

Mark R. Warner

U.S. Senator from the Commonwealth of Virginia

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Banking Committee Passes Housing Finance Reform Based on Warner/Corker Bipartisan Framework

~ Warner: 'Status quo is not sustainable' ~



WASHINGTON – The U.S. Senate Banking Committee today voted 13-9 to approve bipartisan housing finance reform legislation based on *The Housing Finance Reform and Taxpayer Protection Act of 2013*, introduced by U.S. Sens. Mark R. Warner (D-VA), Bob Corker (R-TN) and a bipartisan coalition of eight other Committee members. The legislation creates greater competition in the housing finance system, reducing risk to taxpayers while ensuring affordable, fair access to creditworthy borrowers.

In addition to Corker and Warner, Chairman Tim Johnson (D-SD), Ranking Member Mike Crapo (R-ID), Senators Tom Coburn (R-OK), Mike Johanns (R-NE), Jon Tester (D-MT), Dean Heller (R-NV), Heidi Heitkamp (D-ND), Jerry Moran (R-KS), Kay Hagan (D-NC), Mark Kirk (R-IL), and Joe Manchin (D-WV), voted in favor of passing S. 1217 out of the Senate Banking Committee today.

A text of Sen. Warner's prepared remarks from today's hearing follows:

"Mr. Chairman and Senator Crapo, you guys have been great. I think this is a day to be proud of the Senate. We started this 18 months ago. The evolution started with three economists: one from

the left, one from the right, and one from the center. We then vetted it with all kinds of stakeholder groups.

We then built-out and had five Democrats and five Republicans in our coalition. Where do you start a bill in this body with 10 bipartisan members of a Committee? The chairman and ranking member said 'show us more,' and they did their own due diligence, and we took this proposal through 10 full-fledged hearings.

Remarkably, the only group that raised concerns about the structure during those hearings were financial interests from Wall Street. Those were the loudest voices.

I've heard certain folks say we're going to keep at it, and I hope we do. Not next Congress, not next year, not another punt – because, echoing what folks have said, the housing industry at this point is totally nationalized. There is less private capital in front of the taxpayer today than there was during the last crisis.

And you know, I've heard from both sides of the aisle, 'Well, this is really complicated,' or 'I'm not sure we want the new structure,' or 'We're not sure what we want.' That is a default for the status quo.

If you have the status quo, you still have to have the debate. Are these enterprises a public utility, or are they for-profit? What's the appropriate level of capital? Are we going to have any public policy that protects low income and minority homebuyers get access to the market, which I think is very important? Those who say, 'Well, let's not do it now,' how do they answer the concern that African-American and Latino consumer access to housing credit today is at historic lows? Nothing with the status quo will change that, whereas this legislation had substantial improvements.

Further, as for the idea that we can just keep punting, I would bring to my colleagues' attention that there was a recent stress test of these GSEs. Those tests found the potential for \$190 billion in taxpayer exposure again. You think Richard Shelby has opposition today? Wait til the next time the taxpayer is tapped for a rescue.

I would urge my colleagues to carefully read Freddie Mac's recent quarterly report. It looks good at first blush. Then you realize there's virtually no profit at all except for one-time legal settlement fees. Anybody that bases their presumptions on one-time legal settlements as a rationale for continuing a business is disconnected from reality.

So those who say, 'Well, we can punt. Let's wait til next week, next year, next Congress,' just wait til some of these enterprises come back to the taxpayer because we didn't take action today to move forward on a bipartisan, substantive, multi-year transition that protects taxpayers, ensures access for low-income folks, and preserves 30-year fixed-rate mortgage products that are paid-for in a rational way.

So I again thank all of the Members' efforts. I hope we don't let this window pass, that we don't adopt the attitude of 'Let's wait till after the election' or 'Let's wait until next Congress.' This is the time to take-on these issues, take this bill and improve upon it, and get it to the floor.

Thank you, Mr. Chairman.”

Permalink: <http://www.warner.senate.gov/public/index.cfm/2014/5/banking-committee-passes-housing-finance-reform-based-on-warner-corker-bipartisan-framework>



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