outside of the flood plains.

Special Needs Assistance Programs (http://www.hud.gov/offices/cpd/homeless/index.cfm)

In FY 2008, HUD exceeded its targeted assistance goals to reduce the effects of chronic homelessness. The Department achieved 75.1 percent of formerly homeless persons remaining in permanent housing for at least six months, achieving a 5 percent increase above the target of 71.5 percent. Similar progress was evidenced in transitional housing, wherein 71.1 percent of homeless persons moved from transitional housing into permanent housing. This is an increase of 7.6 percentage points, or 12 percent increase above the 63.5 percent target for FY 2008. Employment of homeless persons exiting permanent housing increased by 2.9 percentage points, or 15 percent, from its targeted goal of 19 percent, thereby yielding 21.9 percent for FY 2008.

Approximately 21,405 households received support through HOPWA’s permanent housing projects, 40,805 households received benefits to reduce risks of homelessness under the short-term and transitional housing projects, and 35,253 eligible persons benefited under housing assistance leveraged from other state, local or private sources operating under the community’s HIV housing efforts.

Affordable Housing Programs (http://www.hud.gov/offices/cpd/affordablehousing/index.cfm)

During FY 2008, 642 Participating Jurisdictions used HOME funds to complete 30,999 new homebuyer units and/or directly assist homebuyer households. Additionally, 384 American Dream Down Payment Initiative (ADDI) recipients received funds to complete 4,209 new homebuyer units and/or directly assist first-time homebuyer households.

**FAIR HOUSING AND EQUAL OPPORTUNITY**

<table>
<thead>
<tr>
<th>Primary Focus:</th>
<th>Create Equal Housing Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Programs:</td>
<td>Fair Housing Assistance Program, Fair Housing Initiatives Program and Enforcement</td>
</tr>
</tbody>
</table>
| FY 2008 Budget Authority: | Gross Budget Authority: $50 Million  
Authorized Staffing: 583 Full Time Equivalent |
| Performance Indicators: | Number of Measures: 7  
Number Met: 6  
Number Missed: 1 |

**MISSION**

To create equal housing opportunities by enforcing laws including the Federal Fair Housing Act that prohibit discrimination in housing on the basis of race, color, religion, sex, national origin, disability, familial status, and age.
MAJOR PROGRAMS (http://www.hud.gov/offices/fheo/)

- **Fair Housing Assistance Program** reduces discrimination and unfair practices by increasing public awareness of fair housing laws, housing discrimination, lending discrimination and predatory lending, as well as educating the public about what they can do and where to go for assistance.

- **Fair Housing Initiatives Program** provides a fair, effective, expeditious, and efficient fair housing complaint process essential to maintaining the public’s confidence that victims of housing discrimination will receive relief from discriminatory housing practices and that violators will be disciplined.

**FY 2008 PERFORMANCE RESULTS**

**Fair Housing Assistance Program**
In FY 2008, the Department completed 60 percent of new complaints filed within 100 days, exceeding its goal by 5 percent. HUD also exceeded its goals related to “aged” cases during the year. The Department did not achieve its goal related to Fair Housing Assistance Program agencies closing 53 percent of fair housing complaints referred by HUD within 100 days, closing only 50 percent.

**Fair Housing Initiatives Program**
HUD has continued to surpass its education and awareness goals, conducting 1,783 education and outreach events during FY 2008, 1,483 more than the target. These events reached nearly 300,000 people, 120,000 more than their target.

HUD investigates complaints of housing discrimination, including discriminatory lending complaints, at no cost to individuals who believe they have experienced discrimination. To learn more go to (http://www.hud.gov/offices/fheo/complaint-process.cfm).

**OTHER ORGANIZATIONS IN HUD**

**Healthy Homes and Lead Hazard Control** (http://www.hud.gov/offices/lead/)
The elimination of lead poisoning in children as a major public health problem by 2010 is one of the President’s and Secretary’s priorities. In the 1990 to 1994 time period, the number of children with elevated blood lead levels was 890,000. As of the end of FY 2008, that number was 215,000. This effort is the responsibility of the Office of Healthy Homes and Lead Hazard Control. With an FY 2008 appropriation of $145 million, this Office directs programs that address the health and safety needs of homes, including the Lead Hazard Control Program and the Healthy Homes Initiative, and enforcing lead safety regulations.

