

EXPANDING AMERICAN
HOMEOWNERSHIP ACT OF 2007

SPEECH OF

HON. RUBÉN HINOJOSA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 2007

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1852) to modernize and update the National Housing Act and enable the Federal Housing Administration to use risk-based pricing to more effectively reach underserved borrowers, and for other purposes:

Mr. HINOJOSA. Madam Chairman, today the House passed H.R. 1852, the "Expanding American Homeownership Act of 2007." I am in favor of the bill and am submitting the following letters in support of the legislation for the RECORD: A letter from the National Association of Realtors; a letter from the Mortgage Bankers Association; and a letter from the National Association of Mortgage Brokers.

NATIONAL ASSOCIATION OF REALTORS,
Washington, DC, September 14, 2007.
HOUSE OF REPRESENTATIVES,
Washington, DC.

DEAR REPRESENTATIVE: On behalf of the 1.3 million members of the National Association of REALTORS, I urge you to support H.R. 1852, the "Expanding American Homeownership Act of 2007", when the bill is considered by the full House. This is an important measure that will allow FHA to function in the 21st century. Equally important and worthy of your strongest support is an amendment to be offered by Representatives Barney Frank (D-MA), Gary Miller (R-CA) and Dennis Cardoza (D-CA) that is vital to improving the stability of mortgage markets, a critical component of our national economy.

The Frank/Miller/Cardoza amendment would increase the Federal Housing Administration (FHA) loan limits beyond the language originally included in H.R. 1852. Such an increase is now needed in light of the significant housing and mortgage market turmoil that has severely limited the ability of families to refinance a problematic existing loan or, alternatively, purchase a home in a high cost market with a safe and affordable mortgage.

As you well know, many American homeowners now have mortgages with payments that will soon increase dramatically, putting them at risk of foreclosure. Raising the FHA loan limits will provide many of these homeowners living in the nation's high housing cost markets with a safe FHA loan alternative. In addition, with the even more recent tightening of the jumbo market, many homebuyers may not be able to find a safe, affordable financing option without an increase in the FHA loan limits.

Although the underlying bill would increase the loan limits, we strongly believe that the Frank/Miller/Cardoza amendment is needed to effect real change. H.R. 1852 creates a new loan ceiling of \$417,000. Many markets are significantly higher than this limit. Median home prices of communities in New York, New Jersey, Connecticut, California, Massachusetts, and Pennsylvania are already far above this limit. The Frank/Miller/Cardoza amendment creates geographic fairness by raising the loan limit to 125% of the area median home price. Under the amendment working families in Newark, NJ can buy a home for \$512,000, and families in Los Angeles, CA can buy homes for \$650,000—both median price homes for their area.

FHA reform is needed now, more than ever. Please vote for H.R. 1852 and the Frank/Mil-

ler/Cardoza amendment when these measures come to the Floor.

Thank you,

PAT V. COMBS,
2007 President,
National Association of Realtors.

MORTGAGE BANKERS ASSOCIATION,
Washington, DC, September 17, 2007.

Hon. STENY H. HOYER,
Majority Leader, House of Representatives,
Washington, DC.

Hon. JOHN A. BOEHNER,
Republican Leader, House of Representatives,
Washington, DC.

DEAR LEADER HOYER AND LEADER BOEHNER: On behalf of the Mortgage Bankers Association (MBA), I am writing to express our strong support for H.R. 1852, the Expanding American Homeownership Act of 2007, and strongly urge Members of the House of Representatives to support the legislation when it comes to the House floor. At the same time, MBA is also concerned about a provision that would liberalize the requirements for mortgage broker participation in FHA, as well as certain amendments that may be offered. Passage of a strong and workable FHA bill is critical in addressing the current market situation and consumer needs.

H.R. 1852, introduced by Representative Maxine Waters, passed the Committee on Financial Services by a bipartisan vote of 45-19 on May 3, 2007. The legislation has been under consideration for several years now, and similar legislation passed the House of Representatives in 2006 by a vote of 415-7.

