

Statement for the Record
Congresswoman Nydia M. Velázquez
FSC Hearing on GSE Reform and the Federal Home Loan Banks
March 9, 2005

The housing GSEs, including the Federal Home Loan Banks, play an important role in closing our nation's homeownership gap and increasing the purchasing power of low-income, minority families. Accordingly, we must ensure their ability to serve the vital role of providing liquidity to the mortgage industry and increasing access to affordable homes.

Today we will hear from the regulator of the Federal Home Loan Banks and the member banks who benefit from their services. Knowing the positive impact of the community investment made by the Federal Home Loan Bank of New York, it is crucial that we do not impede the Banks' ability to provide credit to community financial institutions engaged in home mortgage and neighborhood lending.

In the coming weeks and months we, as a Committee, will look at the need to reform the current GSE oversight system to address recent concerns about the safety and soundness of these organizations that play such a critical role in the mortgage industry. In this debate we will be addressing issues such as whether or not to include the FHLBs in GSE reform and, if we do, what aspects of the Banks' activities we choose to alter, if any. I hope that as we move forward we take into consideration the valuable role the FHLBs play in the housing market and ensure that their abilities are only enhanced, not inhibited.

A key factor in the positive impact of the GSEs is their ability to create innovative products for the diverse communities with which they work nationwide. From products to help new immigrant families with non-traditional credit histories to flexible lending programs to allow for multiple generations living under one roof, the GSEs are charged with providing access to homeownership where mainstream financial institutions cannot. We must stay focused on this mission as we move forward, and strengthen the investment in struggling communities where possible.

I look forward to the testimony and discussion we will hear today, especially from the member banks who are in our communities working face to face with the low-moderate income families seeking homes. Your experience will guide us as we draft legislation and look for ways to close the homeownership gap and ensure a safe, stable home for hard-working families across the country.