

OPENING REMARKS OF THE HONORABLE RUBEN HINOJOSA

Chairman Oxley and Ranking Member Frank,

I want to express my sincere appreciation for holding this important and timely hearing today to receive testimony from Senator Rudman on his comprehensive report detailing accounting irregularities at Fannie Mae.

Before I address the report itself, I want you to know that I appreciate all that Fannie Mae has done to improve the quality and quantity of homes in my district over the past decade. Prior to this, my district suffered from horrible housing conditions. Now, the housing supply in my district has increased significantly as has the quality of those homes. I will continue to support Fannie Mae, provided, and this is important, that they do not engage in any irresponsible corporate and reporting activity now, or in the future.

Although the size and composition of the Fannie Mae portfolio was beyond the scope of Senator Rudman's report, I continue to support the level of Fannie Mae's portfolio of loans. I disagreed one hundred percent with former Federal Reserve Chairman Alan Greenspan's recommended that Fannie Mae's portfolio be reduced from its current level to one hundred billion dollars worth of loans. Such a proposal would have negatively impacted Fannie Mae's ability to meet its mission and would have harmed my constituents. I strongly support for the Government Sponsored Enterprise legislation we passed in Committee and on the House floor this Congress, and I encourage our counterparts on the Senate side to adopt our proposal on portfolio size and on the affordable housing program.

Now that Senator Rudman has completed his report on Fannie Mae's financial irregularities, it is my understanding that reports from the Office of Federal Housing Enterprise, the SEC, and the Department of Justice are forthcoming. They will determine the liability and culpability for Fannie Mae's conduct.

Despite all the negative news reports and negative statements by opponents of Fannie Mae, I am pleased that the recommendations Senator Rudman's report makes regarding Fannie Mae's governance, internal controls, internal organization and the like either have been implemented or will be soon. I am also pleased to learn that Fannie Mae's Board and current management cooperated completely with Senator Rudman and his team of investigators. However, I plan to ensure that my staff keeps me informed of any additional irregularities in Fannie Mae or other Government Sponsored Enterprises. Congress and the public cannot and will not accept the financial accounting schemes outlined in the Rudman Report.

Thank you Mr. Chairman.

I yield back the remainder of my time.