**Faith Based and Community Initiatives** (http://www.hud.gov/offices/fbci/)
The Center for Faith-Based and Community Initiatives’ goal is to implement the President’s vision of a compassionate community, where faith-based and community organizations work with government to help the needy in a more effective manner. One of the key principles is that all groups, whether religious or secular, should compete on a level playing field.
when applying for federal funds. As a result, an important part of the Center’s work is empowering faith-based and community organizations to apply for HUD grants. One of the Center’s activities is to assist organizations to obtain federal grants through grant writing training sessions. In FY 2008, 68 training sessions were held, 38 more than the goal.

Other Support Offices

In addition to the program offices described above, HUD has the following support organizations. More extensive and detailed information for these offices can be found at their respective links, as well as in the full PAR.

The Office of Administration (http://www.hud.gov/offices/adm/)
The Office of the Chief Financial Officer (http://www.hud.gov/offices/cfo/)
The Office of the Chief Information Officer (http://www.hud.gov/offices/cio/)
The Office of the Chief Procurement Officer (http://www.hud.gov/offices/cpo/)
The Office of Field Policy and Management (http://www.hud.gov/offices/fpm/)
The Office of Congressional and Intergovernmental Relations (http://www.hud.gov/offices/cir/)
The Office of Departmental Operations and Coordination (http://www.hud.gov/directory/dirodoc.cfm)
The Office of General Counsel (http://www.hud.gov/offices/ogc/)
The Office of Inspector General (http://www.hud.gov/offices/oig/)
The Office of Policy Development and Research (http://www.huduser.org/)

Management Challenges and Performance

Conditions which can either hinder or threaten to hinder HUD’s mission include the economy, demographic and social trends, the physical environment, and internal organization and management limitations. (A thorough discussion of this topic can be found in the full PAR in the sections titled “Risks, Trends, and Factors Affecting Goals,” “Inspector General’s Summary of Management and Performance Challenges,” and “Management and Performance Challenges – HUD Management Perspectives.”)

HUD’s Inspector General reported six management challenges the Department faced in FY 2008. As discussed in the following sections, four of these challenges are being addressed as initiatives of the President’s Management Agenda (PMA), and the other two challenges – the “nations’ financial crisis” and “victims of natural disasters” – are being addressed through HUD-specific initiatives.

Human Capital Management

HUD’s management recognizes the challenges in the management of human capital and in implementing the three main initiatives of its Strategic Human Capital Management Plan: be “mission-focused,” maintain a “high quality workforce,” and conduct “effective succession planning.” Both the Office of Personnel Management and the Office of Management and
Budget have recognized HUD’s progress in this area by scoring HUD as “Green” on the PMA’s Human Capital initiative for the 3rd quarter of FY 2008.

One of the greatest challenges HUD and other federal agencies face is the fact that more than 58 percent of HUD’s aging workforce will be eligible to retire within three years. Workforce planning is hindered by a lack of funding for maintaining requested full-time equivalent staffing levels and adequately training and developing HUD staff. The requirement to fund salary increases without corresponding increases in annual appropriations worsens the funding gap.

Along with succession planning, employee surveys, and a centralized training strategy, which are helpful in upgrading staff capabilities, HUD is refining and strengthening the use of risk-based program monitoring techniques in order to better assure adequate program oversight and accountability with available resources.

**Financial Management Systems**

HUD’s OIG has raised specific management challenge issues in this area, including: the implementation of the HUD Integrated Financial Management Information Project (HIFMIP), the need for improved financial system security and other controls, and adequate funding for system development to upgrade or replace antiquated systems applications.

HUD recognizes the need to modernize its core financial system, and the challenge of having and maintaining strong internal controls over financial systems and financial reporting. HUD has already implemented new financial systems at FHA and Ginnie Mae, addressing previously identified weaknesses. The contract for a Shared Service Provider/Systems Integrator to modernize the financial system for the rest of HUD was scheduled for award during the first quarter of FY 2009 as the next step under the HIFMIP. In the interim, HUD’s ability to produce timely, accurate financial statements and essential financial data has not been deterred by the lack of a modern core financial system.

