

REMARKS BY THE PRESIDENT
AT NATIONAL HOME OWNERSHIP SUMMIT
The Washington Hilton Hotel
Washington, D.C.
June 6, 1996

I want to thank all of you for being here -- the other families who are here. I'm sure they could have given a testimonial much like the one that Lisa and Spencer gave. I want to thank the public officials who are here -- Congressman Chaka Fattah from Pennsylvania, and Mayor and Mrs. Lanier; Mayor Obano; Mayor Yunits; Prince George's County Executive, my neighbor, Wayne Curry; and Jefferson County Commissioner David Armstrong, who shares my common roots and home.

I want to thank all of you in the private sector who worked for a year with our national home ownership strategy and those of you who worked for a lifetime to help people realize the dream of owning their own home.

When I became President, I saw this mission of expanding home ownership as part of our larger goal of restoring economic opportunity and a sense of security to Americans who are working hard and trying to build families and raise children. The fact that home ownership had stagnated for several years, to me, was just another indication of why we needed to get our economy moving and working for ordinary people again.

I think everybody here, of whatever age, remembers the first home they bought. Actually, I was thinking how much more persuasive Spencer was than I was -- he got married first and then bought a home. Some of you heard me tell this story before, but I had to buy a home to get married. Hillary and I had been going together for several years and we were living in Fayetteville, Arkansas, and we were both teaching at the University law school. And she was going away on some trip -- she was always getting trips to go away on. And she -- I took her to the airport one day. We passed this old house.

She said, "Boy, that's a pretty house." I said, "It really is." So I took her to the airport, I went back and checked on the house. It was 1,100 square feet, it cost \$20,500. And it was a beautiful little house -- no air-conditioning, attic fan, hard-wood floors. And I bought the house. And I made whatever the down payment was. I remember my mortgage payment was \$174 a month.

And so, three or four days later, she came back from her trip and I said, "You know that house you like so well?" I said, "I bought that house. Now, don't you think you'll have to marry me so I won't have to live there by myself?" I am a living example of the power of home ownership to strengthen families and build better futures.

I am very proud of what has been done in the last year. I want to thank Secretary Cisneros and all of the team at HUD. They have done a wonderful job. I don't believe we've ever had a HUD Secretary as energetic, as full of good ideas, as able to build bridges, as able to achieve things as Henry Cisneros.

We knew if we could get the economy going again, something would happen to home ownership. And in 1993, we began to work on a strategy that would do three things: First of all, it would drive the deficit down and, therefore, get interest rates down. Second, one that would open the world's markets to our products and services so we could get our exports up and create more jobs that were high-wage jobs. And third, one that would invest in the areas that are critical to our long-term growth -- the education and training of our people, technology, research, development, our infrastructure.

And after three and a half years, we've got over 8.5 million new jobs. The deficit has gone down now for four years in a row. The deficit was \$290 billion when I took office. It's projected to be about \$130 billion this year, and it's come down a long way.

We've had three years of record numbers of new small businesses starting, which is something that's very important to our long-term health and well-being. And now we have, in the last three years, 3.7 million people, like the Kastens, new home owners in America. And I think that's something we can all be proud of.

Home ownership is now at a 15-year high, and last year the increase was the highest rate of increase in home ownership in almost 30 years. And one of the things that I also want to point out -- that I'm very proud of -- is that home ownership is more broadly distributed now in America than it has been in a long time. There's been a very rapid increase in the number of African American first-time home owners, very rapid increase in the number of Hispanic home owners, an increase in the number of working women with children who own their own homes now.

So we are working hard to broaden the benefits of that. And so many of you are a big part of that. Sixty-five percent of the American people now own their own homes. Our goal is to go from 3.7 million new home owners to 8 million new home owners by the year 2000, bringing us to over 67 percent of the American people or two-thirds of the American people that own homes by the year 2000 -- the first time that has ever been achieved in the history of this

country. Together, you and I -- all of us working together -- we can achieve that goal. And I think we ought to recommit ourselves to it today.

I'd like to talk a little bit about what we're trying to do to further increase our role and do our part to work with the private sector on home ownership in the larger context of our obligation to create more opportunities for Americans who are willing to assume the responsibility of working for it, to achieve those opportunities.

A couple of days ago at Princeton, I went to talk about the idea of making education more accessible to all Americans, and reaffirmed my commitment to giving families a \$10,000 deduction for the cost of education after high school -- and then said, in addition to that, I believe we know enough about the world economy that a high school education is not a guarantee of a good job with a growing income and, therefore, we should make two more years of education available to every American by giving a tax credit of \$1,500 for the 13th and 14th year for people who need it. So that will open the doors of community college to every single American who needs it. And I think we ought to do that. I think it's very important.

I recommend it because I think it's good policy and because it's consistent with what we can afford and still balance the budget -- that anybody will be able to get the \$1,500 the first year to go back to community college and then they get it the second year if they maintain a B average. I believe that if the taxpayers are going to pay for it to, in effect, make it 14 years of public schooling, but do it through tax credits, that we ought to give it to people who are really working hard and trying to do their part as well. So I hope all of you will support that and get behind it.

We can do the same sorts of things with home ownership. Anybody who's willing to take the risk and make the mortgage payments to buy their own home -- it seems to me, we ought to do what we can to help. Besides that, it's not all that easy to own your own home. Not all of us are plasterers like Mr. Kasten here. Anybody who's ever been up at 3:00 in the morning trying to fix a pipe sometimes probably has second thoughts about whether he did the right thing in the first place.

But this country, for most of this century, has had a commitment to home ownership. And we've understood that home ownership was about more than a statistic, it was about growing the entire economy. It was about increasing the savings rates of Americans. It was about stabilizing the forces of family and child-rearing and strengthening communities. That it was a big, big issue.

President Roosevelt and the Congress understood that in creating the FHA way back in 1934. They recognized that out-of-work families losing their homes because they couldn't keep up with payments was a long-term disaster for the United States, for more than the families losing their homes. They realized that letting people buy their own homes was the best way to make sure that they had a stake in our system and in our future. That's what the nationally-backed mortgage system of insurance did.

And thanks to the FHA and the G.I. Bill's VA home guarantee, for the first time -- in 1948 -- for the very first time in the entire history of America -- a majority of Americans own their own homes. And what we are doing today is simply building on a 50-year commitment to continue to enhance that.

In the 1980s what happened was our country got so concerned with short-term gains that we were willing to sacrifice a lot of long-term interests to those short-term gains. The big deficits that came about in the 1980s paid for some short-term economic growth, but at the cost of very, very high interest rates, which put the brakes on home ownership. And we have been working, as I said, for three years to reverse those trends. It's looking pretty good.

One of the first things I noticed that came about after we announced and then enacted the deficit reduction plan in 1993 and we had a big reduction in interest rates was that people began to refinance their homes. So many people were on variable rate mortgages, they could do that. We believe that in 1993 alone 5.5 million families refinanced their home loans in a way that saved them an average of more than \$1,000 a year in payments. That was a stunning indicator to me that something was going right in this direction and we needed to continue to do more of it.

That is, by the way, why we will in this budget continue to bring the deficit down and why we ought to pass a balanced budget plan because that's the best guarantee to keep the interest rates down while we grow the economy. And over the long run, keeping that kind of environment will guarantee more than anything else we can do, the availability of affordable home ownership for the American people.

So I hope all of you will continue to support us as we find ways to bring the deficit down and balance the budget and still meet our fundamental commitments to bring this country together and to help those who need it.

Let me also say that we tried to focus on what it would take to get from here where we are, with 3.7 million to 8 million home owners. And we've asked for all of your help in the partnership that you're a part of with Secretary Cisneros and others in our

administration. But one of the things that we focused on and that all of us can remember from our own experiences, I think, when we first started to buy a home is how much it costs in front-end costs. And we found that one of the biggest barriers to young families buying homes was not the monthly mortgage payments, but the up-front costs. They averaged about \$4,400 a year.

And so I challenged FHA to do what it could over the next year to cut those costs by \$1,000. For a lot of us who maybe have more yesterdays than tomorrows, that may not seem like a lot of money. But for these folks, that's a lot of money to come up with at one time. And I want to thank the FHA for the work they've done to meet the challenge I gave them to reduce the front-end costs closing on a home by \$1,000.

In 1994, FHA cut it's up-front mortgage insurance premiums by 25 percent. That was the first \$600 on their \$1,000 goal. Then over the next year or two, since 1994, FHA has been streamlining, consolidating its office, cutting red tape, putting offices on line, speeding up the process -- sometimes it's turned around and it's gone from as long as 60 days to as short as two days in the best places. And they are working very hard to implement these reforms throughout the country. As these changes go throughout the country, they will save literally -- in time -- \$200 per customer. So that takes us to \$800. We have one more step to make to get to \$1,000.

