

Message from the Secretary

November 17, 2008

I am pleased to present the U.S. Department of Housing and Urban Development's annual Performance and Accountability Report (PAR) for Fiscal Year (FY) 2008. This report describes our financial and performance results for the last year as we pursued promoting sustainable homeownership, community and urban development, and access to affordable housing. 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 of this year, 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 report will detail the actions HUD has taken to help homeowners, including HUD's *FHASecure* program, and other newly legislated programs such as the *HOPE for Homeowners and Neighborhood Stabilization Programs* that were launched on October 1st. HUD's Federal Housing Administration has been particularly successful, helping over 400,000 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:

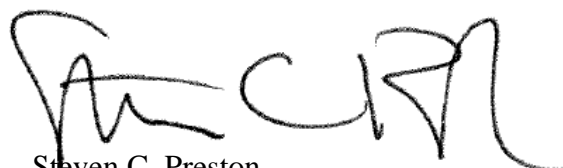
- The chronically homeless;
- Those who cannot afford market prices for rent;
- Those looking to buy or refinance a home;
- Those looking to keep their homes;
- People confronting disasters; and
- People working to rebuild or revitalize our cities.

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.

This 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 report 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 a useful look at the activities the Department has taken, and is taking, to address the housing crisis during this very critical time for our nation. It 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.

A handwritten signature in black ink, appearing to read 'S. C. Preston', written in a cursive style.

Steven C. Preston
Secretary