

## **Statement of Congressman Charles Gonzalez (D-TX)**

### **House Financial Service Committee Hearing on H.R. 2575, the Secondary Mortgage Market Enterprises Regulatory Improvement Act and the Administration's proposals on GSE regulation**

**September 25, 2003**

I would like to welcome our distinguished guests to today's hearing on proposals to restructure federal oversight of Government Sponsored Enterprises. Thank you for joining us to offer your views on this critical issue.

As we all know, recent serious allegations of accounting improprieties at one of the GSE's has lead this Committee to review the safety and soundness oversight of these critical institutions. The GSE's are a critical part of our nation's economy and I am glad that we are looking at improving federal oversight of their business practices. In my opinion though, most Members of this Committee will support a transfer of safety and soundness jurisdiction to the Department of Treasury, provided that any such transfer would in no way weaken the housing mission of these institutions. The housing mission is the fundamental reason why the GSE's were created in the first place, and any structural changes to GSE oversight must ultimately result in housing becoming more affordable in America and not less.

There have been suggestions from some quarters that any changes to the GSE structure should include more aggressive review of their product development. I do support efforts to fully ensure that the safety and soundness oversight of these institutions is world class. But, we should not overburden these critical institutions with so much regulatory review that they lose the flexibility to quickly introduce new and creative products to the market. I will be looking closely at any proposals in this area to ensure that they result in more choices for consumers and not less.

Fannie Mae and Freddie Mac have been critical to making home ownership more affordable for millions of American families. I am firmly convinced that but for Fannie Mae and Freddie Mac we would not have ever increasing rates of home ownership especially in the Hispanic and African American communities. Whatever changes we consider over the next couple of weeks must have the interests of American consumers and taxpayers foremost in mind. I hope that during this process we do not lose sight of the fundamental purpose of the GSE's—to make housing more affordable for average Americans. Thank you and I yield back my time.