And I've directed the FHA to further reduce the up-front mortgage premiums by another 25 basis points which amounts to \$200 and which can be easily funded in our balanced budget plan. It doesn't cost a lot of money. But this will enable FHA to say, okay, we did it. With the 1994 cut, with this cut, with the streamlining, we will cut average closing costs from \$4,400 to \$3,400 to try to make the dream of home ownership more achievable to young, hardworking people so they can get off to a good start.

Now, let me also put in one plug here on an issue that's kind of hot around town now because I think it's the wrong way to promote home ownership. There are some people who say that we should just privatize the FHA altogether and that, if by selling off an agency that's made the American Dream of home ownership real for almost 25 million Americans without costing a dime, somehow that will reduce the housing costs for America's families. That's not so.

If we just ended FHA's loan guarantees we know that one thing would happen -- interests rate would go up, the mortgage rates would increase. Families now eligible for FHA loans would pay hundreds of

dollars more a year in mortgage payments. That would be a significant tax increase for people buying homes. As many as 400,000 families could be denied mortgages all together who would otherwise be eligible to get them.

So I believe this would be a mistake. This is a -- you can call it a subsidy as the critics do -- I say it's a pretty good subsidy. It's a pretty good investment by the American people as a whole to get two-thirds of us into our own homes. I think it's a pretty good investment for people like me, who can afford to pay market mortgage rates, to help young people like the Kastens get started and raise their kids, afford a home, be good citizens, and build a future. I believe it's worth doing.

But let me say again, I'm committed to reducing the deficit, I'm committed to reducing the size of government, I'm committed to getting rid of programs we don't need. We have eliminated hundreds of programs in the last three years. There are 237,000 fewer people working for the federal government than there were the day I took the oath of office -- 237,000. And I might say, we have the smallest federal government since 1965. By the end of the year it will be the smallest it has been since President Kennedy was in office. As a percentage of our overall civilian work force, the federal government today is as small as it was in 1933, before the New Deal.

We don't have to get rid of the FHA to shrink the size of the federal government. We can do this in the right way. I bet most of you probably didn't know that. And one reason you probably don't know it is -- I'm very proud of this -- of the 237,000 people who have left the federal employment since I became President, fewer than 2,000 were separated involuntarily. We tried to take care of those folks and honor their service and recognize that they had to go on with their lives and they needed to find other jobs, they needed to do other work, or they needed to move gracefully into retirement.

So we have tried to handle this in a humane way. But I say this to make the point again: We need to keep our eyes on the major things here. The major thing is to keep the deficit coming down and go into balancing the budget, to do it in a way that enables us to honor our obligations to our children and our parents, to families with children with disabilities, and to others who need that, need help, and to do it in a way that grows the economy while preserving the environment and that helps people like the families we honor today to build a good future for themselves and their kids. We can do these things.

And I will say one more time, we've got a lot of work to do even with all these efforts to get from 3.7 million in 1996 to 8 million in 2000. But we can do it. I want to have 8 million Americans able to say two of the most beautiful words in the English language, "Welcome home" by the year 2000. And with your help, that's exactly what we're going to do.

Thank you and God bless you.

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Home ownership is now at a 15-year high, and last year the increase was the highest rate of increase in home ownership in almost 30 years. And one of the things that I also want to point out -- that I'm very proud of -- is that home ownership is more broadly distributed now in America than it has been in a long time. There's been a very rapid increase in the number of African American first-time home owners, very rapid increase in the number of Hispanic home owners, an increase in the number of working women with children who own their own homes now.

So we are working hard to broaden the benefits of that. And so many of you are a big part of that. Sixty-five percent of the American people now own their own homes. Our goal is to go from 3.7 million new home owners to 8 million new home owners by the year 2000, bringing us to over 67 percent of the American people or two-thirds of the American people that own homes by the year 2000 -- the first time that has ever been achieved in the history of this

country. Together, you and I -- all of us working together -- we can achieve that goal. And I think we ought to recommit ourselves to it today.

I'd like to talk a little bit about what we're trying to do to further increase our role and do our part to work with the private sector on home ownership in the larger context of our obligation to create more opportunities for Americans who are willing to assume the responsibility of working for it, to achieve those opportunities.

A couple of days ago at Princeton, I went to talk about the idea of making education more accessible to all Americans, and reaffirmed my commitment to giving families a \$10,000 deduction for the cost of education after high school -- and then said, in addition to that, I believe we know enough about the world economy that a high school education is not a guarantee of a good job with a growing income and, therefore, we should make two more years of education available to every American by giving a tax credit of \$1,500 for the 13th and 14th year for people who need it. So that will open the doors of community college to every single American who needs it. And I think we ought to do that. I think it's very important.

I recommend it because I think it's good policy and because it's consistent with what we can afford and still balance the budget -- that anybody will be able to get the \$1,500 the first year to go back to community college and then they get it the second year if they maintain a B average. I believe that if the taxpayers are going to pay for it to, in effect, make it 14 years of public schooling, but do it through tax credits, that we ought to give it to people who are really working hard and trying to do their part as well. So I hope all of you will support that and get behind it.

We can do the same sorts of things with home ownership. Anybody who's willing to take the risk and make the mortgage payments to buy their own home -- it seems to me, we ought to do what we can to help. Besides that, it's not all that easy to own your own home. Not all of us are plasterers like Mr. Kasten here. Anybody who's ever been up at 3:00 in the morning trying to fix a pipe sometimes probably has second thoughts about whether he did the right thing in the first place.

But this country, for most of this century, has had a commitment to home ownership. And we've understood that home ownership was about more than a statistic, it was about growing the entire economy. It was about increasing the savings rates of Americans. It was about stabilizing the forces of family and child-rearing and strengthening communities. That it was a big, big issue.

President Roosevelt and the Congress understood that in creating the FHA way back in 1934. They recognized that out-of-work families losing their homes because they couldn't keep up with payments was a long-term disaster for the United States, for more than the families losing their homes. They realized that letting people buy their own homes was the best way to make sure that they had a stake in our system and in our future. That's what the nationally-backed mortgage system of insurance did.

And thanks to the FHA and the G.I. Bill's VA home guarantee, for the first time -- in 1948 -- for the very first time in the entire history of America -- a majority of Americans own their own homes. And what we are doing today is simply building on a 50-year commitment to continue to enhance that.

In the 1980s what happened was our country got so concerned with short-term gains that we were willing to sacrifice a lot of long-term interests to those short-term gains. The big deficits that came about in the 1980s paid for some short-term economic growth, but at the cost of very, very high interest rates, which put the brakes on home ownership. And we have been working, as I said, for three years to reverse those trends. It's looking pretty good.

One of the first things I noticed that came about after we announced and then enacted the deficit reduction plan in 1993 and we had a big reduction in interest rates was that people began to refinance their homes. So many people were on variable rate mortgages, they could do that. We believe that in 1993 alone 5.5 million families refinanced their home loans in a way that saved them an average of more than \$1,000 a year in payments. That was a stunning indicator to me that something was going right in this direction and we needed to continue to do more of it.

That is, by the way, why we will in this budget continue to bring the deficit down and why we ought to pass a balanced budget plan because that's the best guarantee to keep the interest rates down while we grow the economy. And over the long run, keeping that kind of environment will guarantee more than anything else we can do, the availability of affordable home ownership for the American people.

So I hope all of you will continue to support us as we find ways to bring the deficit down and balance the budget and still meet our fundamental commitments to bring this country together and to help those who need it.

Let me also say that we tried to focus on what it would take to get from here where we are, with 3.7 million to 8 million home owners. And we've asked for all of your help in the partnership that you're a part of with Secretary Cisneros and others in our

administration. But one of the things that we focused on and that all of us can remember from our own experiences, I think, when we first started to buy a home is how much it costs in front-end costs. And we found that one of the biggest barriers to young families buying homes was not the monthly mortgage payments, but the up-front costs. They averaged about \$4,400 a year.

And so I challenged FHA to do what it could over the next year to cut those costs by \$1,000. For a lot of us who maybe have more yesterdays than tomorrows, that may not seem like a lot of money. But for these folks, that's a lot of money to come up with at one time. And I want to thank the FHA for the work they've done to meet the challenge I gave them to reduce the front-end costs closing on a home by \$1,000.

In 1994, FHA cut it's up-front mortgage insurance premiums by 25 percent. That was the first \$600 on their \$1,000 goal. Then over the next year or two, since 1994, FHA has been streamlining, consolidating its office, cutting red tape, putting offices on line, speeding up the process -- sometimes it's turned around and it's gone from as long as 60 days to as short as two days in the best places. And they are working very hard to implement these reforms throughout the country. As these changes go throughout the country, they will save literally -- in time -- \$200 per customer. So that takes us to \$800. We have one more step to make to get to \$1,000.

