

Larson (CT)	Neal (MA)	Shuler
Lee	Oberstar	Sires
Levin	Obey	Skelton
Lewis (GA)	Olver	Smith (WA)
Lipinski	Ortiz	Snyder
Loeb sack	Pallone	Solis
Lofgren, Zoe	Pascarell	Space
Lowe y	Pastor	Spratt
Lynch	Payne	Stark
Mahoney (FL)	Perlmutt er	Stupak
Maloney (NY)	Peterson (MN)	Tanner
Markey	Pomeroy	Tauscher
Marshall	Price (NC)	Taylor
Matheson	Rahall	Thompson (CA)
Matsui	Rangel	Thompson (MS)
McCarthy (NY)	Reyes	Tierney
McCollum (MN)	Richardson	Towns
McDermott	Rodriguez	Udall (CO)
McGovern	Ross	Udall (NM)
McIntyre	Rothman	Van Hollen
McNerney	Roybal-Allard	Velázquez
McNulty	Ruppersberger	Visclosky
Meek (FL)	Rush	Walz (MN)
Meeks (NY)	Ryan (OH)	Wasserman
Melancon	Salazar	Schultz
Michaud	Sánchez, Linda	Waters
Miller (NC)	T.	Watson
Miller, George	Sanchez, Loretta	Watt
Mitchell	Sarbanes	Waxman
Mollohan	Schakowsky	Weiner
Moore (KS)	Schiff	Welch (VT)
Moore (WI)	Schwartz	Wexler
Moran (VA)	Scott (GA)	Wilson (OH)
Murphy (CT)	Scott (VA)	Woolsey
Murphy, Patrick	Serrano	Wu
Murtha	Sestak	Wynn
Nadler	Shea-Porter	Yarmuth
Napolitano	Sherman	

## NOES—190

Aderholt	Feeney	McHugh
Akin	Ferguson	McKeon
Alexander	Flake	McMorris
Bachmann	Forbes	Rodgers
Bachus	Fortenberry	Mica
Baker	Fossella	Miller (FL)
Barrett (SC)	Fox	Miller (MI)
Bartlett (MD)	Franks (AZ)	Miller, Gary
Barton (TX)	Frelinghuysen	Moran (KS)
Biggert	Gallely	Murphy, Tim
Bilbray	Garrett (NJ)	Myrick
Billakis	Gerlach	Neugebauer
Bishop (UT)	Gilchrest	Nunes
Blackburn	Gingrey	Paul
Blunt	Gohmert	Pearce
Boehner	Goode	Pence
Bonner	Goodlatte	Petri
Bono	Granger	Pickering
Boozman	Graves	Pitts
Boustany	Hall (TX)	Platts
Brady (TX)	Hastert	Poe
Broun (GA)	Hastings (WA)	Porter
Brown (SC)	Hayes	Price (GA)
Brown-Waite,	Herger	Pryce (OH)
Ginny	Hobson	Putnam
Buchanan	Hoekstra	Radanovich
Burgess	Hulshof	Ramstad
Burton (IN)	Hunter	Regula
Buyer	Inglis (SC)	Rehberg
Calvert	Issa	Reichert
Camp (MI)	Johnson, Sam	Reynolds
Campbell (CA)	Jones (NC)	Rogers (AL)
Cannon	Jordan	Rogers (KY)
Cantor	Keller	Rogers (MI)
Capito	King (IA)	Rohrabacher
Carter	King (NY)	Ros-Lehtinen
Castle	Kingston	Roskam
Chabot	Kirk	Royce
Coble	Kline (MN)	Ryan (WI)
Cole (OK)	Kuhl (NY)	Sali
Conaway	LaHood	Saxton
Crenshaw	Lamborn	Schmidt
Culberson	Latham	Sensenbrenner
Davis (KY)	LaTourette	Sessions
Davis, David	Lewis (CA)	Shadegg
Davis, Tom	Lewis (KY)	Shays
Deal (GA)	Linder	Shimkus
Dent	LoBiondo	Shuster
Diaz-Balart, L.	Lucas	Simpson
Diaz-Balart, M.	Lungren, Daniel	Smith (NE)
Doolittle	E.	Smith (NJ)
Drake	Mack	Smith (TX)
Dreier	Manzullo	Souder
Duncan	Marchant	Stearns
Ehlers	McCarthy (CA)	Sullivan
Emerson	McCaul (TX)	Terry
English (PA)	McCotter	Thornberry
Everett	McCrery	Tiahrt
Fallin	McHenry	Tiberi

Turner	Weldon (FL)	Wilson (SC)
Upton	Weller	Wolf
Walberg	Westmoreland	Young (AK)
Walden (OR)	Whitfield	Young (FL)
Walsh (NY)	Wicker	
Wamp	Wilson (NM)	

## NOT VOTING—15

Allen	Hensarling	Peterson (PA)
Carney	Jindal	Renzi
Cubin	Johnson (IL)	Slaughter
Davis, Jo Ann	Knollenberg	Sutton
Heller	Musgrave	Tancredo

□ 1145

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. FRANK of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on H.R. 1852 and insert extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

# ALLOWING AMENDMENT NO. 2 TO BE OFFERED OUT OF SEQUENCE DURING CONSIDERATION OF H.R. 1852

Mr. FRANK of Massachusetts. Mr. Speaker, I ask unanimous consent that during consideration of H.R. 1852 in the Committee of the Whole, pursuant to House Resolution 650, amendment No. 2 may be offered out of sequence by a cosponsor, the gentleman from California (Mr. CARDOZA).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

## PARLIAMENTARY INQUIRY

Mr. GARRETT of New Jersey. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. GARRETT of New Jersey. Can the Speaker please clarify within the rules of the House when a bill is final in terms of not being subject to open and changing the votes? Is it when the board says final or is it when the Speaker gavels the bill down?

