



**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503**

July 23, 2008  
(House)

## **STATEMENT OF ADMINISTRATION POLICY**

### **H.R. 3221 – Housing and Economic Recovery Act of 2008**

(Rep. Frank (D) MA)

The Administration supports House passage of H.R. 3221 as amended. This legislation contains several critically important provisions that the Administration strongly supports, as well as others the Administration opposes. With Congress about to begin its scheduled summer recess, it is important that the desirable aspects of this bill be enacted expeditiously into law, despite the Administration's concerns about other provisions in the legislation.

The Administration strongly supports the bill's provisions to increase market confidence in the housing government-sponsored enterprises (GSEs) and to aid the stability of the financial system by providing the Treasury Department with the temporary authority to assure the GSEs continued access to liquidity and capital. In addition, the Administration strongly supports the creation of a stronger and more effective regulatory regime for the GSEs.

For nearly five years, the Administration has sought legislation to reform the regulation of the GSEs, particularly Fannie Mae and Freddie Mac. On numerous occasions, the Administration has made clear the importance of ensuring that the regulator of these enterprises has powers commensurate with the GSE's size and importance. This bill provides those necessary powers: it enables the new regulator to set both minimum and risk-based capital requirements; directs the regulator to evaluate the GSEs' retained mortgage portfolios in the context of their risk and housing mission; and provides the new regulator with receivership authority, in the event that an insolvent GSE must be liquidated in an orderly fashion.

As communicated in previous Statements of Administration Policy, the Administration has concerns with several of the other provisions in this bill. It is disappointing that Congress did not remove these objectionable provisions before adjourning for the month of August. While this bill should have been improved, the temporary Treasury authorities and GSE reform provisions are too important to the stability of our Nation's housing market, financial system, and the broader economy not to be enacted immediately. For these reasons, the Administration supports passage of H.R. 3221 as amended.

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