

April 21, 2005

Dear Member of Congress:

Both chambers of the 109th Congress are in the process of considering legislation that would create a single, independent, and world-class regulator for the housing Government Sponsored Enterprises. In the Senate, Senators Hagel, Sununu and Dole have introduced S. 190, the Federal Housing Enterprise Regulatory Reform Act of 2005. In the House, Congressman Richard Baker has introduced H.R. 1461, the Federal Housing Finance Reform Act of 2005. On behalf of the Federal Home Loan Bank of New York, we are writing to express our general support for the intent of these bills. Just the press headlines over the past few months demonstrate the need for the regulatory structure to be overhauled. We encourage you to adopt such legislation as quickly as possible.

In this process, some have placed on the table secondary issues such as allowing the Home Loan Banks to securitize home mortgage loans or suggesting that the Home Loan Banks should be consolidated. These and other issues are not, in our opinion, primary issues that need to be debated at length and included in legislation at this time but rather carefully considered under the new regulatory regime. We urge you, as a Member of Congress, to focus on what truly needs to be done - the creation of an independent, world-class regulator for all three housing GSEs: Fannie Mae, Freddie Mac, and the Federal Home Loan Banks.

Specifically, within the legislation, we urge Congress to create a new GSE regulator that is independent and that is not subject to the congressional appropriations process. We urge that the regulator be funded in a manner that provides that the FHLBank System's assessments be allocated to the regulation and supervision of the FHLBank System and that Fannie Mae's and Freddie Mac's assessments be allocated to the regulation and supervision of Fannie Mae and Freddie Mac. And we urge that the new, independent regulator possess similar supervision and enforcement powers to those of other federal financial regulators to maintain safety and soundness and guard against systemic risk.

With respect to the FHLBanks, we would urge that the new regulator be organized with a strong emphasis on preserving the current statutory authorities, mission and the cooperative structure of the FHLBank System, recognize the unique characteristics of the FHLBank System, and not impede or limit the FHLBank System's access to the capital markets.

We thank you for considering our views. Should you have any questions, please contact Alfred DelliBovi, President of the Home Loan Bank of New York at (212) 441-6801 or Eric Amig, Vice President and Director, Bank Relations, at (212) 441-6807.

Sincerely,



Richard S. Mroz
Chairman, External Affairs Committee
Federal Home Loan Bank of New York