And I've directed the FHA to further reduce the up-front mortgage premiums by another 25 basis points which amounts to \$200 and which can be easily funded in our balanced budget plan. It doesn't cost a lot of money. But this will enable FHA to say, okay, we did it. With the 1994 cut, with this cut, with the streamlining, we will cut average closing costs from \$4,400 to \$3,400 to try to make the dream of home ownership more achievable to young, hardworking people so they can get off to a good start.

Now, let me also put in one plug here on an issue that's kind of hot around town now because I think it's the wrong way to promote home ownership. There are some people who say that we should just privatize the FHA altogether and that, if by selling off an agency that's made the American Dream of home ownership real for almost 25 million Americans without costing a dime, somehow that will reduce the housing costs for America's families. That's not so.

If we just ended FHA's loan guarantees we know that one thing would happen -- interests rate would go up, the mortgage rates would increase. Families now eligible for FHA loans would pay hundreds of

dollars more a year in mortgage payments. That would be a significant tax increase for people buying homes. As many as 400,000 families could be denied mortgages all together who would otherwise be eligible to get them.

So I believe this would be a mistake. This is a -- you can call it a subsidy as the critics do -- I say it's a pretty good subsidy. It's a pretty good investment by the American people as a whole to get two-thirds of us into our own homes. I think it's a pretty good investment for people like me, who can afford to pay market mortgage rates, to help young people like the Kastens get started and raise their kids, afford a home, be good citizens, and build a future. I believe it's worth doing.

But let me say again, I'm committed to reducing the deficit, I'm committed to reducing the size of government, I'm committed to getting rid of programs we don't need. We have eliminated hundreds of programs in the last three years. There are 237,000 fewer people working for the federal government than there were the day I took the oath of office -- 237,000. And I might say, we have the smallest federal government since 1965. By the end of the year it will be the smallest it has been since President Kennedy was in office. As a percentage of our overall civilian work force, the federal government today is as small as it was in 1933, before the New Deal.

We don't have to get rid of the FHA to shrink the size of the federal government. We can do this in the right way. I bet most of you probably didn't know that. And one reason you probably don't know it is -- I'm very proud of this -- of the 237,000 people who have left the federal employment since I became President, fewer than 2,000 were separated involuntarily. We tried to take care of those folks and honor their service and recognize that they had to go on with their lives and they needed to find other jobs, they needed to do other work, or they needed to move gracefully into retirement.

So we have tried to handle this in a humane way. But I say this to make the point again: We need to keep our eyes on the major things here. The major thing is to keep the deficit coming down and go into balancing the budget, to do it in a way that enables us to honor our obligations to our children and our parents, to families with children with disabilities, and to others who need that, need help, and to do it in a way that grows the economy while preserving the environment and that helps people like the families we honor today to build a good future for themselves and their kids. We can do these things.

And I will say one more time, we've got a lot of work to do even with all these efforts to get from 3.7 million in 1996 to 8 million in 2000. But we can do it. I want to have 8 million Americans able to say two of the most beautiful words in the English language, "Welcome home" by the year 2000. And with your help, that's exactly what we're going to do.

Thank you and God bless you.

REMARKS BY THE PRESIDENT
AT NATIONAL HOME OWNERSHIP SUMMIT
The Washington Hilton Hotel
Washington, D.C.
June 6, 1996

I want to thank all of you for being here -- the other families who are here. I'm sure they could have given a testimonial much like the one that Lisa and Spencer gave. I want to thank the public officials who are here -- Congressman Chaka Fattah from Pennsylvania, and Mayor and Mrs. Lanier; Mayor Obano; Mayor Yunits; Prince George's County Executive, my neighbor, Wayne Curry; and Jefferson County Commissioner David Armstrong, who shares my common roots and home.

I want to thank all of you in the private sector who worked for a year with our national home ownership strategy and those of you who worked for a lifetime to help people realize the dream of owning their own home.

When I became President, I saw this mission of expanding home ownership as part of our larger goal of restoring economic opportunity and a sense of security to Americans who are working hard and trying to build families and raise children. The fact that home ownership had stagnated for several years, to me, was just another indication of why we needed to get our economy moving and working for ordinary people again.

I think everybody here, of whatever age, remembers the first home they bought. Actually, I was thinking how much more persuasive Spencer was than I was -- he got married first and then bought a home. Some of you heard me tell this story before, but I had to buy a home to get married. Hillary and I had been going together for several years and we were living in Fayetteville, Arkansas, and we were both teaching at the University law school. And she was going away on some trip -- she was always getting trips to go away on. And she -- I took her to the airport one day. We passed this old house.

She said, "Boy, that's a pretty house." I said, "It really is." So I took her to the airport, I went back and checked on the house. It was 1,100 square feet, it cost \$20,500. And it was a beautiful little house -- no air-conditioning, attic fan, hard-wood floors. And I bought the house. And I made whatever the down payment was. I remember my mortgage payment was \$174 a month.

And so, three or four days later, she came back from her trip and I said, "You know that house you like so well?" I said, "I bought that house. Now, don't you think you'll have to marry me so I won't have to live there by myself?" I am a living example of the power of home ownership to strengthen families and build better futures.

I am very proud of what has been done in the last year. I want to thank Secretary Cisneros and all of the team at HUD. They have done a wonderful job. I don't believe we've ever had a HUD Secretary as energetic, as full of good ideas, as able to build bridges, as able to achieve things as Henry Cisneros.

We knew if we could get the economy going again, something would happen to home ownership. And in 1993, we began to work on a strategy that would do three things: First of all, it would drive the deficit down and, therefore, get interest rates down. Second, one that would open the world's markets to our products and services so we could get our exports up and create more jobs that were high-wage jobs. And third, one that would invest in the areas that are critical to our long-term growth -- the education and training of our people, technology, research, development, our infrastructure.

And after three and a half years, we've got over 8.5 million new jobs. The deficit has gone down now for four years in a row. The deficit was \$290 billion when I took office. It's projected to be about \$130 billion this year, and it's come down a long way.

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I recommend it because I think it's good policy and because it's consistent with what we can afford and still balance the budget -- that anybody will be able to get the \$1,500 the first year to go back to community college and then they get it the second year if they maintain a B average. I believe that if the taxpayers are going to pay for it to, in effect, make it 14 years of public schooling, but do it through tax credits, that we ought to give it to people who are really working hard and trying to do their part as well. So I hope all of you will support that and get behind it.

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And thanks to the FHA and the G.I. Bill's VA home guarantee, for the first time -- in 1948 -- for the very first time in the entire history of America -- a majority of Americans own their own homes. And what we are doing today is simply building on a 50-year commitment to continue to enhance that.

In the 1980s what happened was our country got so concerned with short-term gains that we were willing to sacrifice a lot of long-term interests to those short-term gains. The big deficits that came about in the 1980s paid for some short-term economic growth, but at the cost of very, very high interest rates, which put the brakes on home ownership. And we have been working, as I said, for three years to reverse those trends. It's looking pretty good.

One of the first things I noticed that came about after we announced and then enacted the deficit reduction plan in 1993 and we had a big reduction in interest rates was that people began to refinance their homes. So many people were on variable rate mortgages, they could do that. We believe that in 1993 alone 5.5 million families refinanced their home loans in a way that saved them an average of more than \$1,000 a year in payments. That was a stunning indicator to me that something was going right in this direction and we needed to continue to do more of it.

That is, by the way, why we will in this budget continue to bring the deficit down and why we ought to pass a balanced budget plan because that's the best guarantee to keep the interest rates down while we grow the economy. And over the long run, keeping that kind of environment will guarantee more than anything else we can do, the availability of affordable home ownership for the American people.

So I hope all of you will continue to support us as we find ways to bring the deficit down and balance the budget and still meet our fundamental commitments to bring this country together and to help those who need it.

Let me also say that we tried to focus on what it would take to get from here where we are, with 3.7 million to 8 million home owners. And we've asked for all of your help in the partnership that you're a part of with Secretary Cisneros and others in our

administration. But one of the things that we focused on and that all of us can remember from our own experiences, I think, when we first started to buy a home is how much it costs in front-end costs. And we found that one of the biggest barriers to young families buying homes was not the monthly mortgage payments, but the up-front costs. They averaged about \$4,400 a year.

And so I challenged FHA to do what it could over the next year to cut those costs by \$1,000. For a lot of us who maybe have more yesterdays than tomorrows, that may not seem like a lot of money. But for these folks, that's a lot of money to come up with at one time. And I want to thank the FHA for the work they've done to meet the challenge I gave them to reduce the front-end costs closing on a home by \$1,000.

In 1994, FHA cut it's up-front mortgage insurance premiums by 25 percent. That was the first \$600 on their \$1,000 goal. Then over the next year or two, since 1994, FHA has been streamlining, consolidating its office, cutting red tape, putting offices on line, speeding up the process -- sometimes it's turned around and it's gone from as long as 60 days to as short as two days in the best places. And they are working very hard to implement these reforms throughout the country. As these changes go throughout the country, they will save literally -- in time -- \$200 per customer. So that takes us to \$800. We have one more step to make to get to \$1,000.

