

GAO

Testimony

Before the Committee on Banking,
Housing, and Urban Affairs, U.S. Senate

For Release on Delivery
Expected at 10:00 a.m. EST
Thursday, March 6, 2008

HOUSING GOVERNMENT- SPONSORED ENTERPRISES

A Single Regulator Will Better Ensure Safety and Soundness and Mission Achievement

Statement of William B. Shear, Director
Financial Markets and Community Investment





Highlights of [GAO-08-563T](#), a testimony before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate

Why GAO Did This Study

The housing government-sponsored enterprises (GSEs)—Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System (FHLBank System), play a critical role in the nation's housing finance system. However, concerns exist that the fragmented federal oversight structure for the GSEs is not well positioned to help ensure that they operate in a safe and sound manner and fulfill their housing missions.

This testimony provides information on the GSEs' missions and risks, the current regulatory structure, and proposed regulatory reforms.

To prepare this testimony, GAO relied on a substantial body of previous work and updated its analysis in light of recent events.

What GAO Recommends

GAO recommends that Congress establish a single regulator that is equipped with adequate authorities to fully oversee GSE activities and governed by a board or hybrid board structure.

HOUSING GOVERNMENT-SPONSORED ENTERPRISES

A Single Regulator Will Better Ensure Safety and Soundness and Mission Achievement

What GAO Found

While the GSEs provide certain public benefits, they also pose potential risks. Fannie Mae and Freddie Mac's primary activity involves purchasing mortgages from lenders and issuing mortgage-backed securities that are either sold to investors or held in the GSEs' retained portfolio. The 12 FHLBanks traditionally made loans to their members and more recently instituted programs to purchase mortgages from their members and hold such mortgages in their portfolios. While not obligated to do so, the federal government could provide financial assistance to the GSEs, if one or more experienced financial difficulties, that could result in significant costs to taxpayers. Due to the GSEs' large size, the potential also exists that financial problems at one or more of the GSEs could have destabilizing effects on financial markets.

The current housing GSE regulatory structure is fragmented and not well equipped to oversee their financial soundness or housing mission achievement. The Office of Federal Housing Enterprise Oversight (OFHEO) is responsible for safety and soundness oversight of Fannie Mae and Freddie Mac while the Federal Housing Finance Board (FHFB) is responsible for safety and soundness and mission oversight of the FHLBank System. Both regulators lack key statutory authorities to fulfill their safety and soundness responsibilities as compared to the authorities available to federal bank regulators. For example, OFHEO and FHFB are not authorized to limit the asset growth of housing GSEs if capital falls below predetermined levels. Moreover, the Department of Housing and Urban Development (HUD), which has housing mission oversight responsibility for Fannie Mae and Freddie Mac, faces a number of challenges in carrying out its responsibilities. In particular, HUD may not have sufficient resources and technical expertise to review sophisticated financial products and issues.

Creating a single housing GSE regulator could better ensure consistency of regulation among the GSEs. With safety and soundness and mission oversight combined, a single regulator would be better positioned to consider potential trade-offs between these sometimes competing objectives. To be effective, the single regulator must have all the regulatory oversight and enforcement powers necessary to address unsafe and unsound practices, respond to financial emergencies, assess the extent to which the GSEs' activities benefit home buyers and mortgage markets, and otherwise ensure that the GSEs comply with their public missions. To ensure the independence and prominence of the regulator and allow it to act independently of the influence of the housing GSEs, this new GSE regulator should be governed by a board or hybrid board structure.

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to participate in today's hearing to discuss federal oversight of the housing government-sponsored enterprises (GSEs), namely Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System (FHLBank System). The housing GSEs continue to play a critical role in the nation's housing finance system and this committee, with input from a number of entities, is assessing the contributions the GSEs may be able to make to address currently distressed housing market conditions. However, as you know, the housing GSEs, which are large and complex organizations with more than \$6 trillion in outstanding obligations, also pose potentially significant risks to taxpayers. When Comptroller General Walker testified before this committee in April 2005, he stated that the fragmented federal regulatory structure for the housing GSEs was not well positioned to help ensure that they operate in a safe and sound manner and thereby limit such risks.¹ Further, he stated that the fragmented regulatory structure did not provide adequate assurance to Congress and the public that the GSEs were fulfilling their critical housing missions. As the Comptroller General testified, and I plan to emphasize today, the establishment of a single federal regulator with adequate authorities to oversee all housing GSE activities is critical to helping ensure that the housing GSEs' financial soundness is secure while they continue to provide opportunities to American homeowners.