The Expanding American Homeownership Act of 2007 would achieve several key public policy goals. The bill will make it easier for first-time homebuyers and lower-income Americans to purchase a home by modernizing the Federal Housing Administration (FHA) and giving it the ability to offer viable products in today's changing mortgage market. The bill ensures investment in FHA's personnel and technology, bringing this important mortgage insurer into the 21st century.

The bill would increase FHA's loan limits, allowing FHA-insured lending in states and communities where today's housing prices make FHA mortgage products unavailable to borrowers. The bill also gives FHA's management additional flexibility to offer new mortgage products without getting Congress' blessing each time. Since FHA's programs actually generate more funds for the U.S. Treasury than it pays out in claims and administrative costs, the bill would establish that a portion of the excess funds be put aside for new affordable housing production through an affordable housing trust fund, which we support.

Since this bill last passed the House in 2006, we have seen significant disruptions in the nation's housing market. In particular, many homeowners are finding themselves in distress, unable to pay their adjustable rate mortgages after interest rates have steadily increased and home values have declined in some areas. FHA can be an important tool to help these consumers get out of financial trouble. If this bill should become law, many more borrowers will be able to use FHA's products to avoid foreclosure.

A significant area of concern we continue to have with this legislation deals with how mortgage brokers will qualify to sell FHA-insured products. Under current guidelines, all mortgage brokers and loan correspondents must submit audited financial statements that are in accordance with the Government Accountability Office's Government Auditing Standards. HUD program managers, in turn, use these audits to determine if these entities use internal controls to provide reasonable assurance that FHA require-

ments are followed, expend federal funds properly with supporting documentation and meet fair housing and nondiscrimination requirements. At a time of rising defaults, it is critical to both FHA and its customers that adequate supervisory processes remain in place. In Committee, MBA opposed the bill's provisions that would eliminate this important audit requirement and thereby weaken the FHA's safety and soundness. We hope to continue to work with the Committee and the House on this issue as the bill moves through the legislative process.

We understand that a series of amendments to the legislation may be made in order. We believe that it would be unwise to require counseling for borrowers as provided for in an amendment filed by Representative Patrick Tiberi. First, it is expensive, and for many homebuyers, completely unnecessary. Second, many real estate agents and mortgage brokers will push homebuyers away from an FHA product if a home purchase could fall through because the potential buyer has to wait several weeks or more to arrange a counseling session. Counseling should be targeted to those who need it, and we believe the bill, as written, strikes the right balance in giving the HUD Secretary significant tools to help consumers get the counseling they need. The point of this bill is to empower FHA to make its products more useful to the market and borrowers. Mandating counseling would have the opposite effect.

Another possible amendment, expected to be offered by Financial Services Chairman Barney Frank, Representative Gary Miller and Representative Dennis Cardoza, would increase the FHA loan limit to a level above the GSE conforming loan limit in certain high-cost areas. We believe that FHA should continue to focus on helping low- and moderate-income borrowers purchase or refinance housing. Without further study on the impacts of such a change, we do not believe it would be wise to allow FHA loan limits to exceed GSE conforming loan limits.

Finally, an amendment may be proposed that would allow qualified downpayment assistance programs to continue if certain conditions are met. Downpayment assistance programs are an important part of the FHA program, but some changes are needed to avoid continued abuses. We believe that the changes made by Representative Gary Miller's amendment would mark a significant improvement in how these programs operate.

Thank you for the opportunity to share our views on this legislation. We urge Members of the House of Representatives to support this important legislation.

Sincerely,

JOHN M. ROBBINS, CMB,
MBA Chairman.

NATIONAL ASSOCIATION OF
MORTGAGE BROKERS,
September 17, 2007.

