

**Opening Statement of Ranking Member Sherrod Brown
Hearing on the Chairman's Housing Reform Outline: Part 2
March 27, 2019**

Thank you, Mr. Chairman, and thank you to all of our witnesses for being here today.

As I said yesterday, housing is simply unaffordable for far too many Americans. They can't make rent without working two jobs, let alone save enough to get a mortgage and build wealth through homeownership.

American families are the most important part of the housing finance system, yet reform proposals and outlines often fail to mention them altogether.

All Americans should be able to afford a safe place to call home, whether they live in a rural community or the center of a city, whether they're making a salary or working for an hourly wage or earning tips.

Families need access to affordable mortgages from lenders of all sizes who compete for their business by offering safe products and the best service, and who will be there to help families get through if they fall on hard times.

Last Congress, this Committee heard from six community lenders.

They represented small banks, credit unions, and independent mortgage banks in Idaho, Ohio, South Dakota, Georgia, North Carolina, and Illinois that help their customers receive those sustainable loans.

They all agreed on the following:

- That preferential treatment based on the volume of loans a lender delivers, whether in the form of volume discounts or underwriting exceptions or the cost to retain servicing, hurts small lenders and ultimately consumers;
- That we need a guarantor that pools costs across the market and that has a duty to serve all lenders;
- That small lenders benefit from consistency in the secondary market; and
- That the system does not need more than two guarantors in the secondary market.

We are hearing from one of those organizations today, and several of the associations represented that day have submitted statements for the hearings this week reiterating these points. I'd like to request that statements from the Independent Community Bankers of America and the Community Mortgage Lenders of America be included in the record of today's hearing.

Since 2008, the FHFA has implemented policies at the GSEs to provide equitable treatment to lenders of all types and sizes across all markets.

FHFA has also made sure that the GSEs continue to serve a broad, national market and set market standards.

We have heard time and again that this system is working for small lenders and their customers.

We shouldn't take steps that will create uncertainty for small lenders or drive unhealthy competition on quality and standards.

This includes any changes that would allow the largest institutions to be one-stop-shops for lending, guarantees, and securitization with a government backstop.

When this Committee last considered housing finance reform legislation in 2014, many market participants made clear that allowing a single institution to perform primary and secondary market functions would undermine standards and competition.

I hope we can all still agree on that point today.

Any structural changes that we consider must not take us backward to a system where lenders and the secondary market pump up volume to satisfy Wall Street, with a race to the bottom when it comes to protections.

We also cannot create a structure where we restrict consumers' options by putting local lenders who are serving their communities today on an uneven playing field.

Finally, as we discuss broad changes to our housing finance system, we should also consider how any changes would reduce or increase the hurdles borrowers and renters already face in markets nationwide.

Some of our witnesses this morning have focused on the growing challenges facing prospective homeowners.

For example, Mr. Malta's organization, the National Association of Realtors, has studied the burden that student loan debt has places on potential homebuyers.

I have also heard from the Housing Assistance Counsel and the National Low-Income Housing Coalition about the unique housing needs of rural households and low-income renters, as well as a coalition of 22 civil rights groups, affordable housing advocates, and community development organizations on the key elements of any housing finance reform proposal.

I would ask that all of their written statements also be made part of the hearing record.

American families are confronted with new types of housing challenges, from mountains of student debt to increasing rents in communities across the country. As I said yesterday, any changes we consider must strengthen, not weaken, our ability to address the housing challenges facing our nation and make the housing market work better for families.

Thank you, Mr. Chairman.

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