



July 27, 2010

Last week President Obama signed Wall Street reform into law. This legislation contains the toughest financial reforms since the ones created in the aftermath of the Great Depression. It will bring greater accountability to Wall Street, and provide greater security to families and small businesses on Main Street. We now have an opportunity to build on the foundation Wall Street reform provides as we examine the future of our nation's housing finance system.

The housing industry is vital to our country's future. It is a key sector of our economy, supporting millions of jobs in construction, manufacturing, real estate, finance and other industries. This is why the Administration is strongly committed to comprehensively reforming our housing finance system. Work is well underway and by early next year, the Administration will deliver a comprehensive housing finance reform proposal. The proposal will be designed to restore the long-term health of our housing market with a housing finance system that rests on a stronger foundation.

Beginning with a [conference](#) in Washington, DC on August 17, a broad section of stakeholders will work closely with senior Administration officials to provide essential input and feedback necessary to develop a housing finance reform plan. Earlier this year, Secretaries Geithner and Donovan testified before Congress, outlining the principles that will guide the Administration's housing reform efforts. In April, the Treasury Department and HUD issued related questions for public comment, which have received hundreds of responses from a wide variety of groups and individuals. This expanded effort was a natural next step to increase opportunities for engagement and discussion on such an important topic.

QUESTION IS NOT IF BUT WHEN

From the beginning, the Obama Administration has made clear that the current structure of the government's role in the housing finance market is unsustainable and unacceptable. Fundamental reform is clearly needed. But winding the GSEs down abruptly is not the answer. It would destabilize an already fragile housing industry and put the loans already on the books of these institutions at even greater risk. We must proceed with great care and thought as we move to a new housing finance system- it's just too important, with too much at stake, to rush.

LINKS

HUD.gov/fha

[HUD press releases](#)

[Housing Finance Reform Press Release](#)

GETTING IT RIGHT

The size, importance, and complexity of the housing finance market all compel us to craft its reform with great care:

- The U.S. mortgage market is the second largest securities market in the world, after U.S. Treasuries.
- The GSEs currently have more than \$5 trillion in mortgage guarantees outstanding and \$1.5 trillion in loans and securities in their portfolios.
- Fannie Mae and Freddie Mac are only one part of a broader housing finance system that includes the FHA, Ginnie Mae, the FHLBs, other government programs, and the private sector.
- The financial support provided to the GSEs is in no way an endorsement of their current business models. President Obama, Secretary Geithner, Secretary Donovan and other administration officials have repeatedly stated the need for comprehensive reform.

Housing finance reform needs to address these and other complex issues responsibly. That is why the Obama Administration is committed to an open and inclusive public dialogue about the future of U.S. housing finance. Given the importance of this task, we want to hear the best ideas from all sides of the debate. Working together with our colleagues in Congress, we believe that this is the right path forward to achieve responsible reform.

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