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GOVERNMENT REFORM

JOINT ECONOMIC COMMITTEE



**Congress of the United States**  
**House of Representatives**  
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**Statement of Rep. Carolyn B. Maloney (D-NY)**  
**Committee on Financial Services**  
**Reform of GSE Regulation**  
**September 25, 2003**

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This hearing is likely the last before the Committee moves to a mark up of legislation that will reform the GSE regulators. As we move forward in this process, our focus should be on strengthening areas where regulation has proven weak while treading carefully so as to not adversely affect our nation's incredibly successful, diverse housing markets.

I look forward to hearing the perspectives of today's witnesses: the current GSE regulators, the GSEs themselves, housing industry representatives and consumer groups. As I listen to the testimony, I come to today's hearing hoping they build on some of the themes that I believe were established at our last meeting.

No matter where it is located, to be successful the new GSE regulator must be fully independent and free of political interference and from yearly appropriations. Without the ability to take independent positions before Congress, its authority will constantly be in question and different parties will attempt to influence regulatory outcomes by appealing to higher levels in the Treasury Department. Capital Markets Subcommittee Ranking Member Kanjorski has highlighted this issue and I am in agreement with his position.

I also agree with Ranking Member Frank that we must maintain as the focus of the GSEs' mission providing liquidity for low and moderate income housing. The GSEs provide for lower mortgage rates for millions of our constituents and I am convinced that if such mission oriented entities did not exist today we would be working to create them.

I also have a special interest in the Federal Home Loan Bank System as we work on this legislation. If Congress is going to create a new first class GSE regulator the Committee should closely consider whether including the Bank System in this effort is appropriate. As the Committee is aware, in 1997 the GAO concluded that a single regulator would have several advantages over the current structure.

Whatever we produce, we must continue to step forward and not back in increasing homeownership. While overall homeownership levels are 68 percent nationally, minority levels track far behind – with African-Americans at 47 percent and Hispanics and Latinos at 46 percent. Homeownership in New York City lags far behind national levels. This is my focus as we work on this bill.