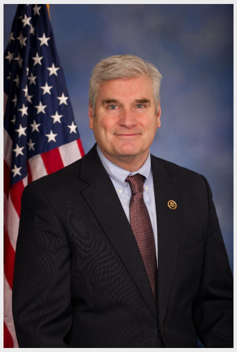
STRUCTURED FINANCE COALITION

Congressional Insiders Club

MEMBER SPOTLIGHT

Rep. Tom Emmer (R, MN-6)



Congressman Tom Emmer represents Minnesota's 6th Congressional District, which includes most or all of Benton, Carver, Sherburne, Stearns, Wright, Anoka, and Washington counties. He is currently serving his third term in Congress. Tom was elected by his fellow Republican colleagues to join the House GOP Leadership team as the Chairman of the National Republican Congressional Committee for the 116th Congress. He is also a member of the Republican Deputy Whip Team and the House Republican Steering Committee.

Before coming to Congress, in 2015, he served in the Minnesota House of Representatives from 2004-2008. He also practiced law for several years and served on the city councils in Independence and Delano.

In Congress, Rep. Emmer serves on the House Financial Services Committee ("HFSC") where he works on two Subcommittees: Investor Protection, Entrepreneurship and Capital Markets and National Security, International Development and Monetary Policy. Rep. Emmer also serves on 28 Caucuses is also the Ranking Member of the newly formed HFSC Task Forces on Financial Technology and Artificial Intelligence.

What role should the Federal government play in housing finance, specifically as it relates to the Government Sponsored Enterprises (Fannie Mae and Freddie Mac)?
As we have seen in recent years, the federal government can play an important role in providing stability during an economic downturn. However, government should only ensure a fair and competitive market – it should not be a competitor itself. Home ownership is part of the American Dream, and the federal government uniquely advances this policy. As long as there is a risk to taxpayers, the federal government must work to provide certainty and protection to borrowers as well as lenders. We can and should, however, work towards a truly free and open private market that poses no risk to taxpayers.

Now that Fannie Mae and Freddie Mac are in their 10th year of Conservatorship, what is Congress' role in determining their future, and how does that interact with the role currently being played by regulatory agencies like the FHFA?
Congress authorized conservatorship of Fannie Mae and Freddie Mac, and Congress should be the driving force behind a return to the private market. I am encouraged by the work Comptroller Otting and now Director Calabria have done to ensure the stability and self-sufficiency of government-sponsored enterprises (GSEs), however Congress must do more to guide this transition. The Financial Services Committee under Chairwoman Waters should work with our regulators and assert Congress'

responsibility to end the conservatorship and protect taxpayers.

Where do rules, regulations, and regulatory oversight in the housing finance market need to be strengthened? Where should they be pared back or right-sized?
First and foremost, housing finance rules must be clear, consistent, and foster a level playing field for borrowers and lenders of all sizes. I was pleased to see Chairman Crapo put forward his proposal to overhaul our housing finance system earlier this year. I look forward to the House Financial Services committee submitting its own proposal that maintains a focus on taxpayer protections, improving access to affordable housing, preserving stable, long-term mortgage rate options, and ensuring competition among mortgage guarantors.

In addition to GSE reform, Congress should do more to exercise oversight of the Consumer Financial Protection Bureau. The American people still do not have access to provide input on the leadership or funding of the CFPB through the legislative branch.

In addition, while consumer protection is necessary, part of the CFPB's mandate includes a report to Congress every year on what they've done to "foster innovation and creativity." Under the previous administration, the bureau did very little to consider how innovation can provide for increased consumer protection. I am pleased that the CFPB has established an Office of Innovation to ensure consumer protection is enhanced through emerging technologies.

How do we encourage the flow of private capital within the housing finance market so that, in the event of an economic downturn, taxpayers are not on the hook for future losses?
Capital flourishes under simple and clear rules that everyone plays by. Under Republican leadership, Congress made significant strides to provide regulatory relief and expand access to credit last Congress with the passage of the Economic Growth, Regulatory Relief, and Consumer Protection Act. This important bill dramatically simplified mortgage regulation for smaller financial institutions under the ability-to-repay rule. It speeds up access to credit and waives appraisal restrictions in rural areas where a lender has made several unsuccessful efforts to secure one.

There is still more work to be done, and Congress must keep pace with the way technology and society affect these markets. That's why I have introduced the Self-Employed Mortgage Access Act, which would enable access to credit for those that are self-employed or working in today's "gig" economy. The bill would allow use of widely-accepted documentation standards to prove ongoing sources of income for these individuals – enabling access to mortgages.

What role should the legislative branch play in ensuring healthy and robust capital markets for American families and businesses?
As the branch of government most responsive to the people, Congress plays a primary role in advancing the American economy and safeguarding competitive markets. Every day, my work at the Financial Services Committee focuses on ways to increase capital growth and provide access to credit for every American.

I am the author of the Main Street Growth Act, which would facilitate the creation of venture exchanges. These specialized securities exchanges would facilitate the growth of the next major company that started in a garage. It would provide access to capital at an early stage, allowing for investors to fund the next breakthrough innovation.

What do you think are the most important aspects of the recently passed financial regulatory reform package, from the perspectives of economic growth and US consumers' access to credit?

One major provision of this bill that I was able to include was regulatory relief under the Home Mortgage and Disclosure Act, which the CFPB has been finalizing. These important changes include reduced reporting for small volume originators. Reducing compliance costs will enable additional access to credit, especially for areas underserved by major financial institutions.

The bill also resolves important distinctions in securities law and overly burdensome regulation from both the federal and state governments. It affirms national securities are not subject to state regulation and provides for reduced national registration requirements for certain venture capital funds.

I would also be remiss if I didn't mention the special attention this package paid to veterans and current servicemembers. This bill expanded the amount of time veterans have before reporting medical debt and ensures that negative credit information is removed once the infraction is resolved. It also establishes a dispute process whereby a veteran can prove that the Department of Veterans Affairs is in the process of making payment on their behalf.

The forthcoming phase-out of LIBOR is a huge challenge currently facing global financial markets and will impact millions of consumers. Do you think enough is being done to ensure this transition will be as seamless as possible?

To those who don't follow financial services issues day-to-day, many of the policy changes may go ignored or unnoticed. The potential consequences of this change could make LIBOR and SOFR kitchen table topics.

The change is necessary, but the transition has not been easy. More work can be done to provide additional oversight as well as regulatory flexibility. I am committed to monitoring this transition very carefully and considering all policy changes. I hope the majority party on the House Financial Services Committee will do the same.

Stay tuned for more information and please consider donating to the Structured Finance PAC by clicking here.