

Think Tanks To Testify On GSE Reform...

The Obama Administration is expected to release a white paper Friday with its proposals to reform the U.S. housing finance system and restructure government-sponsored entities Fannie Mae and Freddie Mac. Meanwhile Wednesday, a key House Financial Services subcommittee will listen to suggestions from leading think tanks on the issue.

Rep. Scott Garrett, chairman of the Capital Markets subcommittee -- which will be responsible for writing the legislation to overhaul Fannie and Freddie -- has already said he favors a purely private mortgage market over time.

The Administration's white paper is expected to include options, rather than specific legislative proposals, on what to do with Fannie and Freddie as well as a plan to draw private capital into the housing market.

The proposal was due by the end of January as prescribed by the Dodd-Frank Act but the Administration decided to delay its release.

The witnesses testifying Wednesday come from the Cato Institute, the Reason Foundation, the American Enterprise Institute, and the Center for American Progress. They represent groups that lean both to the left and to the right and their suggestions will be varied.

Suggestions will include creating a covered bond market, increasing government guaranty fees, reducing conforming loan limits, various methods to wind down the GSEs portfolios, and the elimination of Fannie and Freddie all together.

While GSE reform will be top of both Democratic and Republican agendas in the coming year, some analysts have said they expect the debate to be slow moving and legislation will be pushed back beyond 2012.

Wednesday's hearing titled, "GSE Reform: Immediate Steps to Protect Taxpayers and End the Bailout" will begin at 2:00 p.m EST.

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