OMB has recognized HUD’s progress on the Improving Financial Performance initiative of the PMA by scoring HUD’s status as “Green.” Specifically, OMB recognized HUD’s use of financial information by managers for decision making. HUD’s Financial Data Mart has over 400 users, primarily those who are responsible for financial decision-making, with over 530 web-based or broadcast reports, mostly financial in nature.

HUD has resolved the two OIG identified material weaknesses identified in the FY 2007 financial audit related to the Home Equity Conversion Mortgage (HECM) program.

In response to the IG’s concerns about system security controls, in FY 2008, HUD obtained sufficient audit record storage capacity, established an audit reduction and report generation capability, ensured that security audit log events are monitored, analyzed, reported and followed-up, and restricted access to log files to those whose job function requires that access.

**FHA Single-Family Management**

HUD’s challenge in this area is to demonstrate that it is managing against the potential losses that threaten the rapidly growing portfolio of more than $450 billion in single-family mortgages while enabling millions of first-time borrowers, minority, low-income, elderly, and other underserved households to realize the benefits of homeownership. With the collapse of the credit industry, partially due to the national subprime mortgage crisis that came to a head in FY 2008, the value of FHA’s reserves are being diminished by increasing default rates, while the
increased use of FHA to insure new and refinanced loans is increasing the exposure of those reserves to future risk. While HUD’s capital reserve ratio of 3.0 percent is still above the congressionally required limit of 2.0 percent, HUD must maintain a watchful eye on future risk relative to the increasing portfolio of single-family mortgages.

FHA is striving to conduct the actions noted by the IG including performing a formal, systematic annual risk assessment of its programs and administrative functions, planning and conducting ongoing management control reviews, establishing an overall strategy regarding its risk-based monitoring of program activities and participants, and identifying corrective actions required to improve its management controls in a timely manner.

Public and Assisted Housing Administration
While much progress has been made in strengthening controls over this program area, HUD remains challenged in providing sufficient monitoring of public housing agencies and assisted multifamily housing projects to assure they are fully and properly utilizing program funds to provide quality housing to eligible households at the correct subsidy levels.

As of June 30, 2008, indicators of public housing agency use of Section 8 voucher program funds and voucher utilization rates showed that the 2,335 public housing agencies have accumulated $1.9 billion in excess funds since 2005, of which $1.4 billion is classified as unusable under current program rules. While HUD has noted an increase in the utilization rate from 90.0 percent in FY 2006, to 91.7 percent in FY 2007, and to 93.3 percent in FY 2008, efforts are needed to remove statutory barriers and improve program management to increase utilization. HUD plans to continue to work with the Congress on legislative changes and to increase outreach to PHAs with linkage of future PHA administrative fee payments to leasing levels.

HUD has taken a number of actions to enhance its monitoring efforts during FY 2008, and also set and communicated clear measurable goals and corrective actions for further reducing improper rental housing assistance payment, and for improving public and assisted housing conditions. HUD also is implementing regulatory changes to the public housing operating subsidy program to move public housing agencies towards more effective asset management practices and greater energy efficiency. PHAs will be able to reduce operating costs, retain savings, and take advantage of financial incentives and strategies for reducing utility consumption. HUD is also addressing this challenge by conducting on-site reviews at PHAs and multifamily projects, developing an Operating Subsidy Review Guide, training staff, developing automated tools to be used by field office staff, completing a review of all operating subsidy calculations, and providing increased access to, and use of, the Enterprise Income Verification (EIV) System to validate tenant income.

Of the actions listed above, EIV is one of the most notable and successful. EIV has allowed HUD to improve its verification of tenant income for households receiving rental assistance to ensure the fair allocation of resources. Under-reporting of wages, social security benefits, and unemployment income, and failure of assisted housing providers to verify reported income have historically been two main causes of improper payments. The expansion of the Enterprise Income Verification system in FY 2008 will eliminate the majority of these kinds of improper payments and HUD anticipates improved results will begin to be reported in the FY 2009 PAR.
The Nation’s Financial Crisis

A major challenge to the Department is a result of the credit and financial crisis. The enacting of several laws in response to this crisis has impacted HUD profoundly and requires significant resources to implement the laws, including the Housing and Recovery Act of 2008 (HERA), that have been enacted. HERA restructured the oversight of Government-Sponsored Enterprise (GSE) corporate giants Fannie Mae and Freddie Mac, which were placed under conservatorship in September 2008, and established a $300 billion HOPE for Homeowners program to help qualified homeowners avoid foreclosure.

