

**OPENING STATEMENT OF CONGRESSMAN PAUL E. KANJORSKI  
COMMITTEE ON FINANCIAL SERVICES**

**HEARING ON THE FUTURE OF HOUSING FINANCE:  
WHAT SHOULD THE NEW SYSTEM BE ABLE TO DO? – PART II**

**APRIL 14, 2010**

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Mr. Chairman, we meet today to continue our discussions about what functions a new housing finance system should perform. I appreciate your efforts to focus the Financial Services Committee on this complex set of issues and share your interest in these important matters.

Today's hearing is just one of many conversations with stakeholders that we will need to have before determining what legislative actions we should take to achieve the end goal of reestablishing a healthy, stable housing finance system. I approach these debates with an open mind and without any preconceived notion of what the solution ought to be. Through careful deliberation, however, I do believe that we can ultimately find the right policy approach.

In late 2008, then-Treasury Secretary Paulson placed Fannie Mae and Freddie Mac under conservatorship. Since then, the Treasury Department has committed to purchase more than \$125 billion in preferred stock of the enterprises. Government agencies have also purchased in excess of \$1.3 trillion in mortgage-backed securities. All of these actions have preserved the availability of housing credit during these difficult economic times.

The government, however, has further scaled back its commitments in our mortgage markets since our hearing last month on this same topic. Specifically, on March 31 the Federal Reserve ended its program to purchase mortgage-backed securities. As our markets recover from the financial crisis, we must return to the private sector those functions that properly belong with the private sector. Although we must continue to carefully monitor what happens to mortgage rates and investor demand, I am so far pleased with the results of this separation.

In thinking about where we should go, we must also consider where we have been. In good times and in bad, Fannie Mae and Freddie Mac have historically proven vital to increasing liquidity and improving the distribution of capital available for home mortgages. Together, these institutions have helped tens of millions of middle class families to share in the American Dream of owning their homes. I want the new housing finance system to continue to achieve this goal.

While I look forward to hearing the testimony of all of the participants today, I am especially eager to learn the thoughts of the Secretary of Housing and Urban Development. His thoughts will help to guide the Capital Markets Subcommittee as it continues with the explorations begun last June regarding the housing finance system. At our forthcoming hearings, I anticipate that we will explore specific questions like the need for mortgage insurance, the housing finance systems of other countries, and the structure of guarantee fees.

In sum, Mr. Chairman, these important matters are ripe for debate and represent the next big mountain that our Committee must climb. This trek is almost as difficult as reforming financial regulation. If the legislative debates on financial services regulatory reform were like scaling Mount Everest, then the deliberations of the future of housing finance are surely like ascending Mount McKinley. I am glad that we have had some practice.

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