

July 23, 2002

Opening Statement for Congressman Paul E. Gillmor  
House Financial Services Committee Subcommittee on Capital Markets, Insurance and  
Government Sponsored Enterprises Hearing  
Hearing on OFHEO's Risk-based Capital Rule

I would like to thank Chairman Baker for holding this important hearing to allow this subcommittee to consider the risk-based capital rule finalized last March by the Office of Federal Housing Enterprise Oversight (OFHEO).

I am pleased to see Director Falcon before us today to provide further details on the minimum leverage capital requirement, capital classifications and the stress test to be used in determining the risk-based capital requirements for Fannie Mae and Freddie Mac, detailed in the recent rule-making.

I am particularly interested to hear specifics on the results of the first application of this risk-based capital stress test and OFHEO's subsequent report on the overall safety and soundness of Fannie Mae and Freddie Mac. In June, it was announced that both Government Sponsored Enterprises (GSEs) passed the initial test.

Given the recent decision by Fannie Mae and Freddie Mac to voluntarily begin filing their financial statements with the Securities and Exchange Commission (SEC), I look forward to learning the specifics of the Disclosure Review Process mandated by OFHEO and their relationship to SEC-required periodic reports. I also would like to hear Director Falcon's opinion on a recent legislative initiative that would mandate full SEC registration for both Fannie Mae and Freddie Mac.

Again, I would like to thank Chairman Baker for holding this hearing and Director Falcon for coming before us today. I look forward to an informative session.