

There being no objection, the Senate proceeded to consider the resolution.

Mr. REID. Mr. President, I ask unanimous consent that the resolution be agreed to, the motion to reconsider be laid upon the table, and any statements be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 349) was agreed to, as follows:

S. RES. 349

*Resolved*, That (a) the Committee on Rules and Administration shall prepare a revised edition of the Senate Rules and Manual for the use of the 108th Congress.

(b) The manual shall be printed as a Senate document.

(c) In addition to the usual number of documents, 1,500 additional copies of the manual shall be bound of which—

(1) 500 paperbound copies shall be for the use of the Senate; and

(2) 1000 copies shall be bound (550 paperbound; 250 nontabbed black skiver; 200 tabbed black skiver) and delivered as may be directed by the Committee on Rules and Administration.

#### ORDER TO FILE EXECUTIVE CALENDAR BUSINESS

Mr. REID. I ask unanimous consent that the Senate committees may file Legislative and Executive Calendar business notwithstanding an adjournment of the Senate, and they may do this on Monday, November 4, from 10 a.m. to 2 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### AUTHORIZATION TO MAKE APPOINTMENTS

Mr. REID. I ask unanimous consent notwithstanding our recess or adjournment of the Senate for the duration of the 107th Congress, the President of the Senate President pro tempore and the majority and minority leaders be authorized to make appointments to commissions, committees, boards, conferences or interparliamentary conferences authorized by law and concurrent action of the two Houses or by order of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### AUTHORIZING BASE CONTRACT OF NAVY-MARINE CORPS INTRANET

Mr. REID. I ask unanimous consent we now proceed to the consideration of H.R. 5647.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 5647) to authorize the duration of the base contract of the Navy-Marine Corps Intranet contract to be more than five years but not more than seven years.

There being no objection, the Senate proceeded to the bill.

Mr. REID. Mr. President, I ask unanimous consent that the bill be read the third time, passed, the motion to reconsider be laid upon the table, and

there be no intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 5647) was read the third time and passed.

#### FHA DOWNPAYMENT SIMPLIFICATION ACT OF 2002

Mr. REID. I ask unanimous consent the Senate proceed to the consideration of calendar 703, S. 2239.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 2239) to amend the National Housing Act to simplify the downpayment required of FHA mortgage insurance for single family homebuyers.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking, Housing, and Urban Affairs, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italic.)

S. 2239

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "FHA Downpayment Simplification Act of 2002".

#### SEC. 2. DOWNPAYMENT SIMPLIFICATION.

Section 203 of the National Housing Act (12 U.S.C. 1709) is amended—

(1) in subsection (b)—

(A) by striking "shall—" and inserting "shall comply with the following:";

(B) in paragraph (2)—

(i) in subparagraph (A), in the matter that precedes clause (ii), by moving the margin 2 ems to the right;

(ii) in the undesignated matter immediately following subparagraph (B)(iii)—

(I) by striking the second and third sentences of such matter; [and

[(II) by striking the sixth sentence (relating to the increases for costs of solar energy systems) and all that follows through the end of the last undesignated paragraph (relating to disclosure notice); and]

[(II) by striking the seventh sentence (relating to principal obligation) and all that follows through the end of the ninth sentence (relating to charges and fees); and

[(III) by striking the eleventh sentence (relating to disclosure notice) and all that follows through the end of the last undesignated paragraph (relating to disclosure notice requirements); and

(iii) by striking subparagraph (B) and inserting the following:

"(B) not to exceed an amount equal to the sum of—

"(i) the amount of the mortgage insurance premium paid at the time the mortgage is insured; and

"(ii) in the case of—

"(I) a mortgage for a property with an appraised value equal to or less than \$50,000, 98.75 percent of the appraised value of the property;

"(II) a mortgage for a property with an appraised value in excess of \$50,000 but not in excess of \$125,000, 97.65 percent of the appraised value of the property;

"(III) a mortgage for a property with an appraised value in excess of \$125,000, 97.15 percent of the appraised value of the property; or

"(IV) notwithstanding subclauses (II) and (III), a mortgage for a property with an appraised value in excess of \$50,000 that is located in an area of the State for which the average closing cost exceeds 2.10 percent of the average, for the State, of the sale price of properties located in the State for which mortgages have been executed, 97.75 percent of the appraised value of the property.";

(C) by transferring and inserting the text of paragraph (10)(B) after the period at the end of the first sentence of the undesignated paragraph that immediately follows paragraph (2)(B) (relating to the definition of "area"); and

(D) by striking paragraph (10); and

(2) by inserting after subsection (e), the following:

"(f) DISCLOSURE OF OTHER MORTGAGE PRODUCTS.—

"(1) IN GENERAL.—In conjunction with any loan insured under this section, an original lender shall provide to each prospective borrower a disclosure notice that provides a 1-page analysis of mortgage products offered by that lender and for which the borrower would qualify.