The SPEAKER pro tempore. The board is for display purposes; and when the Chair hit the gavel to see if any Members wished to change their votes, several Members from both sides of the aisle indicated they had not voted, and the Chair extended the courtesy to allow Members to vote.

Mr. GARRETT of New Jersey. Further parliamentary inquiry then.

The SPEAKER pro tempore. The gentleman will state his further parliamentary inquiry.

Mr. GARRETT of New Jersey. Just so I am clear, it is not upon the board, nor

is it at the time of handing of the gavel down? Some other action has to occur?

The SPEAKER pro tempore. The gentleman is correct. The Chair is advised that the word “final” appears on the wall display as an indication of the status of the computer, not of the status of the vote.

Mr. GARRETT of New Jersey. Further parliamentary inquiry?

The SPEAKER pro tempore. The gentleman will state his further parliamentary inquiry.

Mr. GARRETT of New Jersey. The final element of when a vote is actually closed is when the Speaker, in this case yourself, actually hands down the gavel and not the board?

The SPEAKER pro tempore. It is when the Chair announces the result of the vote.

Mr. GARRETT of New Jersey. I thank the Speaker for the clarification. I appreciate it.

# EXPANDING AMERICAN HOMEOWNERSHIP ACT OF 2007

The SPEAKER pro tempore. Pursuant to House Resolution 650 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 1852.

□ 1147

## IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of 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, with Mrs. JONES of Ohio in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered read the first time.

The gentlewoman from California (Ms. WATERS) and the gentlewoman from Illinois (Mrs. BIGGERT) each will control 30 minutes.

The Chair recognizes the gentlewoman from California.

Ms. WATERS. Madam Chairman, I yield myself such time as I may consume.

I rise in support of H.R. 1852, the Expanded American Homeownership Act of 2007. As you know, I introduced H.R. 1852 on March 29, 2007, and I want to take this time to thank Chairman FRANK for his original cosponsorship. I also want to acknowledge each of my colleagues both on the Committee on Financial Services and in the House who have joined with me to see that this important legislation passes the House.

It has been a little over 4 months since the Committee on Financial Services considered this measure to revitalize the Federal Housing Administration, or FHA. On May 3, 2007, the

Expanding American Homeownership Act passed the Committee on Financial Services by a vote of 45–19.

The ensuing period has only made the need to enact H.R. 1852 clearer. We are all aware of the turmoil in the mortgage markets with the dramatic rise in foreclosures. Some predict as many as 2 million mortgage loan defaults by year's end. Equally troubling is the widening impact that the mortgage crisis is having within the domestic and global economy. We still don't know the full scope of that impact, but it is clear that we must take prudent steps to address the underlying issues in the housing markets.

H.R. 1852 is a necessary step in that direction. To be clear, this legislation will not by itself resolve the crisis. Indeed, later this week the Committee on Financial Services will hold a hearing to discuss the major players in government and the markets' other strategies to address this multi-faceted problem.

Revitalizing FHA, however, is an essential element of a comprehensive strategy. FHA is a federally insured loan program that for over 60 years has been a reliable source of affordable fixed-rate mortgage loans, especially for first-time home buyers.

At the end of funding year 2006, FHA had \$338.6 billion of insurance in force on about 3.9 million loans. From 1934 through the end of funding year 2006, FHA had insured about \$33.9 million home loans at a mortgage volume of about \$1.9 trillion.

Once the preeminent provider of mortgage insurance to low- and moderate-income home buyers, FHA has seen a precipitous drop in its market share in recent years. In 1991, FHA loans accounted for about 11 percent of the market. By 2004, that share had dropped to about 3 percent.

Borrowers have increasingly turned to the private subprime market for loans, many of which contained adjustable rates that are now resetting, or will do so in the near future. In the absence of significant appreciation in the values of their homes, many of these borrowers will be unable to refinance to ensure affordable monthly payments into the future.

H.R. 1852 will enable FHA to serve more subprime borrowers at affordable rates and terms, recapture borrowers that have turned to problematic subprime loans in recent years, and offer refinancing loan opportunities to borrowers struggling to meet their mortgage payments in the midst of the current home price and mortgage market turbulence.

Specifically, this bill would authorize zero and lower down payment loans for borrowers that can afford mortgage payments but lack the cash for required down payment, a major reason that many low-income borrowers turn to private subprime markets rather than FHA-insured loans. It will increase loan limits to make FHA relevant in high-cost markets, direct FHA to provide mortgage loans to high-risk,

but qualified, buyers; it will enhance the FHA reverse mortgage loan program, promote the sale of foreclosed FHA rental housing, loans to localities so that affordable housing can be maintained in local communities, authorize up to \$300 million a year for the next 5 fiscal years from the bill's excess profits for an affordable housing fund instead of returning such funds to the general treasury.

Notably, H.R. 1852 also includes a number of important changes to the FHA bill that passed the House last year. First, it eliminates the fee increases from last year's bill for borrowers that continue to make a down payment, scaling back the maximum upfront fee from 3 percent to 2.5, and the maximum annual fee from 2 percent to .55 percent.