And I've directed the FHA to further reduce the up-front mortgage premiums by another 25 basis points which amounts to \$200 and which can be easily funded in our balanced budget plan. It doesn't cost a lot of money. But this will enable FHA to say, okay, we did it. With the 1994 cut, with this cut, with the streamlining, we will cut average closing costs from \$4,400 to \$3,400 to try to make the dream of home ownership more achievable to young, hardworking people so they can get off to a good start.

Now, let me also put in one plug here on an issue that's kind of hot around town now because I think it's the wrong way to promote home ownership. There are some people who say that we should just privatize the FHA altogether and that, if by selling off an agency that's made the American Dream of home ownership real for almost 25 million Americans without costing a dime, somehow that will reduce the housing costs for America's families. That's not so.

If we just ended FHA's loan guarantees we know that one thing would happen -- interest rate would go up, the mortgage rates would increase. Families now eligible for FHA loans would pay hundreds of

dollars more a year in mortgage payments. That would be a significant tax increase for people buying homes. As many as 400,000 families could be denied mortgages all together who would otherwise be eligible to get them.

So I believe this would be a mistake. This is a -- you can call it a subsidy as the critics do -- I say it's a pretty good subsidy. It's a pretty good investment by the American people as a whole to get two-thirds of us into our own homes. I think it's a pretty good investment for people like me, who can afford to pay market mortgage rates, to help young people like the Kastens get started and raise their kids, afford a home, be good citizens, and build a future. I believe it's worth doing.

But let me say again, I'm committed to reducing the deficit, I'm committed to reducing the size of government, I'm committed to getting rid of programs we don't need. We have eliminated hundreds of programs in the last three years. There are 237,000 fewer people working for the federal government than there were the day I took the oath of office -- 237,000. And I might say, we have the smallest federal government since 1965. By the end of the year it will be the smallest it has been since President Kennedy was in office. As a percentage of our overall civilian work force, the federal government today is as small as it was in 1933, before the New Deal.

We don't have to get rid of the FHA to shrink the size of the federal government. We can do this in the right way. I bet most of you probably didn't know that. And one reason you probably don't know it is -- I'm very proud of this -- of the 237,000 people who have left the federal employment since I became President, fewer than 2,000 were separated involuntarily. We tried to take care of those folks and honor their service and recognize that they had to go on with their lives and they needed to find other jobs, they needed to do other work, or they needed to move gracefully into retirement.

So we have tried to handle this in a humane way. But I say this to make the point again: We need to keep our eyes on the major things here. The major thing is to keep the deficit coming down and go into balancing the budget, to do it in a way that enables us to honor our obligations to our children and our parents, to families with children with disabilities, and to others who need that, need help, and to do it in a way that grows the economy while preserving the environment and that helps people like the families we honor today to build a good future for themselves and their kids. We can do these things.

And I will say one more time, we've got a lot of work to do even with all these efforts to get from 3.7 million in 1996 to 8 million in 2000. But we can do it. I want to have 8 million Americans able to say two of the most beautiful words in the English language, "Welcome home" by the year 2000. And with your help, that's exactly what we're going to do.

Thank you and God bless you.

REMARKS BY THE PRESIDENT
AT NATIONAL HOME OWNERSHIP SUMMIT
The Washington Hilton Hotel
Washington, D.C.
June 6, 1996

I want to thank all of you for being here -- the other families who are here. I'm sure they could have given a testimonial much like the one that Lisa and Spencer gave. I want to thank the public officials who are here -- Congressman Chaka Fattah from Pennsylvania, and Mayor and Mrs. Lanier; Mayor Obano; Mayor Yunits; Prince George's County Executive, my neighbor, Wayne Curry; and Jefferson County Commissioner David Armstrong, who shares my common roots and home.

I want to thank all of you in the private sector who worked for a year with our national home ownership strategy and those of you who worked for a lifetime to help people realize the dream of owning their own home.

When I became President, I saw this mission of expanding home ownership as part of our larger goal of restoring economic opportunity and a sense of security to Americans who are working hard and trying to build families and raise children. The fact that home ownership had stagnated for several years, to me, was just another indication of why we needed to get our economy moving and working for ordinary people again.

I think everybody here, of whatever age, remembers the first home they bought. Actually, I was thinking how much more persuasive Spencer was than I was -- he got married first and then bought a home. Some of you heard me tell this story before, but I had to buy a home to get married. Hillary and I had been going together for several years and we were living in Fayetteville, Arkansas, and we were both teaching at the University law school. And she was going away on some trip -- she was always getting trips to go away on. And she -- I took her to the airport one day. We passed this old house.

She said, "Boy, that's a pretty house." I said, "It really is." So I took her to the airport, I went back and checked on the house. It was 1,100 square feet, it cost \$20,500. And it was a beautiful little house -- no air-conditioning, attic fan, hard-wood floors. And I bought the house. And I made whatever the down payment was. I remember my mortgage payment was \$174 a month.

And so, three or four days later, she came back from her trip and I said, "You know that house you like so well?" I said, "I bought that house. Now, don't you think you'll have to marry me so I won't have to live there by myself?" I am a living example of the power of home ownership to strengthen families and build better futures.

I am very proud of what has been done in the last year. I want to thank Secretary Cisneros and all of the team at HUD. They have done a wonderful job. I don't believe we've ever had a HUD Secretary as energetic, as full of good ideas, as able to build bridges, as able to achieve things as Henry Cisneros.

We knew if we could get the economy going again, something would happen to home ownership. And in 1993, we began to work on a strategy that would do three things: First of all, it would drive the deficit down and, therefore, get interest rates down. Second, one that would open the world's markets to our products and services so we could get our exports up and create more jobs that were high-wage jobs. And third, one that would invest in the areas that are critical to our long-term growth -- the education and training of our people, technology, research, development, our infrastructure.

And after three and a half years, we've got over 8.5 million new jobs. The deficit has gone down now for four years in a row. The deficit was \$290 billion when I took office. It's projected to be about \$130 billion this year, and it's come down a long way.

We've had three years of record numbers of new small businesses starting, which is something that's very important to our long-term health and well-being. And now we have, in the last three years, 3.7 million people, like the Kastens, new home owners in America. And I think that's something we can all be proud of.

Home ownership is now at a 15-year high, and last year the increase was the highest rate of increase in home ownership in almost 30 years. And one of the things that I also want to point out -- that I'm very proud of -- is that home ownership is more broadly distributed now in America than it has been in a long time. There's been a very rapid increase in the number of African American first-time home owners, very rapid increase in the number of Hispanic home owners, an increase in the number of working women with children who own their own homes now.

So we are working hard to broaden the benefits of that. And so many of you are a big part of that. Sixty-five percent of the American people now own their own homes. Our goal is to go from 3.7 million new home owners to 8 million new home owners by the year 2000, bringing us to over 67 percent of the American people or two-thirds of the American people that own homes by the year 2000 -- the first time that has ever been achieved in the history of this

country. Together, you and I -- all of us working together -- we can achieve that goal. And I think we ought to recommit ourselves to it today.

I'd like to talk a little bit about what we're trying to do to further increase our role and do our part to work with the private sector on home ownership in the larger context of our obligation to create more opportunities for Americans who are willing to assume the responsibility of working for it, to achieve those opportunities.

A couple of days ago at Princeton, I went to talk about the idea of making education more accessible to all Americans, and reaffirmed my commitment to giving families a \$10,000 deduction for the cost of education after high school -- and then said, in addition to that, I believe we know enough about the world economy that a high school education is not a guarantee of a good job with a growing income and, therefore, we should make two more years of education available to every American by giving a tax credit of \$1,500 for the 13th and 14th year for people who need it. So that will open the doors of community college to every single American who needs it. And I think we ought to do that. I think it's very important.

I recommend it because I think it's good policy and because it's consistent with what we can afford and still balance the budget -- that anybody will be able to get the \$1,500 the first year to go back to community college and then they get it the second year if they maintain a B average. I believe that if the taxpayers are going to pay for it to, in effect, make it 14 years of public schooling, but do it through tax credits, that we ought to give it to people who are really working hard and trying to do their part as well. So I hope all of you will support that and get behind it.

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And so I challenged FHA to do what it could over the next year to cut those costs by \$1,000. For a lot of us who maybe have more yesterdays than tomorrows, that may not seem like a lot of money. But for these folks, that's a lot of money to come up with at one time. And I want to thank the FHA for the work they've done to meet the challenge I gave them to reduce the front-end costs closing on a home by \$1,000.