To assist the committee in its oversight of the housing GSEs and their regulation, my testimony today is divided into two sections. First, I will provide an overview of the GSEs and their missions, identify the risks they pose to taxpayers and the financial system, and describe the current regulatory structure, which is divided among the Office of Federal Housing Enterprise Oversight (OFHEO), the Department of Housing and Urban Development (HUD), and the Federal Housing Finance Board (FHFB). Second, I will identify deficiencies in the current regulatory structure and discuss how a single regulator that is endowed with adequate legal authorities and governed by a board or hybrid board structure is, in our view, the best potential means to help ensure that the GSEs meet their housing-related missions while doing so in a safe and sound manner.

¹See GAO, *Housing Government-Sponsored Enterprises: A New Oversight Structure Is Needed*, [GAO-05-576T](#) (Washington, D.C.: Apr. 21, 2005).

To prepare for this testimony, we relied heavily on a substantial amount of work that we have done on the housing GSEs and their regulatory oversight in the past (see Related GAO Products), and we also reviewed our historical positions in light of recent events. We conducted this work in Washington, D.C. in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Overview of the Housing GSEs, Their Risks, and Regulatory Structure

I would like to begin my testimony by briefly describing the missions and activities of each of the GSEs, and the risks they pose to taxpayers. Then I will describe the current GSE regulatory structure.

The Housing GSEs Share Similar Missions

Fannie Mae and Freddie Mac's mission is to enhance the availability of mortgage credit across the nation during both good and bad economic times by purchasing mortgages from lenders (banks, thrifts, and mortgage lenders), which then use the proceeds to make additional mortgages available to home buyers. Most mortgages purchased by Fannie Mae and Freddie Mac are conventional mortgages, which have no federal insurance or guarantee. The companies' mortgage purchases are subject to a conforming loan limit that currently stands at a maximum of \$729,750.² Although Fannie Mae and Freddie Mac hold some mortgages in their portfolios that they purchased, most mortgages are placed in mortgage pools to support mortgage-backed securities (MBS). MBS issued by Fannie Mae or Freddie Mac are either sold to investors (off-balance sheet obligations) or held in their retained portfolios (on-balance sheet obligations). Fannie Mae and Freddie Mac guarantee the timely payment of principal and interest on MBS that they issue.

²The Economic Stimulus Act of 2008 enacted a temporary increase in the conforming loan limit. For mortgages originated between July 1, 2007, and December 31, 2008, the loan limit for an area will be the greater of (1) the existing limit of \$417,000 or (2) 125 percent of the area median home price, not to exceed a ceiling of 175 percent of the statutory limit, or \$729,750.

The 12 FHLBanks that constitute the FHLBank System traditionally made loans—also known as advances—to their members (typically banks or thrifts) to facilitate housing finance and community and economic development. FHLBank members are required to collateralize advances with high-quality assets such as single-family mortgages. More recently, the FHLBanks initiated programs to purchase mortgages directly from their members and hold them in their retained portfolios.³ This process is similar to Fannie Mae and Freddie Mac’s traditional business activities, although the FHLBanks do not have the authority to securitize mortgages.⁴

The activities of the housing GSEs generally have been credited with enhancing the development of the U.S. housing finance market. For example, when Fannie Mae and the FHLBank System were created during the 1930s, the housing finance market was fragmented and characterized by regional shortages of mortgage credit.⁵ It is widely accepted that the activities of the housing GSEs helped develop a unified and liquid mortgage finance market in this country.

Housing GSE Activities Involve Significant Risks

While the housing GSEs have generated public benefits, their large size and activities pose potentially significant risks to taxpayers. As a result of their activities, the GSEs’ outstanding debt and off-balance sheet financial obligations total more than \$6 trillion. The GSEs face the risk of losses primarily from credit risk, interest rate risk, and operational risks.⁶ Although the federal government explicitly does not guarantee the obligations of GSEs, it is generally assumed on Wall Street that assistance would be provided in a financial emergency. In fact, during the 1980s, the federal government provided financial assistance to both Fannie Mae and the Farm Credit System (another GSE) when they experienced difficulties

³Mortgages purchased by the FHLBanks contain some lender-provided credit enhancements.