These reductions would reduce FHA closing costs premiums for a hypothetical family buying a \$300,000 home by \$2,250, and annual fees over a 5-year period by over \$20,000 compared to last year's bill.

This bill also includes a provision authorizing loan limit increases for FHA rental housing loans in high-cost areas where current FHA loans do not keep pace with local construction costs. In this way we are ensuring that FHA contributes to the full range of affordable housing stock we so desperately need in this country, from homeowner-ship to rental housing.

In that vein, H.R. 1852 also differs from H.R. 1752 in a final, absolutely critical respect. This bill recognizes the full scope of the affordable housing crisis facing the Nation by targeting up to \$300 million annually for the next 5 years to an affordable housing fund for grants to provide affordable rental housing and homeownership opportunities for low-income families.

This measure is clearly needed. We can thank BARNEY FRANK for all of the work and all of the attention and time that he put into making sure that this was a part of this bill. Simply put, this country faces an affordable housing crisis of epic proportions. According to Harvard University's State of the Nation's Housing in 2007 report, 17 million renters and homeowners are paying more than half their incomes in housing costs. There just isn't enough affordable housing stock to go around.

With that, and in closing, I have said for many years that there is an affordable housing crisis in America. In recent months that crisis has exploded beyond the poorest renters and homeowners, to threaten the domestic economy. H.R. 1852 is a necessary step, though not in itself a sufficient one, in walking us back from the brink and the direction of meeting the housing needs of all Americans.

Madam Chairman, I reserve the balance of my time.

Mrs. BIGGERT. Madam Chairman, I yield to the gentleman from Alabama (Mr. BACHUS), the ranking member of the Financial Services Committee, for 7 minutes.

Mr. BACHUS. Madam Chairman, the Federal Housing Administration, which we today call FHA, was created in 1934; and it is a very important source of support for first-time home buyers and for low- and middle-income borrowers. FHA provides mortgage insurance that protects lenders against losses when homeowners default on their mortgage obligations, as many of them are doing today. It also allows the lenders to offer their customers, American homeowners, low interest rates and low closing costs.

Since its inception, the FHA has insured nearly 35 million loans. That makes it the largest insurer of mortgages in the world. FHA's share of the mortgage market, however, has been steadily declining in recent years, falling from almost 20 percent 10 years ago, of the total mortgage market in America, to 5 percent today.

This sharp drop in FHA's market share resulted largely from the growing popularity of subprime mortgages, as more borrowers opted for loans featuring zero down payments and introductory teaser rates far lower than what was available from FHA.

The difficulties we are experiencing today by many subprime borrowers is as their initial low interest rates reset at a much higher level, it offers FHA an opportunity to reestablish its standing in the marketplace as a safe, low-cost alternative for American homeowners. It is also another reason that we should be here today reforming FHA, to ensure that that happens.

For that to happen, Congress does need to pass the reforms that we are considering today. I want to say that right upfront. There are important reforms in this bill. These same reforms were contained in legislation that Ranking Member BIGGERT of the Housing Committee and myself and others in a bipartisan way introduced in the 109th Congress. In fact, that legislation, Comprehensive FHA Reform, and that is in this bill today, and is very good provisions, passed with over 400 votes on the House floor, only to die in the Senate. I am sorry that happened.

Earlier this year, Congresswoman BIGGERT and I reintroduced legislation identical to that legislation. However, and I am sorry to say that rather than embracing last year's bipartisan approach, the majority has chosen to go in a different direction. I think they do that from honest philosophical reasons. We disagree with those reasons.

They have included provisions which we believe will divert surpluses generated by the FHA program to a new affordable housing fund established in separate legislation which this House and our committee passed earlier this year.

While a strong bipartisan consensus exists regarding the need for FHA reform, the reforms in this bill, the majority is insistent on linking the enactment of these reforms to the creation of yet a new multi-billion dollar housing fund has caused many of us on this

side of the aisle to hesitate from strongly supporting this legislation.

□ 1200

I admit, most of our Members are in a quandary. We like the reforms in this bill. We know that those reforms will go a long way towards addressing the crisis that we face today, the Affordable Housing Fund. And we realize at the same time that there is legitimate purpose behind Chairman FRANK's Affordable Housing Fund, and one of those is to offer affordable low income rental property for Americans. And we understand that he honestly believes, and we have an honest disagreement as to the need for this.

We simply believe that a better approach is to dedicate the FHA surplus to shoring up the financial solvency of the FHA mortgage program, which was only recently removed from GAO's list of government programs at high risk for waste, fraud and abuse.

A portion of that surplus could also be returned to beneficiaries of the program. Who are they? They are the many people who have taken out FHA-insured reverse mortgages, many of them senior citizens, and we could do that in the form of lower insurance premiums for all Americans who have FHA mortgages.

Madam Chairman, the key reforms included in this legislation, lowering down payment requirements, increasing loan limits and mortgages that FHA is authorized to ensure, giving FHA more pricing flexibility, command broad consensus among Republicans, Democrats, the Bush administration, consumer groups and the industry, the realtors, the home builders and others. Indeed, in announcing several of these initiatives last month designed to contain the damage caused by the problem in subprime, President Bush stressed the critical role that FHA can play in assisting homeowners facing sharply higher mortgage payments and possibly foreclosure in reaffirming the administration's support for the FHA modernization legislation and many of the provisions contained in this bill.

However, the administration, as have many on our side of the aisle, also is strongly opposed to using FHA surplus as seed money for an untested, unrelated government housing program, one that is estimated to cost \$3 billion or more.

