

**Prepared Statement of Mr. John Thomas Korsmo
Member-Designate
Federal Housing Finance Board**

10:00 a.m., Thursday, November 15, 2001 - Dirksen 538

Good morning, Mr. Chairman, Senator Gramm, and distinguished members of the committee. Thank you very much for the opportunity to appear before you today as a nominee for Director of the Federal Housing Finance Board. I am deeply honored to have been chosen by President Bush to serve the people of the United States in this capacity, and I would sincerely appreciate your support in confirming his decision.

I literally grew up in the housing industry. In junior high and high school, I did filing and deliveries and learned the basics of real estate title abstracting working in a title plant in my hometown of Fargo, North Dakota. Thirty years later, I owned the company. Along the way, I became a lawyer and a licensed real estate title abstractor and title insurance agent in both North Dakota and Minnesota; I founded the first independent closing and escrow company in North Dakota and northwestern Minnesota; and I came to appreciate the important role played by mortgage loan officers, homebuilders, and realtors in helping people achieve the American Dream of homeownership.

Those mortgage loan officers, homebuilders, and realtors, and the homebuyers they served, were my customers for over twenty years. My guess is that, if I have the privilege of being confirmed, I will be the first Federal Housing Finance Board director who has actually closed a home mortgage package, and I have closed hundreds of them. As a result, I understand the real-world implications of fluctuations in the availability of adequate mortgage loan funds and mortgage interest rates, and the importance of simplifying accessibility to affordable housing and community investment programs.

I know we all were pleased recently to read that homeownership in this country has hit a modern-day high. As of last quarter, 68.1% of American homes were owner-occupied. This is an enviable record. But, unfortunately, among some families—minority families, families of low and moderate income, women-headed families, and new American families—and in some communities, including my home community, homeownership rates remain below 50%. Don't get me wrong: I believe the Federal Home Loan Banks are doing an excellent job in this regard now; but I assume we can always do better, and, if I become a Finance Board member, a continuing emphasis on affordable housing will be one of my highest priorities.

I also want to mention that I do have previous experience as a bank regulator, having served for four years as the public interest member of the North Dakota State Banking Board. The Banking Board is responsible for supervising and ensuring the safety and soundness of state-chartered financial institutions in North Dakota, a role directly comparable to that of the Federal Housing Finance Board. While I recognize the scale of responsibility is different, the fundamental safety and soundness principles are the same.

Mr. Chairman, let me say again how honored I am to appear before you today. If confirmed, I, like Dr. Mendelowitz and Mr. Leichter, pledge to work closely with the members of this committee and the Congress to ensure the safety and soundness of the Federal Home Loan Bank system and the fulfillment of the system's critical public policy mission.

Thank you, again, Mr. Chairman. I look forward to addressing any questions you or members of the committee may have.