⁴Securitization is the process of aggregating similar financial instruments, such as loans or mortgages, into pools and selling investors securities that are backed by cash flows from these pools.

⁵Freddie Mac was established in 1970.

⁶Credit risk is the possibility of financial loss resulting from default by homeowners on housing assets that have lost value; interest rate risk is the risk of loss due to fluctuations in interest rates; and operational risk includes the possibility of financial loss resulting from inadequate or failed internal processes, people, and systems or from external events.

due to sharply rising interest rates and declining agricultural land values, respectively.

More recently, the housing GSEs have experienced a variety of operational and financial challenges, some of which are described below:

- Starting in 2003, first Freddie Mac and then Fannie Mae were found to have engaged in misapplication of relevant accounting standards and earnings manipulation. The GSEs also misstated their incomes by billions of dollars. Consequently, OFHEO required Fannie Mae and Freddie Mac to develop capital restoration plans and both GSEs are still operating under regulatory agreements, which require improvements in their operations.
- According to FHFBS, some FHLBanks did not embrace and implement corporate governance and risk management tools necessary for their complex and evolving operations, which resulted in operational and financial challenges. In 2004, FHFBS entered into supervisory written agreements with the FHLBanks in Chicago and Seattle, which required a variety of operational improvements. FHFBS terminated the written agreement with the Seattle bank in January 2007. FHFBS also entered into a related agreement with the Chicago bank in October 2007.
- Fannie Mae reported that rising mortgage defaults and falling home prices contributed to a \$3.6 billion loss for the company in the last quarter of 2007. The GSE predicted that housing prices will continue to fall and that its financial performance will deteriorate further. Similarly, Freddie Mac reported a loss of about \$2.5 billion for the same period, of which approximately \$2.3 billion is attributed to losses on derivative trades.

The GSEs also pose potential risks to the stability of the U.S. financial system. In particular, if Fannie Mae, Freddie Mac, or the FHLBank System were unable to meet their financial obligations, other financial market participants depending on payments from these GSEs in turn might become unable to meet their financial obligations. To the extent that this risk, called systemic risk, is associated with the housing GSEs, it is based primarily on the sheer size of their financial obligations. For example, as discussed in OFHEO's 2003 report on systemic risk, if either Fannie Mae or Freddie Mac were to become insolvent, financial institutions holding the enterprise's MBS could be put into a situation where they could no

longer rely on those securities as a ready source of liquidity.⁷ Depending on the response of the federal government, the financial health of the banking segment of the financial services industry could decline rapidly, possibly leading to a decline in economic activity. As another example, derivatives counterparties holding contracts with a financially troubled GSE could realize large losses if the GSE were no longer able to meet its obligations. If such an event were to occur, widespread defaults could occur in derivatives markets.

Housing GSE Regulatory Structure Is Divided among OFHEO, HUD, and FHFB

The current regulatory structure for the housing GSEs is divided among OFHEO, HUD, and FHFB, as described below:

- OFHEO is an independent office within HUD and is responsible for regulating Fannie Mae and Freddie Mac's safety and soundness. OFHEO oversees the two GSEs through its authority to examine their operations, determine capital adequacy, adopt rules, and take enforcement actions. Although OFHEO's financial plans and forecasts are included in the President's budget and are subject to the appropriations process, the agency is not funded with tax dollars. Rather, Fannie Mae and Freddie Mac pay annual assessments to cover OFHEO's costs.
- HUD is responsible for ensuring that Fannie Mae and Freddie Mac are accomplishing their housing missions. HUD is to accomplish this responsibility through its authority to set housing goals and review and approve new programs, and through its general regulatory authority. HUD is funded through appropriations.
- FHFB is responsible for regulating the FHLBank System's safety and soundness as well as its mission activities. The agency has a five-member board, with the President of the United States appointing four members—each of whom serves a 7-year term—subject to Senate approval. The fifth member is the Secretary of HUD. The President also appoints FHFB's chair. Like OFHEO, FHFB carries out its oversight authorities through examinations, establishing capital standards, rule making, and taking enforcement actions. FHFB is funded through assessments of the 12 Federal Home Loan Banks and is not subject to the appropriations process.