Thus, by insisting that this bill carry that controversial provision, we feel like the majority is delaying, if not jeopardizing, the enforcement of important reforms that we need now to provide a lifeline for seeking to refinance out of high cost subprime loans.

Madam Chairman, accordingly, I urge my colleagues to support Republicans' amendments to strike the extraneous Affordable Housing Fund provisions opposed by the administration and allow us to move forward quickly with badly needed and long overdue reforms in the FHA program. If we are not successful in those amendments,

many of the Members will vote for this underlying legislation, some will not. But, again, I want to acknowledge the sincerity and the good faith that the majority has worked throughout this process with the minority; and, Chairman WATERS and Chairman FRANK, we very much appreciate that. We appreciate the many fine provisions in this bill.

Ms. WATERS. I yield to the chairman as much time as he may consume.

Mr. FRANK of Massachusetts. I thank the gentlewoman, the Chair of the Housing Subcommittee who has worked so hard all year on a number of very important pieces of legislation. And I appreciate the kind words of the ranking member. I congratulate him on the newest addition to his extended family. And he correctly says, there is a lot in this bill that we agree with; there are some things that we disagree.

Now, the ranking member of the subcommittee, the gentlewoman from Illinois, the ranking member of the full committee. I should note, the gentlewoman from Illinois is no longer the ranking member of this subcommittee, she was recently moved, but she was during the pendency of this bill. They noted that last year a bill passed the House by 400 to a handful on the FHA, and that is true. And the reason is, that is the difference between us and them.

Last year, when they were in the majority, they came out with a bill that had some things in it that we liked, a couple things that we didn't like, so we were reasonable and conciliatory and voted for it. And now we are in the majority. And it is an odd argument to say that the bill that they passed when they were in the majority, having defeated some of our amendments, somehow now, because we were conciliatory last year and supported it, we are obligated to do the same thing.

The principle of *deja vu* all over again is not to be found in Jefferson's Manual. It is not binding. We built on what we agreed to last year and we added some things. Let me talk about where we disagree.

Oddly, the administration insists that when we do mortgage insurance for lower income people, we agree, that going forward, and even in fact in helping in the current crisis, FHA mortgage insurance should be available for people with weaker credit who are in the subprime category, now, if they can refinance at a steady rate in the future so they can go there in the first place.

But what the administration says is this: If you are a woman making \$48,000 a year and your credit isn't great for a variety of reasons and you get mortgage insurance from the FHA, this administration and the approach of my Republican colleagues is to charge her more than any Member of this House would be charged for the same mortgage insurance, because what they say is, we will extend it to people with weaker credit, but we will charge them

more, because people with weaker credit are likely to default. It is true people with weaker credit are likelier to default, but should everybody be penalized financially because some people with weaker credit will default?

What we say is, if you are in that higher risk category and you go forward and make your payments on time, you should be refunded that money after 5 years automatically, 3 years at the discretion of HUD.

So I reject the notion that we should make the person in the lower credit category who conscientiously makes her payments be the one who has to bear the cost of a loan loss rate that is higher for people like her. That is not her fault.

Secondly, we have in here tougher restrictions than last year on the ability of HUD to raise FHA rates. Members will note, the FHA has been making a surplus recently, and the administration likes that and they can use that to put into the general budget so Housing and the FHA subsidize the rest of the budget. And a couple of times on a fully bipartisan basis, through the appropriators and through our committee, we have written to HUD saying, no, don't do that. Don't raise FHA fees when you are already making a profit.

This bill, in fact, reduces the ability of HUD to raise fees unless they can document that they are going to go in the red, and that is one of the differences. If you vote for a substitute, you will be voting for a weaker set of restrictions on HUD's ability to raise FHA fees. That is why the home builders and the realtors have generally been supportive of the approach that we are taking, because we don't want HUD to have the freedom to raise the fees just to make a surplus for the rest of the government and make homeowners do that initial surplus.

In addition, by the way, we take the cap off home equity mortgages, and that is what generates the money. We don't generate the money for the affordable housing fund here by raising fees on mortgage insurance in general; in fact, we restrict HUD's ability to do that. We do take the cap off mortgage insurance. So what we are saying is, there will be more home equity mortgages granted. And, in fact, we put a restriction on the fee that can be charged by those who originate them. Not in the minority's substitute, I believe. And we say that extra money that comes not from raising anybody's fees but increasing the volume is what we can use for affordable housing. We also say that you should raise the limit.

Now, the administration had been opposed to it and they are parading it some but I believe not enough. We now have a situation in which the market is telling us that they will not do mortgages if they go above the FHA-GSE limit. And what this bill does is, A, to raise the limit based on the regional variation in house prices, but, in addition, says to the Secretary of HUD: If

the market freezes up as it now does, you have discretion, the discretion of the Secretary of HUD, to do a temporary increase in the limits. And I think that is a reasonable approach.

Finally, the Affordable Housing Trust Fund. Be very clear. Look at the bill. Not a penny can go to the Affordable Housing Trust Fund under the legislation before us today until the Secretary of HUD certifies that the FHA fund is fully solvent. That is, there is no way under this bill that a penny can go to the Affordable Housing Trust Fund if it would in any way cause an increase in FHA mortgage insurance or in any way jeopardize the fund.