"(2) NOTICE.—The notice required under paragraph (1) shall include—

"(A) a generic analysis comparing the note rate (and associated interest payments), insurance premiums, and other costs and fees that would be due over the life of the loan for a loan insured by the Secretary under subsection (b) with the note rates, insurance premiums (if applicable), and other costs and fees that would be expected to be due if the mortgagor obtained instead other mortgage products offered by the lender and for which the borrower would qualify with a similar loan-to-value ratio in connection with a conventional mortgage (as that term is used in section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) or section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)), as applicable), assuming prevailing interest rates; and

"(B) a statement regarding when the requirement of the mortgagor to pay the mortgage insurance premiums for a mortgage insured under this section would terminate, or a statement that the requirement shall terminate only if the mortgage is refinanced, paid off, or otherwise terminated.".

#### SEC. 3. CONFORMING AMENDMENTS.

Section 245 of the National Housing Act (12 U.S.C. 1715z-10) is amended—

(1) in subsection (a), by striking "or, if the mortgagor" and all that follows through "case of veterans"; and

(2) in subsection (b)(3), by striking "or, if the" and all that follows through "for veterans.".

#### SEC. 4. REPEAL OF GNMA GUARANTEE FEE INCREASE.

Section 972 of the Higher Education Amendments of 1998 (Public Law 105-244; 112 Stat. 1837) is hereby repealed.

Mr. SARBANES. Mr. President, S. 2239, the FHA Downpayment Simplification Act, has been cosponsored by 23 Senators, including 15 members of the Committee on Banking, Housing, and Urban Affairs. This legislation takes a program that has been in place since October, 1997, and makes it permanent. The program simplifies the downpayment process for FHA borrowers which, in turn, makes it work better for lenders, realtors, and sellers, as well. The bill was also amended by Senator Reed and others to prevent an increase in the GNMA fee from taking place in 2005. This fee increase is not

needed for the safety or soundness of the GNMA program, and it raises the costs of the program for homeowners. Finally, included with this is an amendment that has been worked out by Senators CORZINE and GRAMM to index the FHA multifamily loan limits. This will help keep the multifamily loan limits viable as costs go up in the future.

This legislation is supported by HUD, the Mortgage Bankers Association, the National Association of Realtors, and the National Association of Homebuilders. If the Congress does not act, the authority to use the simplified downpayment calculation will expire

at the end of the year, resulting in a more complex process and higher costs for thousands of American homebuyers.

I urge that the legislation, S. 2239, as reported out of the Banking Committee be taken up with the amendment and passed. I ask unanimous consent the letter from the Congressional Budget Office be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, September 18, 2002.  
Hon. PAUL S. SARBANES,  
Chairman, Committee on Banking, Housing,  
and Urban Affairs, U.S. Senate, Wash-  
ington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2239, the FHA Downpayment Simplification Act of 2002.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susanne S. Mehlman.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippen, Director).  
Enclosure.

		By fiscal year, in millions of dollars—					
		2002	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION							
FHA and GNMA Spending Under Current Law:							
Estimated Authorization Level <sup>1</sup>		-2,854	-3,100	-3,107	-3,187	-3,267	-3,348
Estimated Outlays		-2,854	-3,100	-3,107	-3,187	-3,267	-3,348
Proposed Changes:							
Down-Payment Simplification:							
Estimated Authorization Level		0	6	8	8	9	9
Estimated Outlays		0	6	8	8	9	9
GNMA Guarantee Fee:							
Estimated Authorization Level		0	0	0	56	58	59
Estimated Outlays		0	0	0	56	58	59
Total Changes:							
Estimated Authorization Level		0	6	8	64	67	68
Estimated Outlays		0	6	8	64	67	68
Total Spending Under S. 2239							
Estimated Authorization Level		-2,854	-3,094	-3,099	-3,123	-3,200	-3,280
Estimated Outlays			-3,094	-3,099	-3,123	-3,200	-3,280

<sup>1</sup> The 2002–2007 levels are CBO's baseline estimates of the amount of offsetting collections generated by FHA's single-family program and GNMA's single-family Mortgage-Backed Securities program.