⁷Office of Federal Housing Enterprise Oversight, *Systemic Risk: Fannie Mae, Freddie Mac, and the Role of OFHEO* (Washington, D.C.; Feb. 4, 2003).

Housing GSE Regulatory Reform Is Necessary to Better Ensure Safety and Soundness and Mission Achievement

We continue to believe that the current fragmented regulatory structure for the housing GSEs is inadequate to monitor these large and complex financial institutions and their mission activities. Establishing a single housing GSE regulator that is equipped with adequate authorities and governed by a board would better ensure that the GSEs operate in a safe and sound manner and fulfill their housing missions.

Current GSE Regulatory Structure Is Fragmented, OFHEO Lacks Key Authorities, and HUD's Mission Oversight Capacity Is Questionable

The current fragmented structure of federal housing GSE regulation does not provide for a comprehensive and effective approach to safety and soundness regulation. Although the housing GSEs operate differently, they share common characteristics as large and complex financial institutions. For example, the GSEs rely on sophisticated strategies and activities, such as the use of derivatives, to manage the interest rate and other risks that are inherent in their operations. In recent years, the GSEs, as discussed earlier, have not always demonstrated the capacity to effectively manage the risks that they face.

Moreover, OFHEO, and FHFB to a lesser degree, lack key authorities to fulfill their safety and soundness responsibilities, as described below:

- Unlike bank regulators and FHFB, (1) OFHEO's authority to issue cease and desist orders does not specifically list an unsafe and unsound practice as grounds for issuance and (2) OFHEO's powers do not include the same direct removal and prohibition authorities applicable to officers and directors.
- Bank regulators have prompt corrective action authorities that are arguably more robust and proactive than those of OFHEO and FHFB. These authorities require that bank regulators take specific supervisory actions when bank capital levels fall to specific levels or provide the regulators with the option of taking other actions when other specified unsafe and unsound actions occur.⁸ Although OFHEO has statutory authority to take certain actions when Fannie Mae or Freddie Mac capital falls to predetermined levels, the authorities are not as proactive or broad

⁸Capital can be a lagging indicator of unsafe and unsound conditions at financial institutions. Declining asset quality is an unsafe and unsound condition that may be identified months or years before capital declines.

as those of the bank regulators.⁹ OFHEO also has established regulations requiring specified supervisory actions when unsafe conditions are identified that are not related to capital adequacy, but OFHEO's statute does not specifically mention these authorities. FHFB's statute does not establish a prompt corrective action scheme that requires specified actions when unsafe conditions are identified. Although FHFB officials believe they have all the authority necessary to carry out their safety and soundness responsibilities, the agency has significant discretion in resolving troubled FHLBanks. Consequently, there is limited assurance that FHFB would act decisively to correct identified problems.

- Unlike bank regulators—which can place insolvent banks into receivership—and FHFB, which can take actions to liquidate an FHLBank, OFHEO is limited to placing Fannie Mae or Freddie Mac into a conservatorship.¹⁰ Thus, it is not clear that OFHEO has sufficient authority to fully resolve a situation in which Fannie Mae or Freddie Mac is unable to meet its financial obligations.

In addition to concerns about OFHEO's and FHFB's authorities to fulfill their safety and soundness responsibilities, the fragmentation of authorities and responsibilities between OFHEO and HUD amplify our significant concerns with HUD's capacity as the mission regulator for Fannie Mae and Freddie Mac. The ability for a regulator to assess tradeoffs that may be present between mission achievement and financial soundness, especially in the presence of the housing market turmoil we are currently experiencing, is especially important. As stated in our previous testimony, HUD officials we contacted said the department lacked sufficient staff and resources necessary to carry out its GSE mission oversight responsibilities. According to HUD's Director of Government-Sponsored Enterprise Oversight, HUD currently has a total of about 17 full time positions that are dedicated to GSE mission oversight. While HUD's ability to ensure adequate resources for its GSE oversight

⁹For example, bank regulators generally are required to take specified regulatory actions at earlier stages of capital depletion than is OFHEO. Bank regulators also are required to initiate four supervisory actions against an undercapitalized institution—including restricting asset growth—while OFHEO is mandated to take only two actions (not including restricting asset growth).