The question is, if there is a surplus generated by the mortgage insurance rates, and remember, we are saying to HUD you can't charge as much as you want to. So at the lower rate we impose and with the increase in the volume of home equity mortgages that generates a surplus, does it go into the Treasury to do as they wish or can we set it aside for an affordable housing program? And for the first time, because you do not have now a lot, there are a lot of HUD programs, but there aren't any now that help build family affordable housing. We have some for the elderly; HUD tries to cut it. We have some for the disabled; HUD tries to cut it. We do not have a general program for helping to build affordable family housing, and that is what this bill would do. But only if by raising revenue. And, by the way, when we increased it, there was an odd statement in which they said don't raise the upper limit, have the program be focused on the lower income people. They are not competitive.

In fact, raising the upper limit makes money for the FHA. CBO has told us that when you raise the limit, that is a profit for FHA. In fact, raising the limit at the top is one of the reasons why we can avoid charging the people with weaker credit more, which the FHA wants to do, because we recycle some of that profit that they will make from right in the upper end into helping offset the higher loan loss rate from people at the lower end.

So the notion that in any way we are deteriorating our ability to help the moderate people is just nonsense. It is literal nonsense. Because raising the upper limit, all it does is provide more funds which can be used, because the alternative, and again this is in the Bush administration's approach: Yes, we will extend credit to people with weaker credit, but we will charge those individuals more than somebody who is richer even if that individual is making the payment. I don't think that is appropriate for the Federal Government.

There has been a lot of bipartisan cooperation on this bill. There were a couple amendments offered. One amendment is jointly offered by myself and the gentleman from California (Mr. MILLER). There are amendments offered by the gentleman from Ohio (Mr. TIBERI) which we think is a good idea.

Mr. MILLER has another one dealing with down payment assistance. Mr. TIBERI's deals with the question of counseling. We are supportive of those. There is a great deal of bipartisanship here.

The realtors and home builders, two of the private sector groups strongly committed to helping with homeownership and home building, support this bill and support our versions of it. All the consumer groups, the people who advocate for low income housing do. I hope that the bill is adopted. There are some amendments that would kill it. I will say there is an amendment to strike the funds for the Affordable Housing Fund. Members might want to check. A virtually identical amendment was offered during the appropriations bill to prohibit any FHA money from going there. It was defeated by 2-1. It was a very large vote on this side, obviously, but a significant vote on the other side. We have debated all these issues. I hope by the end of the day we will send the FHA bill through.

And let me just close by saying I welcome what the administration did. We are moving closer. I hope by the end of today we will have sent this bill to the Senate, along with the GSE bill. And I have spoken to Secretary Paulson and I have spoken with Members of the Senate. If the Senate will then take up the GSE bills and the FHA bills, I know there are differences, we want a signature on both bills. We will have a genuine three-sided conference; ourselves, both parties; the Senate, both parties; the Secretary of Treasury, the Secretary of HUD. And I believe if the Senate will act well before Thanksgiving, we can have a good package in which the GSEs and FHA are made sounder and more solid and better able to serve the people.

Mrs. BIGGERT. Madam Chairman, I yield 45 seconds to Ranking Member BACHUS.

Mr. BACHUS. Madam Chairman, I would like to thank the chairman of the full committee. And I want to make it perfectly clear that this was a grandson, not a son or daughter who was born to Linda and I. So when you said proud addition, I just didn't want a rumor back home that we had had a child.

But I also want to acknowledge what you said. There are many important reforms in this bill. In fact, from last year's bill, much of what the chairman has said, I think we have worked together, groups have worked together, and as a result of the subprime crisis we have got an even better bill, and I acknowledge all that. There are many good things about this bill, and I commend him for his knowledge of the subject and his fine work. Thank you.

Ms. WATERS. Madam Chairman, may I inquire as to how much time we have left?

The CHAIRMAN. Ms. WATERS has 13½ minutes, and Mrs. BIGGERT 21½ minutes.

Ms. WATERS. Madam Chairman, I yield 2 minutes to the gentleman from Texas (Mr. GREEN).

Mr. AL GREEN of Texas. I want to thank you and the chairman of the full committee for this brilliant and well thought-out legislation. I absolutely support it. I am convinced that this bill, had it been in place, would have helped many borrowers to avoid the subprime market and many of those who also went into the predatory lending areas, because it would provide reasonable rates without prepayment penalties.

But this bill also has the Affordable Housing Fund, and I support it wholeheartedly. There is no question that there is a need to build, preserve, and renovate, rehabilitate affordable housing in this country. This bill gives us the means by which it can be done.

I also would like to point out that the bill has an amendment that we introduced to deal with the mortgage brokers.

□ 1215

This bill requires mortgage brokers and correspondent lenders to safeguard and account for a borrower's money. It is actually codified into law. It would require them to follow reasonable and lawful instructions of the borrower and to act with reasonable skill, care, and diligence in handling the money of borrowers and the business of borrowers. It allows the Secretary of HUD to deny a violator the privilege of originating loans. It's a good amendment. I beg that my colleagues would support it.

Finally, I want to talk about the alternative credit amendment that was added that we introduced, which is a pilot program to establish an automated process using alternative credit such as rent, utilities, phone bills.

Many persons are credit worthy, but they don't have the traditional credit necessary to purchase a home. This bill will establish an alternative system so that they too may enter the marketplace and purchase a home.

After 4 years, the GAO is to give Congress a report on the bill. I support all of what is in this bill, and I beg that my colleagues do so as well.

Again, I commend the Chair and the ranking members for what they have done as well.

Mrs. BIGGERT. Madam Chairman, I yield myself 5 minutes.

Madam Chairman, I'd like to start out on a positive note, but I guess I must say that I'm disappointed about the bill, the way it is as we're considering it today.