Basis of estimate: CBO estimates that implementing the bill would cost \$213 million over the 2003–2007 period, assuming appropriation action consistent with the bill's proposed changes to FHA and GNMA programs. The estimated costs are for the provisions concerning down-payment simplification for FHA's mortgage guarantee program, and the fee charged by GNMA. These provisions are explained below.

#### Down-payment simplification

Currently, the down payment for FHA's single-family program is calculated using a formula established in 1996. Under this formula, the maximum mortgage amount that FHA could insure is determined by a fixed percentage of the home value. The authority to use this formula is scheduled to expire on December 31, 2002, but this legislation would make its use permanent.

Based on information from FHA, CBO estimates that continuing the use of the current downpayment formula would slightly increase the cost of guaranteeing FHA loans because it would lead to a small increase in the loan-to-value (LTV) ratios for about 15 percent of the loans guaranteed each year after 2002. The LTV ratio indicates how much equity a borrower initially has in the home, and serves as a good predictor of the likelihood of default. On average, borrowers with less equity (that is, higher LTV ratios) have higher default rates than borrowers with more equity. We estimate that this provision would increase the cost of guaranteeing some loans, resulting in a cost of \$6 million in 2003 and \$40 million over the 2003–2007 period. The estimated changes in FHA's loan subsidy cost—which are treated as discretionary spending—would be recorded in each year as new loans are disbursed.

#### GNMA guarantee fee

GNMA is responsible for guaranteeing securities backed by pools of mortgages insured by the federal government. (These securities are known as mortgage-backed securities or MBS.) In exchange for a fee charged

to lenders or issuers of the securities, GNMA guarantees the timely payments of scheduled principal and interest due on the pooled mortgages that back these securities. Under current law, GNMA charges lenders or issuers an annual fee of 6 cents for every \$100 (6 basis points) of guaranteed mortgage-backed securities backed by single-family loans. Furthermore, a fee increase to 9 basis points is scheduled to take effect on October 1, 2004. Section 901 would repeal that fee increase. CBO estimates that eliminating the fee increase would increase the subsidy rate associated with the single-family MBS program and increase the demand for the program.

Based on information from GNMA, CBO estimates that lowering guarantee fees would reduce the subsidy for the single-family MBS program from negative 0.56 percent to negative 0.37 percent. (As with the FHA single-family program, GNMA guarantee fees for the mortgage-backed securities more than offset the costs of expected defaults, resulting in net collections from the MBS program.) Under the bill, CBO expects that extending the lower fee of 6 basis points would allow GNMA to remain competitive with other MBS programs and continue to guarantee more than \$100 billion worth of mortgage-backed securities, as it does under the current fee structure. Thus, while repealing the fee increase would result in a less profitable program, this loss would be partially offset by additional receipts stemming from an expected increase in demand for GNMA services of about 25 percent. On balance, CBO estimates that implementing this provision would cost \$56 million in 2005 and \$173 million over the 2005–2007 period.

#### S. 2239—FHA Downpayment Simplification Act of 2002

Summary: S. 2239 would permanently change the process the Federal Housing Administration (FHA) uses to determine the amount of a down payment that is necessary for mortgages on the single-family homes

that it insures. This legislation also would repeal a 3 basis point increase in the Government National Mortgage Association's (GNMA's) guarantee fee, scheduled to be implemented in 2005 under current law.

CBO estimates that implementing this legislation would cost \$6 million in 2003 and \$213 million over the 2003–2007 period, assuming appropriation action consistent with the bill. Enacting this bill would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply.

S. 2239 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 2239 is shown in the following table. The costs of this legislation fall within budget function 370 (mortgage and housing credit).

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: S. 2239 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Previous CBO estimates: On August 21, 2002, CBO transmitted a cost estimate for H.R. 3995, the Housing Affordability Act of 2002, as ordered reported by the House Committee on the Judiciary on July 23, 2002, and on September 10, 2002, CBO transmitted a cost estimate for H.R. 3995 as ordered reported by the House Committee on Financial Services on July 9, 2002. Both versions of H.R. 3995 include the provision included in S. 2239, and our cost estimates are the same.

