

WASHINGTON (April 14) – Congressman Spencer Bachus (AL-6) today said that the Obama Administration still has no plan for reforming Fannie Mae and Freddie Mac, the bailed-out housing finance giants that contributed to the financial crisis.

Bachus, who is Ranking Member on the Financial Services Committee, made the following statement during a full committee hearing on the future of housing finance.

“It’s been a year and a half since the bailout of Fannie and Freddie, and the Administration just today released what can only be considered their plan for housing finance. That plan is to basically poll the American people to ask what they want to do about housing finance and GSEs. We don’t need polls, we need leadership. The press release accompanying the list of questions says their goal is to be transparent. What is abundantly clear is that the Obama Administration has no real plan for dealing with housing finance.”

“During the last year and a half, House Republicans have been providing answers, and introduced a number of measures to immediately address the failures of Fannie Mae and Freddie Mac, and have issued a strong set of principles and proposed reforms to protect taxpayers from further losses and future bailouts and build a stable housing finance system.”

“The goals, ones that I believe we can all agree on, start with reestablishing a housing finance market characterized by long-term stability in which private capital is the primary source of mortgage financing. It also means restoring liquidity to the secondary market for residential mortgages, and preventing significant disruptions to the financial market. We must also encourage innovation and diversity in housing finance that provide more choices for consumers, not less.”

“And just as importantly, reform must protect taxpayers from further losses and future bailouts and require that taxpayers be made whole on outstanding loans, guarantees, and capital infusions made by the government.”

“Mr. Chairman, it is long past time to deal with these bailed out companies which were at the center of the mortgage market meltdown that caused the financial crisis. It is inexplicable that the Administration and the Majority in the House have no plans to do this and have even failed to meet their self-imposed deadlines to come up with any sort of response other than to issue seven questions.”

“So far, the Administration’s answer has been to lift the caps on the bailout, guarantee the GSE debt, pay their executives multi-million dollar salaries, and hide the costs. And so far, the American people have contributed more than \$127 billion to the bailout of the GSEs, own at least 80 percent of Fannie Mae and Freddie Mac and have explicitly guaranteed more than \$1.7 trillion of their debt and more than \$5 trillion in mortgages.”

“We are suffering the consequences of inadequate regulation and implicit government guarantees of private enterprises. Policymakers must take responsibility for their mistakes and work together to develop a new model for housing finance. It is time to fully engage in this debate – not just ask questions and hope someone else will come up with an answer. Without leadership, this problem cannot be solved. Without real reform, the bailouts will not stop, the housing market will not find its footing, and the American economy will not recover.”

[Click here](#) to view Congressman Bachus’ remarks.

[Click here](#) for Fannie, Freddie bailout timeline.