While the bill has improved since its introduction, I had hoped that we could take up the same bipartisan FHA Modernization Bill, H.R. 5121, that passed House last year. And since we've been talking about it, I might say it was cosponsored by 54 Republicans and 51 Democrats and one Independent, so it was a good bill and a bipartisan compromise that was agreed to by Chairman WATERS, Chairman FRANK, and then Chairman Mike Oxley.

And given the overwhelming vote, and the exact number was 415-7 for last year's bill, I had hoped that we could take it up and move it quickly to the floor. But instead we have two bills this year. We have the bill, H.R. 1752, which I introduced, which was identical to last year's bipartisan bill, and we have Chairman WATERS' bill. And so I think we're today considering a new bill with new provisions that are not bipartisan, and I think it has delayed the FHA modernization and will serve fewer borrowers than last year's bill. But it's an important bill.

There are some key differences between these bills. There is one that has caused the greatest concern for me and many of my colleagues, and that is the inclusion of a provision in H.R. 1852 that creates a funding placeholder and siphons off FHA funds to a brand-new government trust fund. And it's admirable, affordable housing. We all want affordable housing in all forms, whether it's section 8, whether it's public housing, whether it's FHA modernization. But I think that taking the funds out of FHA and using them for a purpose unrelated to its core mission of the FHA would threaten the solvency of the FHA fund and its ability to pay off the insurance claims. And we are reaching a crisis there, where we are going to have to have some credit influx into the FHA fund. So we'll hear more discussion on that during the consideration of Mr. HENSARLING's amendment during this debate.

So it's my hope that we can work together to address Members' concerns through the amendment process so that a modernized FHA bill can help assist more low- and moderate-income Americans in buying and keeping their homes.

I'd like to just briefly talk about and thank Chairman WATERS for offering a specific provision in this manager's amendment. The chairwoman's original draft only permitted first-time home buyers to participate in new low- and no down payment loan programs. But the amendment under consideration corrects that and mirrors the provision in the FHA modernization bill that allows any FHA qualified borrower to participate in the new FHA low and no down payment loan program. So clearly, the FHA has a role to play in the solution to this country's rising foreclosure rate.

And as I think I said on April 19, during our first committee hearing on this, this bill, one of the most important things that Congress can do, as we search for ways to help those that have been harmed by the subprime market, is to give FHA the tools it needs to be a viable alternative for the first-time and low-income borrowers.

And then I'd like to address an issue that Chairman FRANK did bring up, and even though he's not on the floor. But the legislation that I have included another bipartisan agreement last year, and that was the automatic reduction of annual premiums in FHA to no more

than 55 basis points for loans that remain active after 5 years. And automatic premium reductions can be a good thing. They can reduce refinancing and perhaps some defaults and foreclosures as well.

In contrast, I think that the Franks-Waters bill requires the refund of excess upfront premiums charged to higher-risk borrowers, those with FICO scores under 560. So I'm concerned that this provision would have the unintended consequences of limiting the number of borrowers that could be served by the FHA program because it requires initial premiums to be even higher. And I think that the refund provision would also be very difficult to implement.

This is an insurance program. And when you have car insurance, you don't get a refund if you don't have an accident. You might have your rate lowered, which is what was in the former bill. So I think that that is an issue that he talked about that I wanted to clarify.

Madam Chairman, I reserve the balance of my time.

Ms. WATERS. Madam Chairman, I yield myself 30 seconds to make sure that my colleague on the opposite side of the aisle, Mrs. BIGGERT, whom I've worked with so closely and enjoy working with so much, is clear on the fact that the housing trust fund does not take money from FHA. And I think Mr. FRANK made it very clear before he left that HUD would have to certify that it is solvent before any of that money goes into the trust fund. I think that's very important.

Madam Chairman, I yield 2½ minutes to the gentleman from Texas (Mr. HINOJOSA).

Mr. HINOJOSA. Madam Chairman, I rise in strong support of H.R. 1852, the Expanding American Homeownership Act of 2007, introduced by Congresswoman MAXINE WATERS, who has worked so hard on this legislation.

I want to commend my good friend from California for introducing such an important piece of legislation and for helping me and the Congressional Rural Housing Coalition find ways to provide housing for all Americans, including those in rural America. She has found numerous ways to improve the availability, affordability and quality of housing; and this legislation advances that cause.

Madam Chairman, this legislation, H.R. 1852, will modernize and update the National Housing Act and enable the Federal Housing Administration to use risk-based pricing to more effectively reach underserved borrowers. It will also provide a safe alternative for potential home buyers with less than perfect credit, thus helping them avoid the pitfalls of certain subprime lending and, hopefully, reduce a large portion of predatory lending.

This legislation is very important to working families. Hundreds of thousands of American families are concerned about losing their homes as

their mortgage payments increase because of subprime loans with adjustable interest rates. With strong efforts to assist them, up to the 40 percent of families with subprime loans could qualify for more affordable fixed-rate loans so they can keep their homes.

As co-chair and co-founder of the Financial and Economic Literacy Caucus, I am particularly pleased that the legislation contains a housing counseling provision. It is a long time coming.

I want to express my sincere appreciation to Chairwoman MAXINE WATERS for introducing such important legislation.

Madam Chairman, I submit for the RECORD letters from the American Bankers Association and the National Association of Home Builders in support of H.R. 1852.

For these reasons, I strongly urge my colleagues to vote "yes."

SEPTEMBER 18, 2007.

