



**Office of Federal Housing Enterprise Oversight
(OFHEO)**

STATEMENT

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**STATEMENT OF OFHEO DIRECTOR JAMES B.
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"As Director of OFHEO, the regulator of Fannie Mae and Freddie Mac, I believe that the foreclosure prevention initiative announced by President Bush is a major step forward. I thank Secretary Paulson and Jackson and everybody from the private-sector involved. Fannie and Freddie are the largest investors in AAA subprime mortgage backed securities. They hold \$160 billion of these securities and they are the major buyers of the refinanced subprime mortgages. This plan is a win - win for homeowners, neighborhoods, investors and the markets.

But more has to be done. Fannie Mae and Freddie Mac have played an extremely important role in supporting the mortgage market as all the problems erupted this summer. Since then, they have been buying and securitizing almost \$100 billion a month in mortgages. Their market share of all new mortgages has grown from 38% last year to over 60 percent.

We need to make sure that they will continue supporting the mortgage markets. That is why we need now, as President Bush and the Secretaries have just said, GSE reform to strengthen the regulator of Fannie Mae, Freddie Mac and the Federal Home Loan Banks. For the last six years Congress has been considering GSE reform legislation. Given the problems faced by Fannie Mae and Freddie Mac and the current market conditions, it is time to act to ensure that they will be here to support the mortgage market, especially affordable mortgages for lower income families, now and in the future."

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OFHEO's mission is to promote housing and a strong national housing finance system by ensuring the safety and soundness of Fannie Mae and Freddie Mac.