

**OPENING REMARKS OF THE HONORABLE RUBEN HINOJOSA
HOUSE FINANCIAL SERVICES COMMITTEE
SUBCOMMITTEE ON CAPITAL MARKETS
“GSE REFORM AND THE FEDERAL HOME LOAN BANKS”
MARCH 9, 2005**

Chairman Baker and Ranking Member Kanjorski,

I want to express my sincere appreciation for you holding this hearing today. It is very important that we continue to review potential reforms to the Government Sponsored Enterprises (GSEs) and the impact they might have on all financial institutions and markets.

Senator Hagel has introduced S. 190, the “Federal Housing Enterprise Regulatory Reform Act of 2005.” I am particularly interested in several of the bill’s provisions. One provision would transfer supervisory authority over Fannie Mae, Freddie Mac, and the regional, cooperative Federal Home Loan Banks to a new, independent agency. Another provision would ensure that the new, independent agency has supervisory powers comparable to federal banking agencies, and the third provision of particular interest to me is the one that would address compensation issues at Fannie Mae and Freddie Mac.

I look forward to addressing those three provisions and others should they come before this Committee for consideration.

Chairman Baker, it is my hope that whatever action we take to reform the Government Sponsored Enterprises, we preserve the Federal Home Loan Bank system and the mission all twelve regional banks share of supporting the nation’s housing finance and community lending system. Communities in my district and countless others across the United States have benefitted from the FHLB Affordable Housing Program. It is especially important that we maintain and protect this program at a time of economic uncertainty.

Having said that, I yield back the remainder of my time.