In 1994, FHA cut it's up-front mortgage insurance premiums by 25 percent. That was the first \$600 on their \$1,000 goal. Then over the next year or two, since 1994, FHA has been streamlining, consolidating its office, cutting red tape, putting offices on line, speeding up the process -- sometimes it's turned around and it's gone from as long as 60 days to as short as two days in the best places. And they are working very hard to implement these reforms throughout the country. As these changes go throughout the country, they will save literally -- in time -- \$200 per customer. So that takes us to \$800. We have one more step to make to get to \$1,000.

And I've directed the FHA to further reduce the up-front mortgage premiums by another 25 basis points which amounts to \$200 and which can be easily funded in our balanced budget plan. It doesn't cost a lot of money. But this will enable FHA to say, okay, we did it. With the 1994 cut, with this cut, with the streamlining, we will cut average closing costs from \$4,400 to \$3,400 to try to make the dream of home ownership more achievable to young, hardworking people so they can get off to a good start.

Now, let me also put in one plug here on an issue that's kind of hot around town now because I think it's the wrong way to promote home ownership. There are some people who say that we should just privatize the FHA altogether and that, if by selling off an agency that's made the American Dream of home ownership real for almost 25 million Americans without costing a dime, somehow that will reduce the housing costs for America's families. That's not so.

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So I believe this would be a mistake. This is a -- you can call it a subsidy as the critics do -- I say it's a pretty good subsidy. It's a pretty good investment by the American people as a whole to get two-thirds of us into our own homes. I think it's a pretty good investment for people like me, who can afford to pay market mortgage rates, to help young people like the Kastens get started and raise their kids, afford a home, be good citizens, and build a future. I believe it's worth doing.

But let me say again, I'm committed to reducing the deficit, I'm committed to reducing the size of government, I'm committed to getting rid of programs we don't need. We have eliminated hundreds of programs in the last three years. There are 237,000 fewer people working for the federal government than there were the day I took the oath of office -- 237,000. And I might say, we have the smallest federal government since 1965. By the end of the year it will be the smallest it has been since President Kennedy was in office. As a percentage of our overall civilian work force, the federal government today is as small as it was in 1933, before the New Deal.

We don't have to get rid of the FHA to shrink the size of the federal government. We can do this in the right way. I bet most of you probably didn't know that. And one reason you probably don't know it is -- I'm very proud of this -- of the 237,000 people who have left the federal employment since I became President, fewer than 2,000 were separated involuntarily. We tried to take care of those folks and honor their service and recognize that they had to go on with their lives and they needed to find other jobs, they needed to do other work, or they needed to move gracefully into retirement.

So we have tried to handle this in a humane way. But I say this to make the point again: We need to keep our eyes on the major things here. The major thing is to keep the deficit coming down and go into balancing the budget, to do it in a way that enables us to honor our obligations to our children and our parents, to families with children with disabilities, and to others who need that, need help, and to do it in a way that grows the economy while preserving the environment and that helps people like the families we honor today to build a good future for themselves and their kids. We can do these things.

And I will say one more time, we've got a lot of work to do even with all these efforts to get from 3.7 million in 1996 to 8 million in 2000. But we can do it. I want to have 8 million Americans able to say two of the most beautiful words in the English language, "Welcome home" by the year 2000. And with your help, that's exactly what we're going to do.

Thank you and God bless you.

REMARKS BY THE PRESIDENT
AT NATIONAL HOME OWNERSHIP SUMMIT
The Washington Hilton Hotel
Washington, D.C.
June 6, 1996

I want to thank all of you for being here -- the other families who are here. I'm sure they could have given a testimonial much like the one that Lisa and Spencer gave. I want to thank the public officials who are here -- Congressman Chaka Fattah from Pennsylvania, and Mayor and Mrs. Lanier; Mayor Obano; Mayor Yunits; Prince George's County Executive, my neighbor, Wayne Curry; and Jefferson County Commissioner David Armstrong, who shares my common roots and home.

I want to thank all of you in the private sector who worked for a year with our national home ownership strategy and those of you who worked for a lifetime to help people realize the dream of owning their own home.

When I became President, I saw this mission of expanding home ownership as part of our larger goal of restoring economic opportunity and a sense of security to Americans who are working hard and trying to build families and raise children. The fact that home ownership had stagnated for several years, to me, was just another indication of why we needed to get our economy moving and working for ordinary people again.

I think everybody here, of whatever age, remembers the first home they bought. Actually, I was thinking how much more persuasive Spencer was than I was -- he got married first and then bought a home. Some of you heard me tell this story before, but I had to buy a home to get married. Hillary and I had been going together for several years and we were living in Fayetteville, Arkansas, and we were both teaching at the University law school. And she was going away on some trip -- she was always getting trips to go away on. And she -- I took her to the airport one day. We passed this old house.

She said, "Boy, that's a pretty house." I said, "It really is." So I took her to the airport, I went back and checked on the house. It was 1,100 square feet, it cost \$20,500. And it was a beautiful little house -- no air-conditioning, attic fan, hard-wood floors. And I bought the house. And I made whatever the down payment was. I remember my mortgage payment was \$174 a month.

And so, three or four days later, she came back from her trip and I said, "You know that house you like so well?" I said, "I bought that house. Now, don't you think you'll have to marry me so I won't have to live there by myself?" I am a living example of the power of home ownership to strengthen families and build better futures.

I am very proud of what has been done in the last year. I want to thank Secretary Cisneros and all of the team at HUD. They have done a wonderful job. I don't believe we've ever had a HUD Secretary as energetic, as full of good ideas, as able to build bridges, as able to achieve things as Henry Cisneros.

We knew if we could get the economy going again, something would happen to home ownership. And in 1993, we began to work on a strategy that would do three things: First of all, it would drive the deficit down and, therefore, get interest rates down. Second, one that would open the world's markets to our products and services so we could get our exports up and create more jobs that were high-wage jobs. And third, one that would invest in the areas that are critical to our long-term growth -- the education and training of our people, technology, research, development, our infrastructure.

And after three and a half years, we've got over 8.5 million new jobs. The deficit has gone down now for four years in a row. The deficit was \$290 billion when I took office. It's projected to be about \$130 billion this year, and it's come down a long way.

We've had three years of record numbers of new small businesses starting, which is something that's very important to our long-term health and well-being. And now we have, in the last three years, 3.7 million people, like the Kastens, new home owners in America. And I think that's something we can all be proud of.

Home ownership is now at a 15-year high, and last year the increase was the highest rate of increase in home ownership in almost 30 years. And one of the things that I also want to point out -- that I'm very proud of -- is that home ownership is more broadly distributed now in America than it has been in a long time. There's been a very rapid increase in the number of African American first-time home owners, very rapid increase in the number of Hispanic home owners, an increase in the number of working women with children who own their own homes now.

So we are working hard to broaden the benefits of that. And so many of you are a big part of that. Sixty-five percent of the American people now own their own homes. Our goal is to go from 3.7 million new home owners to 8 million new home owners by the year 2000, bringing us to over 67 percent of the American people or two-thirds of the American people that own homes by the year 2000 -- the first time that has ever been achieved in the history of this

country. Together, you and I -- all of us working together -- we can achieve that goal. And I think we ought to recommit ourselves to it today.

I'd like to talk a little bit about what we're trying to do to further increase our role and do our part to work with the private sector on home ownership in the larger context of our obligation to create more opportunities for Americans who are willing to assume the responsibility of working for it, to achieve those opportunities.

A couple of days ago at Princeton, I went to talk about the idea of making education more accessible to all Americans, and reaffirmed my commitment to giving families a \$10,000 deduction for the cost of education after high school -- and then said, in addition to that, I believe we know enough about the world economy that a high school education is not a guarantee of a good job with a growing income and, therefore, we should make two more years of education available to every American by giving a tax credit of \$1,500 for the 13th and 14th year for people who need it. So that will open the doors of community college to every single American who needs it. And I think we ought to do that. I think it's very important.

I recommend it because I think it's good policy and because it's consistent with what we can afford and still balance the budget -- that anybody will be able to get the \$1,500 the first year to go back to community college and then they get it the second year if they maintain a B average. I believe that if the taxpayers are going to pay for it to, in effect, make it 14 years of public schooling, but do it through tax credits, that we ought to give it to people who are really working hard and trying to do their part as well. So I hope all of you will support that and get behind it.

We can do the same sorts of things with home ownership. Anybody who's willing to take the risk and make the mortgage payments to buy their own home -- it seems to me, we ought to do what we can to help. Besides that, it's not all that easy to own your own home. Not all of us are plasterers like Mr. Kasten here. Anybody who's ever been up at 3:00 in the morning trying to fix a pipe sometimes probably has second thoughts about whether he did the right thing in the first place.

But this country, for most of this century, has had a commitment to home ownership. And we've understood that home ownership was about more than a statistic, it was about growing the entire economy. It was about increasing the savings rates of Americans. It was about stabilizing the forces of family and child-rearing and strengthening communities. That it was a big, big issue.