DEAR REPRESENTATIVE: On Tuesday, the United States House of Representatives will vote on H.R. 1852, the "Expanding American Homeownership Act of 2007" introduced by Rep. Maxine Waters (D-CA) and House Financial Services Committee Chairman Barney Frank (D-MA). On behalf of the National Association of Mortgage Brokers (NAMB), its 49 state affiliates, 25,000 members/member companies, and hundreds of thousands of mortgage brokers, I respectfully urge you to support passage of this much-needed legislation to help the millions of Americans who are in need of safe and affordable mortgage products.

The need to reform and enhance the Federal Housing Administration (FHA) is critical so that it can respond adequately to the needs of consumers and the market today. H.R. 1852 includes provisions that will:

Strengthen the FHA program by raising FHA mortgage limits nationwide in all communities, but especially in high-cost areas where consumers are most often in need of affordable mortgage financing options;

Allow FHA to offer flexible down payment terms and simplify the down payment process to aid homebuyers in overcoming a significant barrier to homeownership;

Allow FHA to price loans according to a borrower's risk;

Update FHA's successful reverse mortgage program; and

Increase the availability of FHA loan products to first-time, minority and low- to moderate income homebuyers by expanding the distribution channels that serve FHA.

NAMB supports H.R. 1852 as approved by the House Financial Services Committee earlier this year, but also favors a further increase in the FHA loan limits as proposed by an amendment expected to be offered by Chairman Frank (D-MA) and Reps. Miller (R-CA) and Cardoza (D-CA). Unfortunately, because FHA has been driven from those parts of the country where consumers are most in need of affordable financing, such as California, millions of borrowers have been forced to turn to high-cost financing and other non-traditional loan products. I urge you to support the bi-partisan amendment offered that calls for a further increase in FHA loan limits from \$417,000 to \$500,000, in order to better accommodate those borrowers living in high-cost areas of the country.

NAMB believes the reforms contained in H.R. 1852 will provide long-overdue modernization to the FHA, which will revitalize and increase participation in the FHA program. Please take this opportunity to restore confidence and stability in the mortgage market and once again make FHA loans a real choice for borrowers by voting in support of H.R. 1852.

Sincerely,

GEORGE HANZIMANOLIS, CRMS,
President of NAMB.

PERSONAL EXPLANATION

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 2007

Mr. ANDREWS. Madam Speaker, I was meeting with constituents and was detained from voting during Thursday, September 6, 2007. Had I been present I would have voted "yea" on the following rollcall vote: rollcall 876.

TRIBUTE TO THE TOWN OF SAN ANSELMO, CALIFORNIA

HON. LYNN C. WOOLSEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 2007

Ms. WOOLSEY. Madam Speaker, I rise with pride today to invite you to join me in congratulating the Town of San Anselmo, California, on its official centennial.

This charming town in one of the most beautiful counties in California derived its name from the Mexican designation of the area as La Laguna y Cañada de Anselm, or the Waters and Valley of Anselm—after a Miwok Indian who was buried there. His tribe, the Coastal Miwoks, inhabited the land for

thousands of years before Mexicans and Europeans arrived, surviving on the bounty of its creeks and forests.

Since the early 19th century when it was formally established as a land grant under the Mexican government, the town has served as a transportation hub for the area and an intersection between rural West Marin and the county's municipal centers to the east. To this day, in fact, downtown San Anselmo is still referred to as The Hub.

After California became the 31st of the United States of America, in 1850, the southern part of town including The Hub, was purchased from its Mexican owners by James Ross, whose descendants still live and work there. Since then, San Anselmo has grown to become everything that epitomizes small-town America—welcoming to strangers, benevolent to neighbors, supportive to businesses and education, and environmentally friendly to the habitat.

For example, when the Transcendental poet Ralph Waldo Emerson visited his niece in San Anselmo in 1871, he noticed of her husband's acreage that "Three or four wild deer still feed on his land, and now and then come near the house. The trees of his wood were almost all new to us—live-oak, madrona, redwood, and other pines than ours; and our garden flowers wild in all the fields." Even now, the wild deer still come to San Anselmo to feed in the gardens under the diverse arbors, verdant and prolific in what is one of Marin County's largest watersheds.