Estimate prepared by: Federal Costs: Susanne S. Mehlman. Impact on State, Local, and Tribal Governments: Greg Waring. Impact on the Private Sector: Cecil McPherson.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

Mr. REID. Mr. President, I ask unanimous consent the committee amendments be agreed to, that a Sarbanes amendment at the desk be agreed to, the bill, as amended, be read the third time and passed, the motion to reconsider be laid upon the table, with no intervening action or debate, and any statements be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendments were agreed to.

The amendment (No. 4897) was agreed to, as follows:

(Purpose: To provide for the indexing of multi-family mortgage limits for purposes of the Federal Housing Administration's mortgage insurance programs)

At the end, add the following:

**SEC. 4. INDEXING OF FHA MULTIFAMILY HOUSING LOAN LIMITS.**

(a) The National Housing Act (12 U.S.C. 1701 et seq.) is amended by inserting after section 206 the following new section 206A (12 U.S.C. 1712A):

**"SEC. 206A. INDEXING OF FHA MULTIFAMILY HOUSING LOANS LIMITS.**

"METHOD OF INDEXING.—(a) The dollar amounts set forth in—

(A) section 207(c)(3)(A) (12 U.S.C. 1713(c)(3)(A));

(B) section 213(b)(2)(A) (12 U.S.C. 1715e(b)(2)(A));

(C) section 220(d)(3)(B)(iii)(I) (12 U.S.C. 1715k(d)(3)(B)(iii)(I));

(D) section 221(d)(3)(ii)(A) (12 U.S.C. 1715l(d)(3)(ii)(A));

(E) section 221(d)(4)(ii)(A) (12 U.S.C. 1715l(d)(4)(ii)(A));

(F) section 231(c)(2)(A) (12 U.S.C. 1715l(c)(2)(A)); and

(G) section 234(e)(3)(A) (12 U.S.C. 1715y(e)(3)(A))

(collectively hereinafter referred to as the "Dollar Amounts") shall be adjusted annually (commencing in 2004) on the effective date of the Federal Reserve Board's adjustment of the \$400 figure in the Home Ownership and Equity Protection Act of 1994 (HOEPA). The adjustment of the Dollar Amounts shall be calculated using the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) as applied by the Federal Reserve Board for purposes of the above-described HOEPA adjustment.

(b) The Federal Reserve Board on a timely basis shall notify the Secretary, or his designee, in writing of the adjustment described in paragraph (a) and of the effective date of such adjustment in order to permit the Secretary to undertake publication in the Federal Register of corresponding adjustments to the Dollar Amounts. The dollar amount of any adjustment shall be rounded to the next lower dollar."

(b) TECHNICAL AND CONFORMING CHANGES.—

(1) Section 207(c)(3) of the National Housing Act (12 U.S.C. 1713(c)(3)) is amended—

(A) by inserting "(A)" after "(3)";

(B) by striking "and except that the Secretary" through and including "in this paragraph" and inserting in lieu thereof: "(B) the Secretary may, by regulation, increase any of the dollar amount limitations in paragraph (A) (as such limitations may have been adjusted in accordance with Section 206A of this Act)";

(2) Section 213(b)(2) of the National Housing Act (12 U.S.C. 1715e(b)(2)) is amended—

(A) by inserting "(A)" following "(2)";

(B) by striking "Provided further, That" the first time that it occurs, through and including "contained in this paragraph" and inserting in lieu thereof: " (B)(I) the Sec-

retary may, by regulation, increase any of the dollar amount limitations in paragraph (A) (as such limitations may have been adjusted in accordance with Section 206A of this Act)";

(C) by striking "Provided further, That" the second time it occurs and inserting in lieu thereof: " and (II)";

(D) by striking "And provided further, That" and inserting in lieu thereof: " and (III)";

(E) by striking "with this subsection without regard to the preceding proviso" at the end of that subsection and inserting in lieu thereof: "with this paragraph (B)(I)."

