



## Newsroom

# JOHNSON STATEMENT AT THE HOUSING FINANCE REFORM MARKUP

May 15, 2014

Washington, DC – Today, Chairman Tim Johnson (D-SD) resumed consideration of S. 1217, the Housing Finance Reform and Taxpayer Protection Act of 2013. The legislation being marked up included a bipartisan agreement drafted by Chairman Johnson and Ranking Member Crapo and is designed to stabilize the housing finance market and strengthen the American economy. It will create greater competition in the housing finance system and reduce risk to the taxpayer while ensuring affordable, fair access to all creditworthy borrowers.

Below is Chairman Johnson's Statement as Prepared for Delivery.

"When we opened up this markup two weeks ago it appeared we were very close to gaining additional bipartisan support for this bill. That being the case, I consulted with Ranking Member Crapo and other members of the Committee and decided to recess for a short time to take one last shot at finding additional support. After exhausting every option to try and strike a deal quickly that would add votes at the committee level, I have concluded it is best to move forward with the majority we have now in committee and continue working to build support for the bill as it moves to the floor.

"This bill represents our effort to draft the final chapter of financial reform by addressing the most significant unresolved issue from the financial crisis – the housing finance system.

"Recently, Fannie Mae and Freddie Mac's regulator released the results of the G-S-E's stress tests as required by Dodd-Frank. Under the projected adverse scenarios, the G-S-Es would require between \$84 billion and \$190 billion from the Treasury Department. This report illustrates exactly why we need reform.

"Understanding the urgency, Ranking Member Crapo and I agreed to work together on this issue, and from the start we committed to make this a bipartisan, inclusive, and transparent process.

That was never more evident than in the last few weeks as good-faith, bipartisan negotiations continued. I would like to thank Ranking Member Crapo for his partnership throughout this process to draft a serious, bipartisan product. Neither of us got everything we wanted, but our primary goal was to create a new system that would be built to last. I would also like to thank the Administration – specifically, the NEC, HUD, and Treasury - for their work with Senators Corker and Warner on S. 1217 and their input regarding various pieces of the discussion draft.

"The legislation before us today is designed to stabilize the housing finance market and strengthen the American economy. It is modeled after the Federal Deposit Insurance Corporation, which has protected Americans' bank deposits and helped provide for a vibrant community banking industry for more than 80 years.

"As the economy and housing market continue to recover, the legislation goes to great lengths to ensure a smooth transition from the old system to the new system. It is carefully constructed to ensure small lenders continue to have access to the secondary market. And there are market-based incentives built in to make sure rural and underserved communities are not shut out of the housing

market.

"This legislation will create greater competition in the housing finance system, reducing risk to the taxpayer while ensuring affordable, fair access to all creditworthy borrowers.

"But this is not the final product. This is only the first step toward real reform, and we will continue to work together to improve the bill and attract additional support.

"Since taking over as Chairman I don't think we have worked better as a Committee than we have on addressing housing finance reform. I want to thank Ranking Member Crapo and all of my colleagues on the Committee for fully engaging in this process and working so hard to move this effort forward. Everyone has been thoughtful, cooperative, and constructive. That is why the bill we will vote on today includes ideas and contributions from nearly every member of the committee -- including many ideas from Members who are not quite ready to support the bill.

"I do not expect to get as many votes today as I had hoped we would, but what is most important is that we have enough support to keep this process moving forward. I am encouraged by the progress we have made over the last few weeks bridging the divide on many issues, and I remain committed to working with Members of the Committee to get to a place where more of you can support this important legislation on the floor. I believe that is a commitment shared by many of my colleagues here today, and I would be interested to hear from Members about their interests in continuing to work together on this effort.

"Lastly before turning to Ranking Member Crapo, I also want to thank all of the staff who have worked so many long hours to get us to this point today. I know that the majority and minority Banking Committee staffs have worked countless late nights, many lasting into the early morning hours, and I think they have forgotten what it means to get the weekend off. I know every Member here would agree that this could not have been done without our dedicated staffs, so I sincerely thank everyone involved in this effort.

"Ranking Member Crapo thank you again for your partnership during this effort."

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