

Department of  
Housing and Urban  
Development

# United States Senate

Senator Tom Coburn, MD

February 18, 2011

**Via U.S. Mail and Electronic Mail**

The Honorable Shaun Donovan  
Secretary  
United States Department of Housing and Urban Development  
451 Seventh Street, S.W.  
Room 10000  
Washington, D.C. 20410-1000

Dear Secretary Donovan:

I am interested in obtaining information on certain programs administered by the United States Department of Housing and Urban Development ("HUD") and would appreciate your assistance. HUD provides a number of programs and services that assist individuals in financing, renting, and maintaining a home. These programs include, but are not limited to:

- Single Family Federal Housing Administration ("FHA") Insured Mortgage programs, including: Section 203(b) Insured Mortgage; Section 203(h) Insured Mortgage for Disaster Victims; Section 255 Home Equity Conversion Mortgage ("HECM"); Section 203(k) Rehabilitation Mortgage; Energy-Efficient Mortgage Program ("EEM"); Adjustable Rate Mortgages; Section 248 Indian Reservations and Other Restricted Lands; Indian Home Loan Guarantee Program (Section 184); Manufactured Home Lot and Combination Loan Insurance (Title I); Manufactured Home Loan Insurance (Title I); and Title I Home Improvements.
- Multi-family FHA Insured Mortgage programs, including: Rental Housing (Section 207); Manufactured Home Parks (Section 207); Cooperative Units (Section 213); Rental Housing for Urban Renewal and Concentrated Development Areas (Section 220); Rental and Cooperative Housing (Section 221(d)(3) and (4)); Two-Year Operating Loss Loans (Section 223(d)); Purchase or Refinancing of Existing Multifamily Housing Projects (Section 207/223(f)); Rental Housing for the Elderly (Section 231); Nursing Homes, Board and Care and Assisted Living Facilities (Section 232/223(f)); Supplemental Loan Insurance for Multifamily Rental Housing (Section 241(a)); Qualified Participating Entities Risk-Sharing Program (Section 542(b)); and Housing Finance Agency Risk-Sharing Program (Section 542(c)).
- Hope for Homeowners;
- Healthy Home and Lead Hazard Reduction Program; and

- HUD's Doctoral Dissertation Research Grant Program.

Please provide the following information for all individuals or entities that received any benefits from the above listed programs during fiscal years 2007, 2008, 2009, and 2010, who also reported an adjusted gross income of \$1,000,000 or greater: (1) name of recipient or entity; (2) total adjusted gross income for the year(s) in which the individual or entity received benefits; (3) name of each program the individual or entity received benefits through; (4) amount of benefits received from each program; and (5) total amount of benefits received during each year. This information should be produced in an electronic usable format, such as Microsoft Excel.

Please provide the above information by March 4, 2011. If you have any questions, including the format in which the information should be produced, please contact \_\_\_\_\_

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Coburn", written in a cursive style.

Tom Coburn, M.D.  
U.S. Senator



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-1000

ASSISTANT SECRETARY FOR CONGRESSIONAL  
AND INTERGOVERNMENTAL RELATIONS

The Honorable Tom Coburn  
United States Senate  
Washington, D.C. 20510-3604

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Dear Senator Coburn:

I am writing in response to your letter to Housing and Urban Development (HUD) Secretary Shaun Donovan of February 18, 2011. As you are probably aware, although adjusted gross income data is generally not collected with respect to HUD programs, those programs are generally targeted at low and moderate income Americans. For example, the latest statistical information on the HUD user website estimates that the average household income for those participating in HUD programs as of 2008 was \$12, 800. With respect to the specific HUD activities referenced in your letter:

Single Family Federal Housing Administration (FHA) Insured Mortgage Programs (including Hope for Homeowners): These FHA programs are not grants or subsidies, but instead consist of mortgage insurance obtained from FHA by lenders so that borrowers can purchase houses or refinance loans on their homes; lenders are reimbursed by the borrowers, through the loan documents, for the mortgage insurance premiums. Congress does not place income limits on these programs, but instead sets statutory mortgage limits that determine the maximum mortgage amounts that FHA insures. For example, with respect to the section 203(b) and section 203(k) programs, beginning in 2008, Congress raised the limit to \$729,750 for forward purchase mortgages and \$417,000 for home equity conversion mortgages, which may well have resulted in an increase in the income of those who have recently participated in these programs; HUD has recommended that the increase in these limits not be renewed when they expire on September 30, 2011. The adjusted gross income of borrowers is not collected by FHA, and the effective monthly income information that is available is not necessarily able to be extrapolated to determine annual adjusted gross income. Because of the payments that are made to FHA, the agency is projected to generate approximately \$9.8 billion in receipts for the taxpayer in FY 2011.

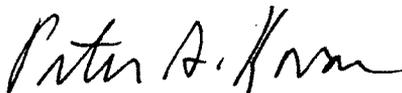
Multi-family FHA Insured Mortgage Programs: These programs provide insurance on financing for the development, acquisition and refinancing of rental housing intended primarily to serve low and moderate income families. Again, HUD does not provide grants or subsidies under these programs, but debt financing is provided by FHA-approved lenders to project sponsors. The lenders pay FHA a mortgage insurance premium for the FHA insurance so that, in the event of owner default on a loan, the lender can foreclose and convey a project to HUD or assign the loan to HUD in exchange for the FHA insurance claim payment. Although the programs do not limit the income of residents, due to statutory mortgage limitations, the design and amenities of housing financed under these programs are generally modest, thereby limiting the rent potential so they can be affordable to households at lower to moderate income levels. The Department does not collect adjusted gross income data on individuals or entities that purchase insurance under the requested programs. Projects developed with financing insured under the Department's multifamily programs

generally are owned by single asset entities that file annual financial statements reflecting project operational costs. This financial statement does not provide information with respect to how cash flow generated by projects may be distributed by an ownership entity to individuals or entities comprising project ownership. Therefore, a conclusion regarding the adjusted gross income of these individuals or entities cannot be made.

Healthy Home and Lead Hazard Reduction(HHLHC) and Doctoral Dissertation Research Grant (DDRG) Programs: Individuals are not permitted to apply for HHLHC grants, which go to states, cities, Native American Tribes, other units of local government, and nongovernment organizations, which must use the funds to prevent and correct significant housing-related health and safety hazards in low-income housing. Individuals are similarly not permitted to apply for grants from the DDRG program, under which eligible applicants are institutions of higher education that sponsor doctoral students to complete and improve the quality of their dissertations on policy relevant to housing and urban development issues. The entities receiving grant funds under these programs do not report adjusted gross income to HUD.

I trust that this letter will answer your inquiry. Thank you for your interest in the Department's programs and activities.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter A. Kovar". The signature is fluid and cursive, with a large initial "P" and "K".

Peter A. Kovar  
Assistant Secretary for Congressional  
and Intergovernmental Relations