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U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

June 22, 2004

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The Honorable James Walsh
Chairman
Subcommittee on VA-HUD Appropriations
Committee on Appropriations
U.S. House of Representatives
H-143, The Capitol
Washington, D.C. 20515

Dear Chairman Walsh:

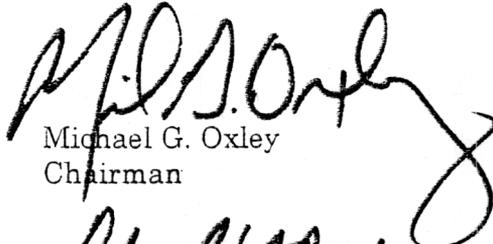
As the Chairmen and Ranking Members of the authorizing Committee and Subcommittee with oversight over the Office of Federal Housing Enterprise Oversight (OFHEO), we are writing to encourage you to include the Administration's proposed Fiscal Year (FY) budget amount of \$59.2 million for OFHEO in your Subcommittee's FY '05 appropriation bill this year. The Administration's initial budget submission for OFHEO did not include an FY '05 request since it was expected that OFHEO's resources would be transferred to a new regulatory entity. This transfer has not occurred; therefore, it is imperative that Congress appropriate budget resources for the existing regulator this fiscal year. Without approval of a budget, the entity with oversight responsibilities over two of the largest financial intuitions in the world will go unfunded.

The Administration is seeking an increase in OFHEO's budget to strengthen OFHEO's safety and soundness capacity, improve its oversight mechanisms, and to continue the on-going special accounting reviews at Freddie Mac and Fannie Mae. These are all very important undertakings that must receive adequate funding.

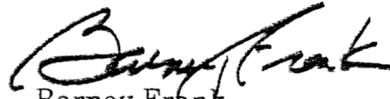
As you know, OFHEO's budget is paid by assessments levied on the Enterprises, and thus represents no cost to the taxpayer. We support the Administration's proposed budget and ask for your support to include it as the Subcommittee considers the FY '05 VA-HUD bill.

Thank you for your consideration of this matter. We look forward to working closely with you to ensure that OFHEO is adequately funded.

Sincerely,



Michael G. Oxley
Chairman



Barney Frank
Ranking Member



Richard H. Baker
Chairman
Subcommittee on Capital Markets,
Insurance, and Government
Sponsored Enterprises



Paul E. Kanjorski
Ranking Member
Subcommittee on Capital Markets,
Insurance, and Government
Sponsored Enterprises

cc: The Honorable Alan B. Mollohan, Ranking Member