

**Senator Roger F. Wicker Opening Statement
Senate Banking Committee Hearing
Public Proposals for the Future of the Housing Finance System, Part II
May 26, 2011**

I am glad we are having this hearing today to examine the state of U.S. housing finance. Housing remains an essential component of our economy, and I am convinced our nation will not recover entirely from its economic struggles until the housing sector recovers. As we go forward, we must learn from the economic crisis of 2008 and promote policies that do not put taxpayers at risk.

As we learn from the 2008 crisis, I believe we must significantly reduce the role of government in housing. Indeed, the government has a poor track record in its involvement in housing finance. To date, the failure of Fannie Mae and Freddie Mac has cost U.S. taxpayers over \$150 billion. The companies, which are in government conservatorship and owned by the government, could need additional taxpayer dollars to remain solvent. Laudable attempts by the government to “solve problems,” often create entirely new problems themselves. For example, I believe that intentions of promoting “affordable housing” eventually led us down the path of pushing homeowners into sub-prime mortgages. This worked temporarily. However, once the interest rate on these mortgages reset, these homeowners could no longer afford their mortgage payments. In this case, excessive government involvement encouraged borrowers to over-borrow and

lenders to over-lend and played an important role in Fannie Mae and Freddie Mac's failures.

This short-sighted and risky approach resulted in increased foreclosures across the nation. In response to concerns about this trend, I supported legislation when I was a member of the House of Representatives in 2005 and 2007 to increase oversight of these dangerous markets. Both bills passed the House but were never considered by the Senate.

As we examine the housing finance, the question before us is this: what is the role of the private market and what, if any, is the role of government? As this Committee considers housing reform, I hope we consider the need to limit government involvement and promote the private sector.