



Comparing Housing Finance Reform Legislation*

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August, 2013

Fannie Mae and Freddie Mac (the government-sponsored enterprises or GSEs) were placed into conservatorship 5 years ago. Only recently, however, have policymakers turned their attention to reforming the nation's system of housing finance.

In the House of Representatives, Congressman Scott Garrett (R-NJ), Financial Services Committee Chairman Jeb Hensarling (R-TX), and Reps. Shelly Moore Capito (R-WV), Patrick McHenry (R-NC), and Randy Neugebauer (R-TX), have introduced a comprehensive bill replacing the GSEs, reforming the Federal Housing Agency (FHA), creating a system of covered bonds, and amending the housing finance provisions of the Dodd-Frank Act. On July 24, the House Financial Services Committee passed this bill, the Protecting American Taxpayers and Homeowners Act (PATH Act), by a vote of 30-27 with all of the Republicans voting in favor of passage except Rep. John Campbell (R-CA) who was absent, and Reps. Gary Miller (R-CA) and Michael Fitzpatrick (R-PA) who voted against the bill. Next up for the PATH Act is action on the House floor, which isn't likely to occur until later this year.

On the Senate side, Senators Bob Corker (R-TN) and Mark Warner (D-VA) have introduced bipartisan legislation — the Housing Finance Reform and Taxpayer Protection Act — creating a new housing finance system to replace the GSEs. That bill is pending before the Senate Banking Committee.

Separately, Senate Banking Committee Chairman Tim Johnson (D-SD) and Ranking Member Mike Crapo (R-ID) introduced legislation to reform the FHA — S. 1376, the FHA Solvency Act of 2013. On July 31, the Senate Banking Committee marked up and passed S. 1376 by a vote of 21-1.

Most recently, on August 6, President Obama gave a speech that has

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been interpreted as an endorsement of the basic features of the Corker-Warner bill.

To help understand these legislative proposals, our firm has created a comparison chart. The chart has 5 parts: (1) Part I compares the GSE reform provisions in the PATH Act with Corker-Warner; (2) Part II compares the FHA reform provisions in the PATH Act with the Johnson-Crapo legislation; (3) Part III reviews the covered bond provisions in the PATH Act; (4) Part IV examines the Dodd-Frank amendments in the PATH Act; and (5) Part V covers several miscellaneous provisions in the PATH Act. The chart begins on the next page, and we hope you find it useful.

This chart was created by the law firm of Barnett Sivon & Natter, P.C.