¹⁰According to OFHEO officials, a receivership is empowered to take over the assets and operate an entity, assuming all of its powers and conducting all of its business as well as removing officers and directors. A receiver may place the failed institution into liquidation and sell its assets. While a conservator may also remove officers and directors of an entity, a conservator is typically appointed to conserve rather than dispose of assets.

responsibilities is limited, its mission oversight responsibilities are increasingly complex. For example, as we have noted in the past, it is not clear that HUD has the expertise necessary to review sophisticated financial products and issues, which may be associated with the department's program review and approval and general regulatory authorities.¹¹ In addition, without the authority to impose assessments on Fannie Mae and Freddie Mac to cover the costs associated with their mission oversight, it would appear that HUD will always be challenged to fulfill its GSE mission oversight responsibilities.

A Single Housing GSE Regulator Equipped with Sufficient Authorities and Governed by a Board or Hybrid Board Structure Is Critical

To address the deficiencies in the current GSE regulatory structure that I have just described, we have consistently supported and continue to believe in the need for the creation of a single regulator to oversee both safety and soundness and mission of the housing GSEs.¹² A single regulator could be more independent, objective, efficient, and effective than separate regulatory bodies and could be more prominent than either one alone. We believe that valuable synergies could be achieved and expertise in evaluating GSE risk management could be shared more easily within one agency. In addition, we believe that a single regulator would be better positioned to oversee the GSEs' compliance with mission activities, such as special housing goals and any new programs or initiatives the GSEs might undertake. This single regulator should be better able to assess the competitive effects of these activities on all three housing GSEs and better able to ensure consistency of regulation for GSEs that operate in similar markets.

Further, a single regulator would be better positioned to consider potential tradeoffs between mission requirements and safety and soundness considerations, because such a regulator would develop a fuller understanding of the operations of these large and complex financial institutions. Some critics of combining safety and soundness and mission have voiced concerns that doing so could create regulatory conflict for the regulator. However, we believe that a healthy tension would be created

¹¹See GAO, *Government Sponsored Enterprises: Federal Oversight Needed for Nonmortgage Investments*, [GAO/GGD-98-48](#) (Washington, D.C.: Mar. 11, 1998). HUD's general regulatory authority can be used to limit or disallow activities that are determined not to support the mission of Fannie Mae or Freddie Mac.

¹²See GAO, *Government-Sponsored Enterprises: Advantages and Disadvantages of Creating a Single Housing GSE Regulator*, [GAO/GGD-97-139](#) (Washington, D.C.: July 9, 1997).

that could lead to improved oversight. The tradeoffs between safety and soundness and compliance with mission requirements could be best understood and accounted for by having a single regulator that has complete knowledge of the financial conditions of GSEs, regulates the mission goals Congress sets, and assesses efforts to fulfill them.

Adequate Regulatory Authorities Are Essential

It is essential that the new GSE regulator have adequate powers and authorities to address unsafe and unsound practices, respond to financial emergencies, and ensure that the GSEs comply with their public missions. These authorities include (1) cease and desist authority related to unsound practices, (2) removal and prohibition authority related to officers and directors, (3) prompt corrective action authority for inadequate capital levels as well as other unsafe and unsound conditions, and (4) authority to resolve a critically undercapitalized GSE, which may include placing it into receivership. Additionally, the new housing GSE regulator should have the authority to adjust as necessary the housing enterprises' minimum and risk-based capital requirements to help ensure their continued safety and soundness.

We also believe that the new GSE regulator should be tasked with the responsibility of conducting research on the extent to which the housing GSEs are fulfilling their housing and community development missions. There are already questions about the extent to which the housing GSEs' retained mortgage holdings benefit housing finance markets. Moreover, studies by federal agencies, academics, and the GSEs have estimated the extent to which Fannie Mae's and Freddie Mac's activities generate savings to home buyers and have reached differing conclusions. Additional studies may be needed to more precisely estimate the extent to which the GSEs' activities benefit home buyers. Further, there is limited empirical information on the extent to which FHLBank advances lower mortgage costs for home buyers or encourage lenders to expand their commitment to housing finance. Without better information, Congress and the public cannot judge the effectiveness of the GSEs in meeting their missions or whether the benefits provided by the GSEs' various activities are in the public interest and outweigh their financial and systemic risks.

