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Press Release

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March 11, 2014

Chairman Hensarling Welcomes Announcement by Senators Johnson and Crapo

WASHINGTON – Chairman Jeb Hensarling (R-TX) of the House Financial Services Committee, which passed the PATH Act in July 2013, released the following statement today regarding the announcement from Senator Tim Johnson (D-SD) and Senator Mike Crapo (R-ID) about their housing finance reform efforts:

"As someone who has worked for years on the complicated and contentious issue of housing finance reform, I salute Senator Johnson and Senator Crapo for working hard and producing a reform plan because the status quo is unacceptable. I look forward to seeing the details of the senators' plan and welcome this long-awaited development. Still, I fear the window of opportunity to pass sustainable housing finance reform during this Congress is rapidly closing.

"Based on published reports, their plan features several common sense provisions including a common securitization platform utility and preserving secondary market access for small lenders. These principles are also found in the PATH Act.

"The PATH Act builds the sustainable housing finance system that America needs to have a healthy economy. It ends the broken Fannie Mae and Freddie Mac model that was at the epicenter of the financial crisis and ends government's control of the housing finance market. So I am skeptical of any approach that does not end the permanent government guarantee in the secondary mortgage market. Such an approach could very well perpetuate the cycle of boom, bust and bailout we tragically just witnessed.

"Since we cannot have true sustainable housing finance reform without FHA reform, the PATH Act also includes needed FHA reforms. Therefore, I am also skeptical of any housing finance reform plan that fails to include FHA reform. Without the FHA reforms found in the PATH Act, all you're probably doing is simply squeezing one side of a balloon only to have it bulge out on another.

"From the beginning of this debate, I have said I am willing to listen to and negotiate in good faith with anyone who produces a plan, so I look forward to seeing the senators' plan and how we can advance sustainable housing finance reform."

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Sent from the Committee on Financial Services

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