

**Statement of Geoffrey S. Bacino**  
**Confirmation Hearing**  
**Before the U.S. Senate Committee on Banking, Housing and Urban Affairs**  
**July 12, 2006**

Chairman Shelby, Ranking Member Sarbanes and Members of the Committee, I want to thank you for the opportunity to appear before you today and for the expeditious scheduling of this hearing. I would also like to express my thanks to President Bush for nominating me and to Minority Leader Reid for recommending me for the position of Board member at the Federal Housing Finance Board. If I am confirmed, I will work to the utmost of my abilities to fulfill the responsibilities of this office.

The duties of the Federal Housing Finance Board are to ensure that the Federal Home Loan Banks (FHLBanks) operate in a safe and sound manner, carry out their housing finance and community lending mission and remain adequately capitalized to be able to raise funds in the capital markets. A major component of the “American Dream” has been, and should continue to be, home ownership. With the involvement of FHLBanks in the mortgage lending process, the Housing Board and its oversight of this important purchase remain an integral part of this process.

Having previously served as a federal regulator for credit unions as a Board member at the National Credit Union Administration (NCUA), I understand the need for a reasonable and rational regulator. During my time at NCUA, the Board advanced a regulatory framework where “one size fits all” gave way to a progressive approach that took into account the capabilities of the institution. We fostered an atmosphere where open dialogue is encouraged and where members could disagree without being disagreeable. This would be my vision for the Federal Housing Finance Board as well.

I often equate being a good regulator with the same qualities as a good umpire. It is not the umpire’s job to tell the manager who to start, when to change pitchers or if they should hit and run. It is the umpire’s job to call balls and strikes, decide if a ball is fair or foul and if a runner is out or safe. Although the umpire is not playing the game, his role is essential to ensuring the integrity of the game.

So it is with a regulator. As the Federal Home Loan Banks continue on daily basis to uphold their mission and commitment to help meet community housing and lending needs, the integrity in that process is essential. Integrity in the safety and soundness of the Federal Home Loan Bank system. Integrity in their capitalization. Integrity in their role in the capital markets. An effective regulator helps create an environment in which that integrity is ensured.

Having experience as a regulator, I recognize that there is a natural tension between the regulator and the regulated. However, I believe that a commitment to effectiveness in regulation and an open dialogue between the regulator and the regulated can contribute to this natural tension being a healthy tension.

Let me conclude by saying that I look forward to working with this committee and its counterpart on the House side as we address important housing and finance issues in the years to come through the Federal Home Loan Bank system.

Thank you very much.