Other programs/actions developed by HUD include:

- **Technology Open To Approved Lenders (TOTAL)** scorecard for automating underwriting approval;
- **HOPE NOW Alliance** of counselors, servicers, lenders, and other groups to help homeowners experiencing financial distress with in-depth counseling on debt management, credit, and foreclosure prevention; and
- **FHASecure**, which helps homeowners with subprime Adjustable Rate Mortgages (ARMs) to refinance into affordable, fixed-rate, FHA loans.

HERA established the **Neighborhood Stabilization Program** that provides $3.92 billion of emergency assistance grants under CDBG to stabilize communities harmed by concentrated foreclosures by acquiring and redeveloping foreclosed properties that would otherwise trigger further abandonment and blight.

The **Home Equity Conversion Mortgage (HECM)** or “reverse mortgage” program promotes “aging in place” as well as supplemental income for elderly homeowners by allowing them to tap into home equity. The HECM program endorsed 111,661 reverse mortgages in FY 2008, raising the total since the program’s inception to 454,745 loans.

Victims of Natural Disasters

In 2005, HUD responded quickly to assist the victims affected by hurricanes Katrina, Rita and Wilma, to help meet temporary housing needs of displaced households, assess the impacts on HUD-supported housing, and plan the long-term recovery of the devastated region. While HUD’s response was immediate and comprehensive, it also recognized that the enormous amount of relief funds creates the potential for fraud and abuse. The CPD Disaster Recovery Assistance Division was provided an influx of disaster funding beginning in FY 2005 and continuing into FY 2008 to address the hurricane disaster recoveries. In total, HUD has oversight of approximately $30 billion in disaster supplemental funding.

Management recognizes the program vulnerability, and the need for oversight of disaster funds. To address such concerns, in FY 2008, CPD awarded a contract to examine grantee oversight of the Gulf Coast disaster recovery funds by assessing the design and execution of the program delivery structure and internal controls for the States of Louisiana and Mississippi. Funding for these states comprises more than 90 percent of the $19 billion in Gulf Coast disaster recovery funds.

The contractor’s report suggested best-practices and recommended more stringent monitoring protocols over disaster recovery funds to reduce program vulnerabilities. Action on a number of recommendations was already underway because the issues had previously been identified as
part of HUD program monitoring, grantee internal audit, or audits by the Office of Inspector General. Additionally, CPD recognizes the shortcomings of staffing, support, and systems and is proposing funding in the FY 2010 budget to address them.

**PRESIDENT’S MANAGEMENT AGENDA**

([http://www.whitehouse.gov/results/agenda/scorecard.html](http://www.whitehouse.gov/results/agenda/scorecard.html))

In FY 2002, the Office of Management and Budget (OMB) published the President’s Management Agenda (PMA), as set forth by President George W. Bush, to implement government reform that is citizen-centered, results-oriented, and market based. The following is a summary table reflecting the past seven years of HUD’s PMA activities and results as of June 30, 2008. The colors RED, GREEN, and YELLOW are indicators of levels of accomplishment, with GREEN representing success, YELLOW representing mixed results, and RED indicating unsatisfactory results.

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<td>Strategic Management of Human Capital</td>
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<td>Expanded E-Government</td>
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</tbody>
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- 🔴 - Status Improvement to Yellow or Green
- 🔵 - Maintains Current Status Score
- ✅ - Initiative Complete
- ⚫ - Status Downgrade to Yellow or Red
Independent Auditor’s Report [Excerpts]

The Office of Inspector General (OIG) of HUD performed an independent financial audit for FY 2008. The subsequent information below is a brief summary of the audit. External accounting firms conducted independent audits of GNMA and FHA. Audit results provide an important indication of the financial performance, reliability, and management of the public funds entrusted to HUD. The result of this audit represents the ninth consecutive year that HUD has received an unqualified or “clean” audit opinion.

