



United States Senate Committee on Banking, Housing, & Urban Affairs

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JOHNSON, CRAPO RELEASE HOUSING FINANCE REFORM TEXT

March 16, 2014

Washington, DC – Today, Senate Banking Committee Chairman Tim Johnson (D-SD) and Ranking Member Mike Crapo (R-ID) released the legislative text of the bipartisan housing finance reform agreement that they announced last Tuesday. That announcement sparked enthusiasm from the White House, Senators, Members of Congress and key stakeholders recognizing the agreement as a positive step forward in reforming our housing finance system. Chairman Johnson and Ranking Member Crapo plan to hold a committee markup in the coming weeks. They took rare action in releasing the text over the weekend in an effort to balance the Committee Members' interests in having adequate time to review the legislation while advancing housing finance reform in a timely manner.

“Our housing finance system is badly in need of reform. And it is clear from the reaction to our announcement last week that many people agree,” said Chairman Johnson. “This proposal includes an explicit government guarantee in order to add stability to the economy, keep costs reasonable for borrowers and renters, and ensure fair access to the secondary market for all lenders. We also include important provisions that will preserve the 30-year mortgage as well as fair and affordable housing options for buyers and renters alike. I appreciate the enthusiasm from Committee Members, the Administration and key stakeholders and look forward to working with them to advance this effort.”

“Chairman Johnson and I have produced a comprehensive, bipartisan plan that winds down these too-big-to-fail entities, protects taxpayers by putting strong capital in a first-loss position, and provides broad access to mortgages for eligible borrowers,” said Ranking Member Crapo. “There is broad support to fix our flawed housing system, and today’s actions are a strong step toward ending the status quo.”

The housing market accounts for nearly twenty percent of the American economy, so it is critical that we have a strong and stable system that is built to last. The status quo in which Fannie Mae and Freddie Mac remain in conservatorship is not a viable option for our nation’s housing finance system. In an effort to address these concerns and find bipartisan consensus, the Senate Banking Committee hosted an in-depth series of hearings

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and briefings in the fall of 2013 that explored essential elements necessary for reform. Building on Senator Corker and Warner's bill S.1217 and what was learned throughout the Committee process, Chairman Johnson and Ranking Member Crapo drafted a proposal that is designed to protect taxpayers from bearing the cost of a housing downturn; promote stable, liquid, and efficient mortgage markets for single-family and multifamily housing; ensure that affordable, 30-year, fixed-rate, prepayable mortgages continue to be available, and that affordability remains an important consideration; provide equal access for lenders of all sizes to the secondary market; facilitate broad availability of mortgage credit for eligible borrowers in all areas and for single family and multifamily housing types.

The legislative text can be found [here](#), the section-by-section of the legislation can be found [here](#), and a detailed summary can be found [here](#).

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