

January 5, 2001

Mr. Robert S. Seiler, Jr.
Manager of Policy Analysis
Office of Federal Housing Enterprise Oversight
1700 G Street, N.W., Fourth Floor
Washington, D.C. 20552

Dear Mr. Seiler:

I am writing to share with you a copy of a trade press article dealing with the recently passed Data Quality law, as contained in the FY 2001 Consolidated Appropriations Act (P.L. 106-554). This is the law to which the Center for Regulatory Effectiveness (CRE) referred in its December 19th comments to OFHEO on systemic risk posed by Fannie Mae and Freddie Mac. Although the statutory deadline for OMB's completion of the Data Quality standards referenced in the article is at the end of the fiscal year, any reports on systemic risk will be subject to the standard once it is in place.

The Center for Regulatory Effectiveness supported passage of the Data Quality law as a significant measure for regulatory reform. This is due to the importance of the accuracy and validity of information used and disseminated by the federal government. Such information serves as the basis for government regulation and resource allocations in both the public and private sectors. In addition, such information takes on a special form of legitimacy in the eyes of the public because it is offered by the government, particularly in the Information Age. Thus, it is beneficial for there to be a consistent government-wide standard to ensure that such information is of high quality and for there to be a mechanism for the correction of information which does not meet that standard.

OFHEO already clearly recognizes the importance of its review of systemic risk and the potential impacts on consumers of regulated changes in Fannie Mae and Freddie Mac operations. However, CRE thought it important that the agency bear in mind the existence of the new Data Quality law and seek to meet its tenets in its systemic risk review.

In light of this significant statutory provision, I would welcome the opportunity to meet with you to discuss the new law in further detail and its applicability to OFHEO's operations. I will call in the next several days to try to arrange a mutually convenient time.

Sincerely,

[signed Eric Stas]
Eric Stas
Director for Federal Activities

Attachment