New GSE Regulator Should Have a Board or Hybrid Board/Director Governance Structure

In determining the appropriate structure for a new GSE regulator, I note that Congress has authorized two different structures for governing financial regulatory agencies: a single director and board. Among financial regulators, single directors head the Office of the Comptroller of the Currency, the Office of Thrift Supervision and OFHEO, while boards or commissions run FHF, the Securities and Exchange Commission, and the Board of Governors of the Federal Reserve System, among others. The

single director model has advantages over a board or commission; for example, the director can make decisions without the potential hindrance of having to consult with or obtain the approval of other board members.

However, in our previous work, we have stated that a “stand-alone” agency with a board of directors would better ensure the independence and prominence of the regulator and allow it to act independently of the influence of the housing GSEs, which are large and politically influential. A governing board may offer the advantage of allowing different perspectives, providing stability, and bringing prestige to the regulator. Moreover, including the Secretaries of Treasury and HUD or their designees on the board would help ensure that GSE safety and soundness and housing mission compliance issues are both considered.

I would note that in other regulatory sectors—besides financial regulation—Congress has established alternative board structures that could be considered as potential models for the new GSE regulator. One such alternative structure would be the hybrid board/director governance model. Under such an approach, a Presidentially appointed and Senate-confirmed agency head could report to a board of directors consisting of secretaries from key executive branch agencies, such as Treasury and HUD. Having board members from the same political party could lessen some of the tensions and conflicts observed at boards purposefully structured to have a split in membership along party lines. However, a board composed of members from the same political party may not benefit from different perspectives to the same extent as a board with members from different political parties. Therefore, an advisory committee to the regulator could be formed to include representatives of financial markets, housing, and the general public. This advisory committee could be required to have some reasonable representation from different political parties.

Regulatory Funding Structure

Finally, I would like to comment on issues surrounding the potential funding arrangements for a new housing GSE regulator. Exempting the new GSE regulator from the appropriations process would provide the agency with the financial independence necessary to carry out its responsibilities. More importantly, without the timing constraints of the appropriations process, the regulator could more quickly respond to budgetary needs created by any crisis at the GSEs. However, being outside the appropriations process can create tradeoffs. First, while the regulator will have more control over its own budget and funding level, it could lose the checks and balances provided by the federal budget and appropriations processes or the potential reliance on increased

appropriations during revenue shortfalls. As a result, the regulator may need to establish a system of budgetary controls to ensure fiscal restraint.

Second, removing the regulator from the appropriations process could diminish congressional oversight of the agency's operations. This tradeoff could be mitigated through increased oversight by the regulator's congressional authorizing committees, such as a process of regular congressional hearings on the new GSE regulator's operations and activities.

Mr. Chairman, this completes my prepared statement. I would be happy to respond to any questions that you or other Members of the Committee may have.

GAO Contacts and Staff Acknowledgments

For further information regarding this testimony, please contact William B. Shear, Director, at (202) 512-8678 or shearw@gao.gov. Individuals making contributions to this testimony include Marianne E. Anderson, Wesley M. Phillips, and Karen C. Tremba.

Related GAO Products

Federal Home Loan Banks: Too Soon to Tell the Potential Impact of Excess Stock Rule on the Affordable Housing Program. [GAO-07-878R](#). Washington, D.C.: June 22, 2007.

Housing Government-Sponsored Enterprises: A New Oversight Structure Is Needed. [GAO-05-576T](#). Washington, D.C.: April 21, 2005.

Federal Home Loan Bank System: An Overview of Changes and Current Issues Affecting the System. [GAO-05-489T](#). Washington, D.C.: April 13, 2005.

Government-Sponsored Enterprises: A Framework for Strengthening GSE Governance and Oversight. [GAO-04-269T](#). Washington, D.C.: February 10, 2004.

