

Ranking Member Spencer Bachus Opening Statement at the Mark up of GSE and Housing Bills

March 28, 2007

Thank you, Chairman Frank, for holding this important markup today on H.R. 1427. Members have been grappling with this issue for years, but there are no convenient answers. Actually, it is a subject where every proposed solution seems to raise new, difficult questions. But it is a matter that requires resolution.

Homeownership is available today to more Americans than ever before, and further promoting homeownership and increasing access to the American Dream is a priority of the Republican members of this Committee. It is time to strengthen the GSEs' safety and soundness regulator, to ensure the regulator has the resources to do its job effectively and to guarantee that America's system of housing finance is secure.

I am committed to passing a bipartisan bill providing for robust regulatory supervision of the GSEs. Operating the GSEs in a safe and sound manner is essential to the stability of the housing finance system and our financial markets generally. The current regulators are under-funded, understaffed and unable to fully oversee the operations of these sophisticated enterprises.

Fannie Mae, Freddie Mac and the Federal Home Loan Banks are world class financial organizations, and they require a world class regulatory structure, which is independently funded, with all appropriate authority and independence. Ensuring that these GSEs are subject to suitable levels of regulatory scrutiny is an end I will continue to support because the benefits of better oversight will accrue not only to the taxpayer and the financial system at large but also to these housing-related GSEs.

The Chairman has fashioned a bipartisan consensus on the regulatory provisions of this legislation; however, his Affordable Housing Fund remains divisive. The Chairman's long-standing and sincere belief in the importance of including this fund in GSE reform legislation is well-known. While I respect his view, I do not share it.

When the Committee debated GSE legislation last Congress, I joined a substantial number of my Republican colleagues in opposing the creation of a fund that would have been drawn from the GSEs' after-tax income, and used by outside third parties, including non-profit organizations and community development groups to finance certain housing initiatives. H.R. 1427 includes a modified version of this proposal, one substituting a funding mechanism based upon the size of the GSEs' mortgage portfolios. This provision is also objectionable because, as drafted, there is no way to ensure the monies will be delivered, monitored or spent in an appropriate manner.

I hope our work during today's markup will move us closer to the end of the GSE debate. If this Committee does its job well, it will limit risks to taxpayers and burdens to the market. The Committee can pass a measure that ensures that the GSEs operate prudentially while continuing to serve their vital function of providing liquidity and stability to our nation's housing finance system. I look forward to passing a robust bill that achieves these goals.

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