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FEDERAL HOUSING FINANCE BOARD'S FY2004 BUDGET INCREASES SPENDING ON SAFETY AND SOUNDNESS OVERSIGHT

A newly adopted Fiscal Year 2004 budget will substantially strengthen the Federal Housing Finance Board's ability to oversee the Federal Home Loan Banks for safety and soundness, Finance Board Chairman John T. Korsmo said today.

"Combined with the rigorous approach the agency takes toward Bank examinations, these increased resources will enable the Finance Board to do the job that Congress created it to do - ensure that the 12 Federal Home Loan Banks are operating in a safe and sound fashion," Korsmo said.

The Finance Board on Tuesday unanimously adopted a FY2004 budget of \$31 million, a \$4 million increase over the current year's budget.

The budget contains a \$4.3 million increase devoted to the agency's supervision function, including additional staff, the acquisition of more powerful financial risk models and expanded programming support.

Anticipated in the budget are eight additional Bank examiners, increasing the agency's total examination staff to 34 by the end of the next fiscal year. The budget also anticipates additional accountants, mortgage specialists and bank analysts to support the examination and supervision of the 12 Federal Home Loan Banks.

Excluding the Office of the Board Directors, fully 80 percent of the Finance Board's FY2004 staff and resources will go to support the Office of Supervision, a 10 percent increase over the current year.

"It's not often you'll hear me speak warmly about higher budgets, but when it comes to safety and soundness, I welcome the additional resources," Korsmo said. "They will be put to good regulatory use."

The Federal Housing Finance Board is a non-appropriated agency that assesses the Federal Home Loan Banks for the costs of its operations.

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