Federal Home Loan Bank System: Key Loan Pricing Terms Can Differ Significantly. [GAO-03-973](#). Washington, D.C.: September 8, 2003.

Financial Regulation: Review of Selected Operations of the Federal Housing Finance Board. [GAO-03-364](#). Washington, D.C.: February 28, 2003.

OFHEO's Risk Based Capital Stress Test: Incorporating New Business Is Not Advisable. [GAO-02-521](#). Washington, D.C.: June 28, 2002.

Federal Home Loan Bank System: Establishment of a New Capital Structure. [GAO-01-873](#). Washington, D.C.: July 20, 2001.

Comparison of Financial Institution Regulators' Enforcement and Prompt Corrective Action Authorities. [GAO-01-322R](#). Washington, D.C.: January 31, 2001.

Capital Structure of the Federal Home Loan Bank System. [GAO/GGD-99-177R](#). Washington, D.C.: August 31, 1999.

Federal Housing Finance Board: Actions Needed to Improve Regulatory Oversight. [GAO/GGD-98-203](#). Washington, D.C.: September 18, 1998.

Federal Housing Enterprises: HUD's Mission Oversight Needs to Be Strengthened. [GAO/GGD-98-173](#). Washington, D.C.: July 28, 1998.

Risk-Based Capital: Regulatory and Industry Approaches to Capital and Risk. [GAO/GGD-98-153](#). Washington, D.C.: July 20, 1998.

Government-Sponsored Enterprises: Federal Oversight Needed for Nonmortgage Investments. [GAO/GGD-98-48](#). Washington, D.C.: March 11, 1998.

Federal Housing Enterprises: OFHEO Faces Challenges in Implementing a Comprehensive Oversight Program. [GAO/GGD-98-6](#). Washington, D.C.: October 22, 1997.

Government-Sponsored Enterprises: Advantages and Disadvantages of Creating a Single Housing GSE Regulator. [GAO/GGD-97-139](#). Washington, D.C.: July 9, 1997.

Housing Enterprises: Investment, Authority, Policies, and Practices. [GAO/GGD-91-137R](#). Washington, D.C.: June 27, 1997.

Comments on "The Enterprise Resource Bank Act of 1996." [GAO/GGD-96-140R](#). Washington, D.C.: June 27, 1996.

Housing Enterprises: Potential Impacts of Severing Government Sponsorship. [GAO/GGD-96-120](#). Washington, D.C.: May 13, 1996.

Letter from James L. Bothwell, Director, Financial Institutions and Markets Issues, GAO, to the Honorable James A. Leach, Chairman, Committee on Banking and Financial Services, U.S. House of Representatives, Re: GAO's views on the "Federal Home Loan Bank System Modernization Act of 1995." B-260498. Washington, D.C.: October 11, 1995.

FHLBank System: Reforms Needed to Promote Its Safety, Soundness, and Effectiveness. [GAO/T-GGD-95-244](#). Washington, D.C.: September 27, 1995.

Housing Finance: Improving the Federal Home Loan Bank System's Affordable Housing Program. [GAO/RCED-95-82](#). Washington, D.C.: June 9, 1995.

Government-Sponsored Enterprises: Development of the Federal Housing Enterprise Financial Regulator. [GAO/GGD-95-123](#). Washington, D.C.: May 30, 1995.

Federal Home Loan Bank System: Reforms Needed to Promote Its Safety, Soundness, and Effectiveness. [GAO/GGD-94-38](#). Washington, D.C.: December 8, 1993.

Improved Regulatory Structure and Minimum Capital Standards Are Needed for Government-Sponsored Enterprises. [GAO/T-GGD-91-41](#). Washington, D.C.: June 11, 1991.

Government-Sponsored Enterprises: A Framework for Limiting the Government's Exposure to Risks. [GAO/GGD-91-90](#). Washington, D.C.: May 22, 1991.

Government-Sponsored Enterprises: The Government's Exposure to Risks. [GAO/GGD-90-97](#). Washington, D.C.: August 15, 1990.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to www.gao.gov and select "E-mail Updates."

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office
441 G Street NW, Room LM
Washington, DC 20548

To order by Phone: Voice: (202) 512-6000
TDD: (202) 512-2537
Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Ralph Dawn, Managing Director, dawnr@gao.gov, (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548