

July 13, 2004

Opening Statement by Congressman Paul E. Gillmor  
House Financial Services Committee  
Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises  
Hearing to Review the Office of Federal Housing Enterprise Oversight (OFEHO) and  
Federal Housing Finance Board (FHFB)

Thank you, Mr. Chairman, for holding this important hearing and for your continued leadership on this issue and the overall topic of reforming the regulatory structure governing Government Sponsored Enterprises (GSEs).

Both the Office of Federal Housing Enterprise Oversight (OFEHO) and the Federal Housing Finance Board (FHFB) play a critical role in the oversight and regulation of the home loan industry. Accordingly, each agency has taken affirmative steps to ensure an increased accountability of the respective GSEs under their supervision. I applaud OFEHO's hiring of the accounting firm Deloitte and Touche to monitor Freddie Mac's accounting practices; such action will help prevent further accounting failures. I was also pleased to see the FHFB's enactment requiring Home Loan Banks to register their holdings with the Security and Exchange Commission. The steps taken by both agencies indicate a commitment to maintaining the integrity of the home loan and mortgage industry.

However, further steps might be necessary to improve the regulation of GSEs. I am looking forward to a discussion today of potential solutions to this problem; including a proposal to create an independently funded agency that would combine the duties now carried out by OFHEO and the FHFB. Such an agency could possibly continue the progress OFHEO and FHFB have made, while increasing the authority and resources they lack.

I look forward to hearing from Directors Falcon and Castaneda on this issue, and hope progress is made to improve the regulatory oversight of Fannie Mae and Freddie Mac. Our housing GSEs are assigned the task of providing an important service to the public; for that reason, it is critical that they be accountable to the public with respect to their financial and managerial activities.

I thank you again, Mr. Chairman, for assembling us here this afternoon. I look forward to an informative discussion.