To: Members of the U.S. House of Representatives.

From: Floyd Stoner, Executive Director, Congressional Relations & Public Policy, ABA.

Re Support for H.R. 1852, the Expanding American Homeownership Act of 2007.

I am writing to you on behalf of the members of the American Bankers Association (ABA) to express our support for H.R. 1852, the Expanding American Homeownership Act of 2007, scheduled for House consideration today. This legislation reforming the Federal Housing Administration (FHA) will make the FHA a strong, relevant tool to help banks and other lenders to bring homeownership to more Americans for years to come. These reforms are more necessary now than ever, as FHA can play an important role in addressing current problems in the mortgage markets.

The FHA was created in 1934 to serve as an innovator in the mortgage market. Since then, FHA, in a public/private partnership with banks and others in the lending community, has assisted nearly 35 million Americans become homeowners. Unfortunately, statutory limitations and lack of flexibility caused FHA to become less relevant to the industry. The legislation before the House of Representatives makes necessary changes to improve the efficiency of the FHA, increase the nation's homeownership rate, increase competition in the lending market, and provide borrowers with a much needed option in the current tight credit market.

Specifically, ABA supports provisions that: (1) simplify the downpayment process and offer borrowers flexible downpayment options; (2) extend the mortgage term of an FHA insured loan to 40 years; (3) increase the FHA loan limits; and (4) modernize the Home Equity Conversion Mortgage Program. These changes will again make the FHA an important partner with the private market and will help to ensure that more borrowers are able to benefit from FHA insurance.

We urge you to support this reform of FHA to better serve homebuyers by supporting H.R. 1852 when it comes to the House floor.

NATIONAL ASSOCIATION  
OF HOME BUILDERS,

Washington, DC, September 17, 2007.

Hon. NANCY PELOSI,  
Speaker, House of Representatives,  
The Capitol, Washington, DC.

DEAR SPEAKER PELOSI: On behalf of the 235,000 members of the National Association of Home Builders (NAHB), I am writing to

express the building industry's support for H.R. 1852, the Expanding American Homeownership Act of 2007. NAHB urges you to support this bill, which modernizes the Federal Housing Administration (FHA), when it comes to the House floor next week. Because of the importance of this issue to our industry, we are designating the vote on passage of H.R. 1852 as a KEY VOTE.

NAHB also supports the Frank/Miller/Cardoza amendment that will further enable home buyers the ability to purchase an FHA-insured home in many high-cost areas. Currently, the FHA loan limit is too low to enable many deserving home buyer to purchase a home in high-cost areas.

Since its creation in 1934, and for much of its existence, the FHA has been viewed as a housing finance innovator by insuring millions of mortgage loans, which have made it possible for America's families to achieve homeownership. FHA's single family mortgage insurance programs have served home buyers in all parts of the country during all types of economic conditions. Moreover, FHA has done this without any cost to America's taxpayers.

Unfortunately, over the past two decades, the popularity and relevance of FHA's single family mortgage insurance programs have waned as FHA's programs have failed to keep pace with competing conventional mortgage loan programs. Faced with a deepening constriction in the availability and affordability of housing credit, Congress now has the opportunity to modernize the FHA and enable it to play a key role in stabilizing the mortgage markets, while offering borrowers a safe and fair mortgage alternative. Recently, President Bush outlined a plan to help American homeowners weather the current difficulties in mortgage markets, which included asking Congress to send him an FHA reform bill as soon as possible.

To address the problems in today's housing finance market, I urge your support for H.R. 1852 on the House floor this week. Again, NAHB will KEY VOTE the vote on passage of H.R. 1852. Thank you for considering the views of the home building industry.

Sincerely,

JOSEPH M. STANTON,  
*Chief Lobbyist.*

Mrs. BIGGERT. Madam Chairman, I would just like to thank the gentleman from Texas (Mr. HINOJOSA) for all his hard work on our Financial Literacy and Education Caucus. I really enjoy working with him, and the counseling really fits right into the purview of financial literacy, so again I thank the gentleman.

Madam Chairman, I yield 5 minutes to my friend, the gentleman from California (Mr. GARY G. MILLER).

Mr. GARY G. MILLER of California. Madam Chairman, I rise in strong support of this bill. I'd like to commend Chairman BARNEY FRANK and Ranking Member BACHUS and Subcommittee Chairman MAXINE WATERS and Ranking Member JUDY BIGGERT for their hard work. This has been a long time coming.

If you watch what the Federal Reserve is doing today, they're injecting short-term dollars into the marketplace trying to stabilize the marketplace. But what the marketplace and housing needs today is long-term dollars and revenues to ensure that people can own a home and get a long-term loan and pay that back.

When I talk to brokers and lenders in my district, it is clear that the FHA

program as currently structured has not kept pace. In the past, moderate-income home buyers who could not qualify for conventional loans because of high loan to value ratios or high payment to income ratios could still achieve the dream of homeownership through the FHA program.

Today, the FHA program is no longer a useful product to home buyers. Instead, working families are faced with a situation where they are either unable to own a home, or they're forced to resort to a risky loan product that might make their ability to keep the home difficult.

With all this occurring in the subprime market, FHA reform is more critical today than ever. The need for this legislation is immediate.

Many times exotic products such as interest-only loans, negative amortizations are the only options available to working families to achieve homeownership. This is because the FHA program became virtually irrelevant for many home buyers.

Not only can the bill before us today provide a viable alternative for families seeking to purchase a home, but it can also help families facing uncertainty about being able to keep their current home.

