

Congressman Joseph Crowley
Committee on Financial Services
Opening Statement
September 25, 2003

- I would like to begin by thanking Chairman Oxley and Ranking Member Frank for conducting this important hearing this morning
- Our Housing Government Sponsored Enterprises have been a focal point of many hearings of this Committee over the past few years
- What have we learned?
- They are safe and sound financial institutions, as they have always met the tough 6 voluntary commitments mandated by this Committee
- They have contributed significantly to keeping this economy afloat over the past 3 years
- They continually meet the housing goals as established by HUD
- They have done a phenomenal job at providing lower costs loans for homeowners throughout the United States
- On that point, I cite a story from the Wall Street Journal that demonstrates in my home region of New York City that jumbo rates are much greater than conforming loan rates in large part because of the existence of the housing GSE's in the conforming market
- I do have a concern that the housing GSE's be granted more flexibility in adjusting the definition of conforming loan limits for high cost areas, like New York City
- I welcome the participation of all parties at this hearing today, especially the Chairman of Fannie Mae, Frank Raines who is a stable voice at Fannie, just as he was a stable voice at OMB when he was head there, a long time ago, when surpluses, prosperity and near zero unemployment were our nation's biggest economic concerns
- Additionally, I look forward to hearing from Freddie Mac. While the newspapers have been discussing their recent restatements, and I do not condone the accounting problems there, I would like to remind people that when they restated, they showed GREATER earnings, not less, like most of the corporate accounting scandals we have seen over the past 3 years

- In my Congressional District alone, Freddie's \$403.9 million in mortgage purchases financed homeownership for 3,413 families
- Additionally, I greatly look forward to hearing the comments of Panel 3, in discussing the important mission of Freddie and Fannie
- Regardless of the fate of OFHEO, any reform legislation must mandate that the missions of the housing GSE's remain, and I believe they are best kept at HUD, the Federal department dedicated to housing
- Additionally, we need to ensure the independence of the GSE's with respect to their creativity in creating new products for market
- This Committee wrote Gramm-Leach-Bliley. It would be against our basic nature to now restrict the ability of private companies to limit their dynamicism and creativity in bringing products to market – products which benefit our consumers
- Additionally, I am interested in hearing the testimony of OFHEO. They have been a much-maligned agency; while they have had problems, let us remember that it was Congress that repeatedly refused to provide them the funding they needed to do their job
- I look back at the Hinchey Amendment to the FY 2001 VA-HUD bill; while Mr. Baker did support this amendment to increase the oversight budget of HUD, most of his colleagues did not, and it failed on a near party line vote
- If OFHEO is essentially dissolved and its work brought to Treasury, I would want to make sure that it is done in a way that will not upset our capital markets but also ensure that the creativity of the GSE's are preserved, the independence of OFHEO is kept and that the mission of the housing GSE's as well as their goals remain in place
- As we all know, housing has been a provider of jobs and benefits, incomes and tax revenues during the past three years of recession, supporting the rest of the economy. We cannot dismantle this
- That is why I salute Treasury Secretary Snow's comments on not wanting to change the capital standards of the housing GSE's
- While it is clear to me that Fannie Mae and Freddie Mac are financially strong and sound, I think the financial markets would benefit from Congressional action to show that we will ensure that the role played by the Housing GSE's is maintained, and that their charter and mission to engage in all communities on behalf of affordable housing remains a priority.

- I am prepared to work with you, Mr. Chairman and Mr. Frank, to develop legislation this year to establish a strong safety and soundness regulator for the Housing GSE's at the Treasury Department if that is the will of this Committee
- Again, thank you, Mr. Chairman and Mr. Frank for holding this hearing today