## Audit Opinion: Unqualified or “Clean”

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</table>

The HUD OIG’s concluded opinion is stated below. A copy of the full audit report and HUD’s response can be found on [http://www.hud.gov/offices/oig/reports/index.cfm](http://www.hud.gov/offices/oig/reports/index.cfm):

*In our opinion, based on our audit and the reports of other auditors, for the accompanying fiscal years 2008 and 2007, the principal financial statements present fairly, in all material respects, the financial position of HUD as of September 30, 2008 and 2007 and its net costs, changes in net position, and budgetary resources for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.*

### Financial Audit Findings

Attainment of an unqualified opinion is a high-water mark for any organization. In HUD’s case, this is even more noteworthy because the audit noted the elimination of the two material weaknesses which were first identified in the prior year financial audit. The elimination of these two material weaknesses, i.e., FHA’s Home Equity Conversion Mortgage Systems (HECM) Risk Assessment, and the HECM Credit Subsidy Cash Flow Model, was accomplished due to tremendous efforts of HUD staff.

### Management Assurances

HUD’s management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Managers’ Financial Integrity Act of 1982 (FMFIA), Sections 2 and 4. HUD conducted its assessment of the effectiveness of its internal control over the efficiency and effectiveness of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, and with A-123 Appendix A, and based on the results of this evaluation, can provide reasonable assurance that its internal control was operating effectively and that no material weaknesses were found in the design or operations of the internal controls over financial reporting.
In addition, the Federal Financial Management Improvement Act (FFMIA) requires federal agencies to implement and maintain financial management systems that are in substantial compliance with federal financial management systems requirements, federal accounting standards, and the United States Government Standard General Ledger at the transaction level. HUD provides reasonable assurance that its financial management systems substantially comply with FFMIA for FY 2008.

**FINANCIAL STATEMENTS [EXCERPTS]**

Following are excerpted tables from selected financial reports that provide an overview of HUD’s financial position. An analysis of HUD’s financial condition can be found in “Section 1: Management’s Discussion and Analysis” of the full FY 2008 PAR on pages 71 through 81.

**Summarized Financial Data**

*(Dollars in Millions)*

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
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<tbody>
<tr>
<td>Total Assets</td>
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</tr>
<tr>
<td>Total Liabilities</td>
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<tr>
<td>Net Position</td>
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<td>FHA Insurance-In-Force</td>
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<td>Ginnie Mae Mortgage-Backed Securities Guarantees</td>
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<td>Other HUD Program Commitments</td>
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**Consolidated Balance Sheet (condensed)**

*As of September 30, 2008 and 2007*

*(Dollars in Millions)*

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
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<tbody>
<tr>
<td>ASSETS</td>
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<tr>
<td>Total Intragovernmental Assets</td>
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<td>Credit Program Receivables and Related</td>
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<td>Foreclosed Property</td>
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<td>Other Assets</td>
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<td>TOTAL ASSETS</td>
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<td>LIABILITIES</td>
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<td>TOTAL LIABILITIES</td>
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<td>NET POSITION</td>
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<td>Unexpended Appropriations</td>
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<td>Cumulative Results of Operations - Earmarked (Note 18)</td>
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<td>TOTAL LIABILITIES AND NET POSITION</td>
<td>$125,036</td>
<td>$111,074</td>
</tr>
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</table>

Figures may not add to totals because of rounding.
If you have any questions or comments, please call

Frank Murphy
Assistant Chief Financial Officer for Financial Management
at 202-402-3466.

Written comments or suggestions for improving this report may be submitted by mail to:

U.S. Department of Housing and Urban Development
451 7th St. SW, Room 2210
Washington, DC 20410
Attention: Frank Murphy
Assistant Chief Financial Officer for Financial Management

Or by e-mail to
Frank.J.Murphy@hud.gov

For additional copies of this report, please call the CFO’s Office for Financial Management
at 202-402-6544
or e-mail Anthony.A.Twyman@hud.gov

To view the report on the internet, go to the following website:
www.hud.gov/offices/cfo/reports/cforept.cfm