

**Crapo Statement at Housing Finance Reform Hearing**  
*September 10, 2019*

**WASHINGTON** – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hearing entitled, “Housing Finance Reform: Next Steps.”

*The text of Chairman Crapo’s remarks, as prepared, is below.*

“Today, we are joined by the leading voices within the Administration on reforming and strengthening our housing finance system: the Secretary of the Treasury and the Secretary of Housing and Urban Development, both of whom have just submitted housing finance reform proposals to the President, as well as the Director of the Federal Housing Finance Agency, who serves as regulator and conservator of Fannie and Freddie.

“Thank you for making the time to join the Committee this morning.

“Last Friday marked eleven years since the government bailed out and put Fannie Mae and Freddie Mac into conservatorship, where they remain today.

“Prior to 2008, the two government sponsored enterprises held just 45 cents in capital for every \$100 in mortgages they guaranteed. Now they hold just 19 cents, after a historic \$200 billion bailout from taxpayers.

“Eleven years later, these systemically important companies continue to be too-big-to-fail, are even more leveraged than they were before the financial crisis, and taxpayers remain on the hook in the event of the next market downturn.

“In March, President Trump signed a presidential memorandum directing the Department of the Treasury and the Department of Housing and Urban Development to develop a plan for administrative and legislative reform of the federal housing finance system.

“Many of the legislative recommendations in the plans that were released on Thursday are consistent with my outline to fix our housing finance system, including attracting private capital back into the market; protecting taxpayers against future bailouts; and promoting competition.

“The recommendations also preserve certain incremental reforms that have already taken place during the conservatorship era, including robust transfer of credit risk; the single security and common securitization platform; and loan pricing that does not vary based on a lender’s size.

“The status quo is not, and has not been acceptable, and my strong preference remains fixing it through comprehensive legislation.

“Five years ago, this Committee demonstrated that it is possible to come together and advance a comprehensive solution on this topic.

“This year, I released my housing reform outline, which builds upon many of the same principles from our previous efforts.

“It sets out a blueprint for a permanent, sustainable new housing finance system that protects taxpayers by reducing the systemic, too-big-to-fail risk posed by the current mortgage guarantors.

“It preserves the existing infrastructure in the housing finance system that works well, while significantly increasing the role of private capital.

“It establishes several new layers of protection between mortgage credit risk and taxpayers.

“It ensures a level playing field for originators of all sizes and types while also locking in uniform, responsible underwriting standards.

“And, it promotes broad accessibility to mortgage credit, including in under-served markets.

“Ultimately, only Congress has the tools necessary to provide holistic, comprehensive reform to our system that will be durable through any market cycle.

“However, it is important for the Administration to begin moving forward with incremental steps that move the system in the right direction.

“After eleven years of conservatorship limbo, it is long past time to make the hard decisions and address this last unfinished business of the financial crisis.”

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