President Roosevelt and the Congress understood that in creating the FHA way back in 1934. They recognized that out-of-work families losing their homes because they couldn't keep up with payments was a long-term disaster for the United States, for more than the families losing their homes. They realized that letting people buy their own homes was the best way to make sure that they had a stake in our system and in our future. That's what the nationally-backed mortgage system of insurance did.

And thanks to the FHA and the G.I. Bill's VA home guarantee, for the first time -- in 1948 -- for the very first time in the entire history of America -- a majority of Americans own their own homes. And what we are doing today is simply building on a 50-year commitment to continue to enhance that.

In the 1980s what happened was our country got so concerned with short-term gains that we were willing to sacrifice a lot of long-term interests to those short-term gains. The big deficits that came about in the 1980s paid for some short-term economic growth, but at the cost of very, very high interest rates, which put the brakes on home ownership. And we have been working, as I said, for three years to reverse those trends. It's looking pretty good.

One of the first things I noticed that came about after we announced and then enacted the deficit reduction plan in 1993 and we had a big reduction in interest rates was that people began to refinance their homes. So many people were on variable rate mortgages, they could do that. We believe that in 1993 alone 5.5 million families refinanced their home loans in a way that saved them an average of more than \$1,000 a year in payments. That was a stunning indicator to me that something was going right in this direction and we needed to continue to do more of it.

That is, by the way, why we will in this budget continue to bring the deficit down and why we ought to pass a balanced budget plan because that's the best guarantee to keep the interest rates down while we grow the economy. And over the long run, keeping that kind of environment will guarantee more than anything else we can do, the availability of affordable home ownership for the American people.

So I hope all of you will continue to support us as we find ways to bring the deficit down and balance the budget and still meet our fundamental commitments to bring this country together and to help those who need it.

Let me also say that we tried to focus on what it would take to get from here where we are, with 3.7 million to 8 million home owners. And we've asked for all of your help in the partnership that you're a part of with Secretary Cisneros and others in our

administration. But one of the things that we focused on and that all of us can remember from our own experiences, I think, when we first started to buy a home is how much it costs in front-end costs. And we found that one of the biggest barriers to young families buying homes was not the monthly mortgage payments, but the up-front costs. They averaged about \$4,400 a year.

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The Washington Hilton Hotel
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We don't have to get rid of the FHA to shrink the size of the federal government. We can do this in the right way. I bet most of you probably didn't know that. And one reason you probably don't know it is -- I'm very proud of this -- of the 237,000 people who have left the federal employment since I became President, fewer than 2,000 were separated involuntarily. We tried to take care of those folks and honor their service and recognize that they had to go on with their lives and they needed to find other jobs, they needed to do other work, or they needed to move gracefully into retirement.

So we have tried to handle this in a humane way. But I say this to make the point again: We need to keep our eyes on the major things here. The major thing is to keep the deficit coming down and go into balancing the budget, to do it in a way that enables us to honor our obligations to our children and our parents, to families with children with disabilities, and to others who need that, need help, and to do it in a way that grows the economy while preserving the environment and that helps people like the families we honor today to build a good future for themselves and their kids. We can do these things.

And I will say one more time, we've got a lot of work to do even with all these efforts to get from 3.7 million in 1996 to 8 million in 2000. But we can do it. I want to have 8 million Americans able to say two of the most beautiful words in the English language, "Welcome home" by the year 2000. And with your help, that's exactly what we're going to do.

Thank you and God bless you.

REMARKS BY THE PRESIDENT
AT NATIONAL HOME OWNERSHIP SUMMIT
The Washington Hilton Hotel
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I want to thank all of you for being here -- the other families who are here. I'm sure they could have given a testimonial much like the one that Lisa and Spencer gave. I want to thank the public officials who are here -- Congressman Chaka Fattah from Pennsylvania, and Mayor and Mrs. Lanier; Mayor Obano; Mayor Yunits; Prince George's County Executive, my neighbor, Wayne Curry; and Jefferson County Commissioner David Armstrong, who shares my common roots and home.

I want to thank all of you in the private sector who worked for a year with our national home ownership strategy and those of you who worked for a lifetime to help people realize the dream of owning their own home.

When I became President, I saw this mission of expanding home ownership as part of our larger goal of restoring economic opportunity and a sense of security to Americans who are working hard and trying to build families and raise children. The fact that home ownership had stagnated for several years, to me, was just another indication of why we needed to get our economy moving and working for ordinary people again.

I think everybody here, of whatever age, remembers the first home they bought. Actually, I was thinking how much more persuasive Spencer was than I was -- he got married first and then bought a home. Some of you heard me tell this story before, but I had to buy a home to get married. Hillary and I had been going together for several years and we were living in Fayetteville, Arkansas, and we were both teaching at the University law school. And she was going away on some trip -- she was always getting trips to go away on. And she -- I took her to the airport one day. We passed this old house.

She said, "Boy, that's a pretty house." I said, "It really is." So I took her to the airport, I went back and checked on the house. It was 1,100 square feet, it cost \$20,500. And it was a beautiful little house -- no air-conditioning, attic fan, hard-wood floors. And I bought the house. And I made whatever the down payment was. I remember my mortgage payment was \$174 a month.

And so, three or four days later, she came back from her trip and I said, "You know that house you like so well?" I said, "I bought that house. Now, don't you think you'll have to marry me so I won't have to live there by myself?" I am a living example of the power of home ownership to strengthen families and build better futures.

I am very proud of what has been done in the last year. I want to thank Secretary Cisneros and all of the team at HUD. They have done a wonderful job. I don't believe we've ever had a HUD Secretary as energetic, as full of good ideas, as able to build bridges, as able to achieve things as Henry Cisneros.

We knew if we could get the economy going again, something would happen to home ownership. And in 1993, we began to work on a strategy that would do three things: First of all, it would drive the deficit down and, therefore, get interest rates down. Second, one that would open the world's markets to our products and services so we could get our exports up and create more jobs that were high-wage jobs. And third, one that would invest in the areas that are critical to our long-term growth -- the education and training of our people, technology, research, development, our infrastructure.

And after three and a half years, we've got over 8.5 million new jobs. The deficit has gone down now for four years in a row. The deficit was \$290 billion when I took office. It's projected to be about \$130 billion this year, and it's come down a long way.

We've had three years of record numbers of new small businesses starting, which is something that's very important to our long-term health and well-being. And now we have, in the last three years, 3.7 million people, like the Kastens, new home owners in America. And I think that's something we can all be proud of.

Home ownership is now at a 15-year high, and last year the increase was the highest rate of increase in home ownership in almost 30 years. And one of the things that I also want to point out -- that I'm very proud of -- is that home ownership is more broadly distributed now in America than it has been in a long time. There's been a very rapid increase in the number of African American first-time home owners, very rapid increase in the number of Hispanic home owners, an increase in the number of working women with children who own their own homes now.

So we are working hard to broaden the benefits of that. And so many of you are a big part of that. Sixty-five percent of the American people now own their own homes. Our goal is to go from 3.7 million new home owners to 8 million new home owners by the year 2000, bringing us to over 67 percent of the American people or two-thirds of the American people that own homes by the year 2000 -- the first time that has ever been achieved in the history of this

country. Together, you and I -- all of us working together -- we can achieve that goal. And I think we ought to recommit ourselves to it today.

I'd like to talk a little bit about what we're trying to do to further increase our role and do our part to work with the private sector on home ownership in the larger context of our obligation to create more opportunities for Americans who are willing to assume the responsibility of working for it, to achieve those opportunities.

A couple of days ago at Princeton, I went to talk about the idea of making education more accessible to all Americans, and reaffirmed my commitment to giving families a \$10,000 deduction for the cost of education after high school -- and then said, in addition to that, I believe we know enough about the world economy that a high school education is not a guarantee of a good job with a growing income and, therefore, we should make two more years of education available to every American by giving a tax credit of \$1,500 for the 13th and 14th year for people who need it. So that will open the doors of community college to every single American who needs it. And I think we ought to do that. I think it's very important.

I recommend it because I think it's good policy and because it's consistent with what we can afford and still balance the budget -- that anybody will be able to get the \$1,500 the first year to go back to community college and then they get it the second year if they maintain a B average. I believe that if the taxpayers are going to pay for it to, in effect, make it 14 years of public schooling, but do it through tax credits, that we ought to give it to people who are really working hard and trying to do their part as well. So I hope all of you will support that and get behind it.

We can do the same sorts of things with home ownership. Anybody who's willing to take the risk and make the mortgage payments to buy their own home -- it seems to me, we ought to do what we can to help. Besides that, it's not all that easy to own your own home. Not all of us are plasterers like Mr. Kasten here. Anybody who's ever been up at 3:00 in the morning trying to fix a pipe sometimes probably has second thoughts about whether he did the right thing in the first place.

