

**Statement of Congressman Gary G. Miller**  
**Hearing on Regulatory Oversight of the Government Sponsored Enterprises**  
**Committee on Financial Services**  
**September 25, 2003**

The United States housing markets are the envy of the world. We enjoy the lowest interest rates and the highest homeownership rates of any developed nation in the world. When Americans are homeowners, it spurs economic and community development and provides residents with a sense of pride in their community. Homeownership is the single largest creator of wealth for most Americans. For these reasons, it is imperative that we work through this process to maintain a strong housing market.

The recent problems at Freddie Mac should prompt us to ensure that the two largest participants in the housing market – Fannie Mae and Freddie Mac – have appropriate oversight. Because the housing markets are such an integral part of the economy and they are such large participants, it is imperative they remain safe and sound. That's why I support moving regulatory oversight from the Office of Federal Housing Enterprise and Oversight to the Department of Treasury. I believe the Department of Treasury has the expertise necessary to appropriately regulate complex financial institutions such as Fannie Mae and Freddie Mac. They will reassure investors and the markets that these companies are sound and that their investments in America's housing markets are safe.

However, certain core housing mission-related oversight can be better handled at the Department of Housing and Urban Development. Only HUD has the expertise to ensure certain aspects of Fannie Mae and Freddie Mac's business are in line with their congressionally-chartered mission of providing liquidity to the housing markets and meeting the markets demands for new programs for consumers.

I strongly believe that HUD should have the ability to pre-approve new programs for the GSEs. Quick and expeditious pre-approval of new programs allows Fannie Mae and Freddie Mac to quickly adapt in a changing marketplace. However, this is not to say HUD should have the ability to micromanage new products, which could cause disruption for homebuyers and lenders. To the contrary, Fannie Mae and Freddie Mac should retain the ability to quickly adapt to the marketplace and provide new products that are within their charters and mission. Anything to prohibit the free-flow of products to the marketplace is contrary to the American ideal of innovation and growth.

I have seen in my district how the ability to respond to local needs is vital in addressing affordable housing priorities. For example, in the cities of Brea and Anaheim, Fannie Mae has bought millions of dollars in Redevelopment Administration (RDA) loans to assist these cities with their redevelopment needs. In Whittier, Fannie Mae has worked with the city, its police force and local lenders to create an employer-assisted housing program for police officers so they can live in the communities they serve. They have created down payment assistance programs with various cities to help those families most in need with the biggest hurdle to buying a home – the down payment. And they have worked with Orange County to create a teacher's housing program to help teachers afford homes near the schools where they teach. All of these programs should not and cannot be subject to a radical program approval process that stifles innovation and the ability of the housing GSEs to meet the mission Congress set for them-- serving low, moderate and middle-income families all across this nation at all times.

Mr. Chairman, I thank you for holding this hearing. The goals of these two companies is so critical to the economy that I look forward to working on a clean bill that we can move out of the committee in an expeditious manner. I look forward to working with you and the other members of the committee to resolve this issue as quickly as possible.