(3) Section 220(d)(3)(B)(iii) of the National Housing Act (12 U.S.C. 1715k(d)(3)(B)(iii)) is amended—

(A) by inserting "(I)" following "(iii)";

(B) by striking "design; and except that" and inserting in lieu thereof: "design; and (II)";

(C) by striking "any of the foregoing dollar amount limitations contained in this clause" and inserting in lieu thereof: "any of the dollar amount limitations in subclause (B)(iii)(I) (as such limitations may have been adjusted in accordance with Section 206A of this Act)";

(D) by striking "Provided, That" through and including "proviso" and inserting in lieu thereof: "with respect to dollar amount limitations applicable to rehabilitation projects described in subclause (II), the Secretary may, by regulation, increase the dollar amount limitations contained in subclause (B)(iii)(I) (as such limitations may have been adjusted in accordance with Section 206A of this Act)";

(E) by striking "Provided further," and inserting in lieu thereof: " (III)";

(F) by striking "subparagraph" in the second proviso and inserting in lieu thereof "subclause (B)(iii)(I)";

(G) in the last proviso, by striking "And provided further, That" and all that follows through and including "this clause" and inserting in lieu thereof: " (IV) with respect to rehabilitation projects involving not more than five family units, the Secretary may further increase any of the dollar limitations which would otherwise apply to such projects";

(4) Section 221(d)(3)(ii) of the National Housing Act (12 U.S.C. 1715l(d)(3)(ii)) is amended—

(A) by inserting "(A)" following "(ii)";

(B) by striking "and except that" and all that follows through and including "in this clause" and inserting in lieu thereof: " (B) the Secretary may, by regulation, increase any of the dollar amount limitations in paragraph (A) (as such limitations may have been adjusted in accordance with Section 206A of this Act)";

(5) Section 221(d)(4)(ii) of the National Housing Act (12 U.S.C. 1715l(d)(4)(ii)) is amended—

(A) by inserting "(A)" following "(ii)";

(B) by striking "and except that" and all that follows through and including "in this clause" and inserting in lieu thereof: " (B) the Secretary may, by regulation, increase any of the dollar limitations in paragraph (A) (as such limitations may have been adjusted in accordance with Section 206A of this Act)";

(6) Section 231(c)(2) of the National Housing Act (12 U.S.C. 1715v(c)(2)) is amended—

(A) by inserting "(A)" following "(2)";

(B) by striking "and except that" and all that follows through and including "in this paragraph" and inserting in lieu thereof: " (B) the Secretary may, by regulation, increase any of the dollar limitations in paragraph (A) (as such limitations may have been adjusted in accordance with Section 296A of this Act)";

(C) by striking "Provided, That" and all that follows through and including "of this section" and inserting in lieu thereof: " (C) the Secretary may, by regulation, increase any of the dollar limitations in paragraph (A) (as such limitations may have been adjusted in accordance with section 206A of this Act)";

(7) Section 234(e)(3) of the National Housing Act (12 U.S.C. 1715y(e)(3)) is amended—

(A) by inserting "(A)" following "(3)";

(B) by replacing "\$38,025" with "\$42,048"; "\$42,120" with "\$48,481"; "\$50,310" with "\$58,469"; "\$62,010" with "\$74,840"; "\$70,200" with "\$83,375"; "\$43,875" with "\$44,250"; "\$49,140" with "\$50,724"; "\$60,255" with "\$61,680"; "\$75,465" with "\$79,793"; and "\$85,328" with "\$87,588";

(C) by striking "except that each" and all that follows through and including "contained in this paragraph" and inserting in lieu thereof: " (B) the Secretary may, by regulation, increase any of the dollar limitations in paragraph (A) (as such limitations may have been adjusted in accordance with Section 206A of this Act)";

The bill (S. 2239), as amended, was read the third time and passed.

(The bill will be printed in a future edition of the RECORD.)

**REAL INTERSTATE DRIVER  
EQUITY ACT OF 2001**

Mr. REID. I ask unanimous consent the Senate proceed to the consideration of H.R. 2546.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 2546) to amend title 49, United States Code, to prohibit States from requiring a license or fee on account of the fact that a motor vehicle is providing interstate pre-arranged ground transportation service, and for other purposes.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, Science, and Transportation, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italic.)

H.R. 2546

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Real Interstate Driver Equity Act of 2001".

**SEC. 2. REGULATION OF INTERSTATE PRE-ARRANGED GROUND TRANSPORTATION SERVICE.**

Section 14501 of title 49, United States Code, is amended by adding at the end the following:

"(d) PRE-ARRANGED GROUND TRANSPORTATION.—

"(1) IN GENERAL.—No State or political subdivision thereof and no interstate agency or other political agency of 2 or more States shall enact or enforce any law, rule, regulation, standard or other provision having the force and effect of law requiring a license or fee on account of the fact that a motor vehicle is providing pre-arranged ground transportation service if the motor carrier providing such service—

"(A) meets all applicable registration requirements under chapter 139 for the interstate transportation of passengers;