Indeed, San Anselmo retained its pastoral quality even after the North Pacific Coast Railroad laid rails through the town beginning in 1874. Already a transportation hub, the town went on the map as Junction, California. The coming of the industrial age did not, however, spoil the area's beauty.

But San Anselmo is not just another idyllic town. Since 1892, it has been the home of the San Francisco Theological Seminary, which is known because of its architecture as San Anselmo's "castle in the sky." With the establishment of this key Presbyterian institution, the town began to grow, and grew even more after the San Francisco earthquake of 1906, when refugees from the City's North Beach transplanted their homes to the hills around San Anselmo, planted grapevines and gave the neighborhood the nickname "Little Italy."

The next year, the town incorporated under the name Junction.

Another institution that establishes San Anselmo as more than just a pretty place is the Carnegie Library, built in 1915. A gift of Andrew Carnegie, the "patron saint of libraries," it is one of only 1,940 such libraries in the nation. Its Spanish revival style building still serves this town where more than 96 percent of the adult population have earned a high school diploma, and 60 percent have one or more college degrees.

With the opening of the Golden Gate Bridge in 1937, many of those who had previously come to San Anselmo only to escape the cold San Francisco summers decided to make the town their permanent home. Schools and churches replaced ranch and farm land, and by 1974, when it officially became the Town of San Anselmo, thousands of families called it home.

But San Anselmo is not just a propitious town for its residents. It welcomes visitors with equal neighborliness. In fact, Marin County

newspaper readers recently chose San Anselmo as the "Best town other than your own." A town without a single shopping mall, San Anselmo has also been voted "Best in the West" by Sunset magazine for antiques, offered for sale in 130 boutiques that line the two main streets of this small town.

Despite the routine flooding of San Anselmo Creek, the weather in San Anselmo is "nearly perfect," says Connie Rodgers, president of the San Anselmo Chamber of Commerce. She adds that "You can't find a better place to live in the whole United States."

Indeed, where else can you find less than three square miles containing a castle, a creek, a series of world-class antique shops and five of the top 100 Bay Area restaurants?

Madam Speaker, I offer my congratulations to San Anselmo on its first 100 years and a wish for many happy returns of the occasion.

COMMEMORATING THE 25TH ANNIVERSARY OF THE VIETNAM VETERANS MEMORIAL

SPEECH OF

HON. DAVID LOEBSACK

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 2007

Mr. LOEBSACK. Mr. Speaker, I rise today in commemoration of the 25th anniversary of the Vietnam Veterans Memorial.

This memorial stands as one of the finest tributes to a generation of veterans our country has ever created.

No person who has visited the memorial has been left untouched by the experience. It is an eloquent statement of gratitude to a generation of men and women who wore our country's uniform during a time of angst and uncertainty.

As the memorial's designer, Maya Ying Lin, stated ". . . this memorial is for those who have died, and for us to remember them." The Wall of Names, with 58,249 names inscribed on its face, is truly a place where all Americans—regardless of background, age, and personal beliefs—are able to come together to honor and remember those who served.

Today, with this resolution, the House of Representatives once again pays tribute to those who served our Nation and remembers their sacrifice.

HONORING FATHER ROBERT DONLAN'S 40 YEARS OF SERVICE TO THE CATHOLIC CHURCH

HON. GINNY BROWN-WAITE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 2007

Ms. GINNY BROWN-WAITE of Florida. Madam Speaker, I rise today to honor the Reverend Robert R. Donlan, Pastor at St. Anthony Catholic Church in Brooksville, Florida, on the 40th anniversary of his ordination into the priesthood. For the past 40 years, Father Donlan has served the Catholic Church with honor and distinction, all in the name of Jesus Christ.

Born in Amsterdam, New York, Father Donlan has dedicated his life to serving the