

Opening Statement of Senator Wayne Allard
Committee on Banking, Housing, and Urban Affairs
Hearing on Reforming Regulation of the Government Sponsored Enterprises
February 7, 2008

Thank you, Mr. Chairman. As the saying goes, it feels like déjà vu all over again. It is hard to believe that five years after huge accounting and corporate governance scandals came to light at Freddie Mac and Fannie Mae we are still debating whether to provide adequate regulation.

- The housing GSEs are huge- their combined obligations exceed the publicly held debt of the entire United States by more than \$1 Trillion, yet we still don't have reform.
- We have seen a dramatic increase in their share of mortgage origination, yet we still don't have reform.
- We have seen a huge increase in their mortgage credit leverage, yet we still don't have reform.
- We have seen more than \$10 Billion in financial restatements, yet we still don't have reform.
- Despite their promises, Fannie Mae and Freddie Mac are still not timely filers, yet we still don't have reform.

What will it take? What are we waiting for? I believe that the bills reported out by this committee under the leadership of Senator Shelby, especially the more recent bill, were good, strong legislation. It provided the strong oversight merited by multi Trillion dollar entities, but especially those with governmental ties.

The GSEs face sizeable risks; the housing slowdown has added significant credit risk and they have not yet resolved their operational risks. Therefore, it baffles me that Congress is considering adding even more to this risk through a substantial increase in the conforming loan limit as part of the stimulus package without any of the reforms so important to overseeing and managing GSE risk. This is a step in exactly the wrong direction.

This committee needs to take up the bill we already passed and bring it to the Senate floor for a vote. There is no reason to delay another day in providing the level of oversight demanded by the housing GSEs.

I would like to thank our witnesses for being here today to get that process started. I hope we all share a desire to move the process forward as quickly as possible, and your comments will be helpful as we move a bill.