But this country, for most of this century, has had a commitment to home ownership. And we've understood that home ownership was about more than a statistic, it was about growing the entire economy. It was about increasing the savings rates of Americans. It was about stabilizing the forces of family and child-rearing and strengthening communities. That it was a big, big issue.

President Roosevelt and the Congress understood that in creating the FHA way back in 1934. They recognized that out-of-work families losing their homes because they couldn't keep up with payments was a long-term disaster for the United States, for more than the families losing their homes. They realized that letting people buy their own homes was the best way to make sure that they had a stake in our system and in our future. That's what the nationally-backed mortgage system of insurance did.

And thanks to the FHA and the G.I. Bill's VA home guarantee, for the first time -- in 1948 -- for the very first time in the entire history of America -- a majority of Americans own their own homes. And what we are doing today is simply building on a 50-year commitment to continue to enhance that.

In the 1980s what happened was our country got so concerned with short-term gains that we were willing to sacrifice a lot of long-term interests to those short-term gains. The big deficits that came about in the 1980s paid for some short-term economic growth, but at the cost of very, very high interest rates, which put the brakes on home ownership. And we have been working, as I said, for three years to reverse those trends. It's looking pretty good.

One of the first things I noticed that came about after we announced and then enacted the deficit reduction plan in 1993 and we had a big reduction in interest rates was that people began to refinance their homes. So many people were on variable rate mortgages, they could do that. We believe that in 1993 alone 5.5 million families refinanced their home loans in a way that saved them an average of more than \$1,000 a year in payments. That was a stunning indicator to me that something was going right in this direction and we needed to continue to do more of it.

That is, by the way, why we will in this budget continue to bring the deficit down and why we ought to pass a balanced budget plan because that's the best guarantee to keep the interest rates down while we grow the economy. And over the long run, keeping that kind of environment will guarantee more than anything else we can do, the availability of affordable home ownership for the American people.

So I hope all of you will continue to support us as we find ways to bring the deficit down and balance the budget and still meet our fundamental commitments to bring this country together and to help those who need it.

Let me also say that we tried to focus on what it would take to get from here where we are, with 3.7 million to 8 million home owners. And we've asked for all of your help in the partnership that you're a part of with Secretary Cisneros and others in our

administration. But one of the things that we focused on and that all of us can remember from our own experiences, I think, when we first started to buy a home is how much it costs in front-end costs. And we found that one of the biggest barriers to young families buying homes was not the monthly mortgage payments, but the up-front costs. They averaged about \$4,400 a year.

And so I challenged FHA to do what it could over the next year to cut those costs by \$1,000. For a lot of us who maybe have more yesterdays than tomorrows, that may not seem like a lot of money. But for these folks, that's a lot of money to come up with at one time. And I want to thank the FHA for the work they've done to meet the challenge I gave them to reduce the front-end costs closing on a home by \$1,000.

In 1994, FHA cut it's up-front mortgage insurance premiums by 25 percent. That was the first \$600 on their \$1,000 goal. Then over the next year or two, since 1994, FHA has been streamlining, consolidating its office, cutting red tape, putting offices on line, speeding up the process -- sometimes it's turned around and it's gone from as long as 60 days to as short as two days in the best places. And they are working very hard to implement these reforms throughout the country. As these changes go throughout the country, they will save literally -- in time -- \$200 per customer. So that takes us to \$800. We have one more step to make to get to \$1,000.

And I've directed the FHA to further reduce the up-front mortgage premiums by another 25 basis points which amounts to \$200 and which can be easily funded in our balanced budget plan. It doesn't cost a lot of money. But this will enable FHA to say, okay, we did it. With the 1994 cut, with this cut, with the streamlining, we will cut average closing costs from \$4,400 to \$3,400 to try to make the dream of home ownership more achievable to young, hardworking people so they can get off to a good start.

Now, let me also put in one plug here on an issue that's kind of hot around town now because I think it's the wrong way to promote home ownership. There are some people who say that we should just privatize the FHA altogether and that, if by selling off an agency that's made the American Dream of home ownership real for almost 25 million Americans without costing a dime, somehow that will reduce the housing costs for America's families. That's not so.

If we just ended FHA's loan guarantees we know that one thing would happen -- interests rate would go up, the mortgage rates would increase. Families now eligible for FHA loans would pay hundreds of

dollars more a year in mortgage payments. That would be a significant tax increase for people buying homes. As many as 400,000 families could be denied mortgages all together who would otherwise be eligible to get them.

So I believe this would be a mistake. This is a -- you can call it a subsidy as the critics do -- I say it's a pretty good subsidy. It's a pretty good investment by the American people as a whole to get two-thirds of us into our own homes. I think it's a pretty good investment for people like me, who can afford to pay market mortgage rates, to help young people like the Kastens get started and raise their kids, afford a home, be good citizens, and build a future. I believe it's worth doing.

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REMARKS BY THE PRESIDENT
AT NATIONAL HOME OWNERSHIP SUMMIT
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June 6, 1996

Thank you very much. When Lisa was up here talking and she said, when we bought our home I didn't realize this went along with it, I thought I would -- but her husband and I agree that she did so well she may have a future at this line of work. Don't you think she did?

I want to thank all of you for being here -- the other families who are here. I'm sure they could have given a testimonial much like the one that Lisa and Spencer gave. I want to thank the public officials who are here -- Congressman Chaka Fattah from Pennsylvania, and Mayor and Mrs. Lanier; Mayor Obano; Mayor Yunits; Prince George's County Executive, my neighbor, Wayne Curry; and Jefferson County Commissioner David Armstrong, who shares my common roots and home.

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So we are working hard to broaden the benefits of that. And so many of you are a big part of that. Sixty-five percent of the American people now own their own homes. Our goal is to go from 3.7 million new home owners to 8 million new home owners by the year 2000, bringing us to over 67 percent of the American people or two-thirds of the American people that own homes by the year 2000 -- the first time that has ever been achieved in the history of this

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I want to thank all of you for being here -- the other families who are here. I'm sure they could have given a testimonial much like the one that Lisa and Spencer gave. I want to thank the public officials who are here -- Congressman Chaka Fattah from Pennsylvania, and Mayor and Mrs. Lanier; Mayor Obano; Mayor Yunits; Prince George's County Executive, my neighbor, Wayne Curry; and Jefferson County Commissioner David Armstrong, who shares my common roots and home.

I want to thank all of you in the private sector who worked for a year with our national home ownership strategy and those of you who worked for a lifetime to help people realize the dream of owning their own home.

When I became President, I saw this mission of expanding home ownership as part of our larger goal of restoring economic opportunity and a sense of security to Americans who are working hard and trying to build families and raise children. The fact that home ownership had stagnated for several years, to me, was just another indication of why we needed to get our economy moving and working for ordinary people again.

I think everybody here, of whatever age, remembers the first home they bought. Actually, I was thinking how much more persuasive Spencer was than I was -- he got married first and then bought a home. Some of you heard me tell this story before, but I had to buy a home to get married. Hillary and I had been going together for several years and we were living in Fayetteville, Arkansas, and we were both teaching at the University law school. And she was going away on some trip -- she was always getting trips to go away on. And she -- I took her to the airport one day. We passed this old house.

She said, "Boy, that's a pretty house." I said, "It really is." So I took her to the airport, I went back and checked on the house. It was 1,100 square feet, it cost \$20,500. And it was a beautiful little house -- no air-conditioning, attic fan, hard-wood floors. And I bought the house. And I made whatever the down payment was. I remember my mortgage payment was \$174 a month.

And so, three or four days later, she came back from her trip and I said, "You know that house you like so well?" I said, "I bought that house. Now, don't you think you'll have to marry me so I won't have to live there by myself?" I am a living example of the power of home ownership to strengthen families and build better futures.

I am very proud of what has been done in the last year. I want to thank Secretary Cisneros and all of the team at HUD. They have done a wonderful job. I don't believe we've ever had a HUD Secretary as energetic, as full of good ideas, as able to build bridges, as able to achieve things as Henry Cisneros.

We knew if we could get the economy going again, something would happen to home ownership. And in 1993, we began to work on a strategy that would do three things: First of all, it would drive the deficit down and, therefore, get interest rates down. Second, one that would open the world's markets to our products and services so we could get our exports up and create more jobs that were high-wage jobs. And third, one that would invest in the areas that are critical to our long-term growth -- the education and training of our people, technology, research, development, our infrastructure.

And after three and a half years, we've got over 8.5 million new jobs. The deficit has gone down now for four years in a row. The deficit was \$290 billion when I took office. It's projected to be about \$130 billion this year, and it's come down a long way.

We've had three years of record numbers of new small businesses starting, which is something that's very important to our long-term health and well-being. And now we have, in the last three years, 3.7 million people, like the Kastens, new home owners in America. And I think that's something we can all be proud of.

