

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: August 31, 2018

Subject: September 6, 2018, “A Failure to Act: How a Decade without GSE Reform Has Once Again Put Taxpayers at Risk”

On Thursday, September 6, 2018, at 10:00 a.m. in Room 2128 of the Rayburn House Office Building, the Committee on Financial Services will hold a hearing entitled “A Failure to Act: How a Decade without GSE Reform Has Once Again Put Taxpayers at Risk.” This fall marks ten years since the height of the financial crisis of 2008, the capstone of which was the financial collapse of the Government-Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, and their placement by the government into conservatorship on September 6, 2008. The subsequent financial bailout of Fannie Mae and Freddie Mac has required over \$190 billion in taxpayers contributions to date, and taxpayers remain explicitly obliged to provide over \$254 billion should future losses materialize. Never intended as a permanent solution, the conservatorship continues ten years later. This will be a one-panel hearing with the following witnesses:

- Mr. Edward J. DeMarco, President, Housing Policy Council
- Dr. Phillip L. Swagel, Professor, University of Maryland School of Public Policy
- Mr. Edward J. Pinto, Co-Director, Center on Housing Markets and Finance & Resident Fellow, American Enterprise Institute

This hearing will review and evaluate the efficacy of the government’s conservatorship and financial bailout of the GSEs over the last decade, lessons learned from the role of Fannie Mae and Freddie Mac in the lead up to the financial crisis, and the actions of Fannie Mae, Freddie Mac, and the Federal Housing Finance Agency (FHFA) since the beginning of the conservatorship.

The hearing will also examine the risks that the taxpayers are exposed to in today’s housing finance system through the continued backing of Fannie Mae and Freddie Mac and the need for comprehensive legislative reform, to provide long-term certainty to the mortgage market. In the absence of Congressional action, the hearing will analyze potential actions that the Administration and the FHFA could take with respect to the conservatorship of Fannie Mae and Freddie Mac.