Home ownership is now at a 15-year high, and last year the increase was the highest rate of increase in home ownership in almost 30 years. And one of the things that I also want to point out -- that I'm very proud of -- is that home ownership is more broadly distributed now in America than it has been in a long time. There's been a very rapid increase in the number of African American first-time home owners, very rapid increase in the number of Hispanic home owners, an increase in the number of working women with children who own their own homes now.

So we are working hard to broaden the benefits of that. And so many of you are a big part of that. Sixty-five percent of the American people now own their own homes. Our goal is to go from 3.7 million new home owners to 8 million new home owners by the year 2000, bringing us to over 67 percent of the American people or two-thirds of the American people that own homes by the year 2000 -- the first time that has ever been achieved in the history of this

country. Together, you and I -- all of us working together -- we can achieve that goal. And I think we ought to recommit ourselves to it today.

I'd like to talk a little bit about what we're trying to do to further increase our role and do our part to work with the private sector on home ownership in the larger context of our obligation to create more opportunities for Americans who are willing to assume the responsibility of working for it, to achieve those opportunities.

A couple of days ago at Princeton, I went to talk about the idea of making education more accessible to all Americans, and reaffirmed my commitment to giving families a \$10,000 deduction for the cost of education after high school -- and then said, in addition to that, I believe we know enough about the world economy that a high school education is not a guarantee of a good job with a growing income and, therefore, we should make two more years of education available to every American by giving a tax credit of \$1,500 for the 13th and 14th year for people who need it. So that will open the doors of community college to every single American who needs it. And I think we ought to do that. I think it's very important.

I recommend it because I think it's good policy and because it's consistent with what we can afford and still balance the budget -- that anybody will be able to get the \$1,500 the first year to go back to community college and then they get it the second year if they maintain a B average. I believe that if the taxpayers are going to pay for it to, in effect, make it 14 years of public schooling, but do it through tax credits, that we ought to give it to people who are really working hard and trying to do their part as well. So I hope all of you will support that and get behind it.

We can do the same sorts of things with home ownership. Anybody who's willing to take the risk and make the mortgage payments to buy their own home -- it seems to me, we ought to do what we can to help. Besides that, it's not all that easy to own your own home. Not all of us are plasterers like Mr. Kasten here. Anybody who's ever been up at 3:00 in the morning trying to fix a pipe sometimes probably has second thoughts about whether he did the right thing in the first place.

But this country, for most of this century, has had a commitment to home ownership. And we've understood that home ownership was about more than a statistic, it was about growing the entire economy. It was about increasing the savings rates of Americans. It was about stabilizing the forces of family and child-rearing and strengthening communities. That it was a big, big issue.

President Roosevelt and the Congress understood that in creating the FHA way back in 1934. They recognized that out-of-work families losing their homes because they couldn't keep up with payments was a long-term disaster for the United States, for more than the families losing their homes. They realized that letting people buy their own homes was the best way to make sure that they had a stake in our system and in our future. That's what the nationally-backed mortgage system of insurance did.

And thanks to the FHA and the G.I. Bill's VA home guarantee, for the first time -- in 1948 -- for the very first time in the entire history of America -- a majority of Americans own their own homes. And what we are doing today is simply building on a 50-year commitment to continue to enhance that.

In the 1980s what happened was our country got so concerned with short-term gains that we were willing to sacrifice a lot of long-term interests to those short-term gains. The big deficits that came about in the 1980s paid for some short-term economic growth, but at the cost of very, very high interest rates, which put the brakes on home ownership. And we have been working, as I said, for three years to reverse those trends. It's looking pretty good.

One of the first things I noticed that came about after we announced and then enacted the deficit reduction plan in 1993 and we had a big reduction in interest rates was that people began to refinance their homes. So many people were on variable rate mortgages, they could do that. We believe that in 1993 alone 5.5 million families refinanced their home loans in a way that saved them an average of more than \$1,000 a year in payments. That was a stunning indicator to me that something was going right in this direction and we needed to continue to do more of it.

That is, by the way, why we will in this budget continue to bring the deficit down and why we ought to pass a balanced budget plan because that's the best guarantee to keep the interest rates down while we grow the economy. And over the long run, keeping that kind of environment will guarantee more than anything else we can do, the availability of affordable home ownership for the American people.

So I hope all of you will continue to support us as we find ways to bring the deficit down and balance the budget and still meet our fundamental commitments to bring this country together and to help those who need it.

Let me also say that we tried to focus on what it would take to get from here where we are, with 3.7 million to 8 million home owners. And we've asked for all of your help in the partnership that you're a part of with Secretary Cisneros and others in our

administration. But one of the things that we focused on and that all of us can remember from our own experiences, I think, when we first started to buy a home is how much it costs in front-end costs. And we found that one of the biggest barriers to young families buying homes was not the monthly mortgage payments, but the up-front costs. They averaged about \$4,400 a year.

And so I challenged FHA to do what it could over the next year to cut those costs by \$1,000. For a lot of us who maybe have more yesterdays than tomorrows, that may not seem like a lot of money. But for these folks, that's a lot of money to come up with at one time. And I want to thank the FHA for the work they've done to meet the challenge I gave them to reduce the front-end costs closing on a home by \$1,000.

In 1994, FHA cut it's up-front mortgage insurance premiums by 25 percent. That was the first \$600 on their \$1,000 goal. Then over the next year or two, since 1994, FHA has been streamlining, consolidating its office, cutting red tape, putting offices on line, speeding up the process -- sometimes it's turned around and it's gone from as long as 60 days to as short as two days in the best places. And they are working very hard to implement these reforms throughout the country. As these changes go throughout the country, they will save literally -- in time -- \$200 per customer. So that takes us to \$800. We have one more step to make to get to \$1,000.

And I've directed the FHA to further reduce the up-front mortgage premiums by another 25 basis points which amounts to \$200 and which can be easily funded in our balanced budget plan. It doesn't cost a lot of money. But this will enable FHA to say, okay, we did it. With the 1994 cut, with this cut, with the streamlining, we will cut average closing costs from \$4,400 to \$3,400 to try to make the dream of home ownership more achievable to young, hardworking people so they can get off to a good start.

Now, let me also put in one plug here on an issue that's kind of hot around town now because I think it's the wrong way to promote home ownership. There are some people who say that we should just privatize the FHA altogether and that, if by selling off an agency that's made the American Dream of home ownership real for almost 25 million Americans without costing a dime, somehow that will reduce the housing costs for America's families. That's not so.

If we just ended FHA's loan guarantees we know that one thing would happen -- interests rate would go up, the mortgage rates would increase. Families now eligible for FHA loans would pay hundreds of

dollars more a year in mortgage payments. That would be a significant tax increase for people buying homes. As many as 400,000 families could be denied mortgages all together who would otherwise be eligible to get them.

So I believe this would be a mistake. This is a -- you can call it a subsidy as the critics do -- I say it's a pretty good subsidy. It's a pretty good investment by the American people as a whole to get two-thirds of us into our own homes. I think it's a pretty good investment for people like me, who can afford to pay market mortgage rates, to help young people like the Kastens get started and raise their kids, afford a home, be good citizens, and build a future. I believe it's worth doing.

But let me say again, I'm committed to reducing the deficit, I'm committed to reducing the size of government, I'm committed to getting rid of programs we don't need. We have eliminated hundreds of programs in the last three years. There are 237,000 fewer people working for the federal government than there were the day I took the oath of office -- 237,000. And I might say, we have the smallest federal government since 1965. By the end of the year it will be the smallest it has been since President Kennedy was in office. As a percentage of our overall civilian work force, the federal government today is as small as it was in 1933, before the New Deal.

We don't have to get rid of the FHA to shrink the size of the federal government. We can do this in the right way. I bet most of you probably didn't know that. And one reason you probably don't know it is -- I'm very proud of this -- of the 237,000 people who have left the federal employment since I became President, fewer than 2,000 were separated involuntarily. We tried to take care of those folks and honor their service and recognize that they had to go on with their lives and they needed to find other jobs, they needed to do other work, or they needed to move gracefully into retirement.

So we have tried to handle this in a humane way. But I say this to make the point again: We need to keep our eyes on the major things here. The major thing is to keep the deficit coming down and go into balancing the budget, to do it in a way that enables us to honor our obligations to our children and our parents, to families with children with disabilities, and to others who need that, need help, and to do it in a way that grows the economy while preserving the environment and that helps people like the families we honor today to build a good future for themselves and their kids. We can do these things.

And I will say one more time, we've got a lot of work to do even with all these efforts to get from 3.7 million in 1996 to 8 million in 2000. But we can do it. I want to have 8 million Americans able to say two of the most beautiful words in the English language, "Welcome home" by the year 2000. And with your help, that's exactly what we're going to do.

Thank you and God bless you.