The bottom line is to make the FHA program a viable mortgage option, we must ensure that the program's products are available across the country and they meet the needs of borrowers. This includes not only eliminating the geographic barriers to utilization of the program in high-cost areas, but also facilitating the purchase of entry-level homes, including condos and manufactured housing.

These forms of housing are an affordable option for entry-level home buyers, and they should be included under this program if we truly want to help families climb the first rung on the ladder of homeownership.

In addition to reforming what can be purchased under the program, we must also improve the competitiveness of the FHA product among the mortgage options available. In other words, we must address the problems in FHA programs that cause it not to be utilized when it is an available mortgage product for the potential home buyer.

The answer is that the program in flexibility and burdensome processes have left many in the industry hesitant or, in the case of mortgage brokers, unable to offer FHA products.

The legislation before us today includes a number of reforms to make the FHA program relevant in today's marketplace. For example, today's mortgage brokers originate the majority of mortgage loans and, therefore, provide HUD with the most available and efficient distribution channel to bring the FHA loan products to the marketplace.

While mortgage brokers originate the majority of loans, many are not able to offer FHA products because of the cost-prohibitive and time-consuming finan-

cial audit and net worth requirements. This effectively leaves subprime loan products as the only option for many borrowers who would otherwise qualify for an FHA.

Now, let me say the subprime market is extremely beneficial and it needs to be relevant. But today you have many predators in that marketplace that are making loans to people that they know they cannot repay. The bill before us today includes language to replace FHA's net worth and audit requirement with a surety bond to allow more mortgage brokers to offer FHA products. This will ensure that the home buyers are given the option of a FHA product when they seek the services of a mortgage broker.

I would like to say a word about the affordable housing fund included in this bill. While I opposed a similar fund when it was attached to the GSE reform bill, I want my colleagues to know that I support this fund because an amendment I offered at the markup was accepted by Chairman FRANK to essentially say, and these are arguments that have been made against this, that the HUD must ensure that FHA insurance premiums are, one, as low as possible; two, that the insurance fund is solvent; and, three, that any FHA needs are met before excess dollars are sent to the housing fund. Virtually it says that FHA has the dollars, they will use the dollars, and when it's not needed, then those dollars will be forwarded to the fund.

□ 1230

After that I firmly believe that the FHA funds should be dedicated to housing. We do this for the highway fund when we charge a gas tax. Those taxes are dedicated to repairing our roads and highways in this country. We should do this with the FHA too. The FHA money we are talking about is money that currently is going to the treasury.

Now more than ever Congress must pass FHA legislation so that we can remove the impediments to the utilization of the FHA and ensure that it once again helps working families across the country so that they have an opportunity to achieve and maintain homeownership. This is an important reform that will help many families avoid foreclosures.

Most of the people, and I would say, all the organizations in the industry who are looking to help people who are in trouble today support this bill. They also support the GSE reform bill that we put forward because it does one thing: It provides long-term stability and liquidity to the marketplace. The goal of this bill is to ease the burdensome problems people are facing today. They are looking at losing their homes. We are saying let's provide long-term liquidity and help them maintain their homes.

Ms. WATERS. Madam Chairman, I yield 2 minutes to the gentlewoman



from New York (Mrs. MALONEY), Financial Institutions and Consumer Credit Subcommittee Chair.

Mrs. MALONEY of New York. Madam Chairman, I thank the gentlewoman for her extraordinary leadership, really creative leadership, along with BARNEY FRANK and others.

I rise in support of the bill, which will revitalize the FHA and will ultimately assist low- and modern-income families seeking the American Dream of homeownership and providing much-needed stability and liquidity in the markets with the subprime crisis.

I thank the gentlewoman for accepting an amendment that I authored that would expand affordable and available daycare by giving an incentive to build or include licensed child care facilities in FHA-insured properties.

This bill does many things that are very important. It builds on the President's recent announcement that FHA will work with homeowners who are having a difficult time paying their mortgage due to a reset in this interest rate. This will help with the subprime crisis by, number one, increasing the loan limits in high-cost areas of the country like New York City where FHA has been driven from the market, forcing many borrowers to turn to high-cost financing. It will, secondly, authorize zero down and lower down payment FHA loans for home buyers who could not otherwise make these payments. It directs FHA to underwrite to borrowers with higher credit risks than FHA currently serves. And it permanently eliminates the current statutory volume cap on FHA reverse mortgage loans to permit this program to meet the growing needs of home equity-rich, cash-poor senior citizens and, very importantly, reinvesting the increased profits created into an affordable housing fund.

With all the great things in this bill, I am concerned that we may be loosening the reins a bit too much by allowing mortgage brokers to bypass the current audit and net worth requirements and instead posting a surety bond to participate in FHA. I have been very concerned with the role the largely unregulated mortgage broker industry has played in the current subprime mortgage crisis.

I do support this bill, and I hope we can work to ensure the safety and soundness of FHA and we are expanding affordable and available housing. And congratulations to Chairman WATERS.

Mrs. BIGGERT. Madam Chairman, at this time I would like to yield 3 minutes to the gentlewoman from West Virginia (Mrs. CAPITO), who is now going to assume the role as the ranking member of the Housing Subcommittee.

Mrs. CAPITO. Madam Chairman, I would like to first thank my good friend the gentlewoman from Illinois for yielding to me and also for her leadership as the ranking member on the Housing Subcommittee. She has left

big shoes for me to fill, but I know she is not going to be too far away on the committee, so I can lean on her for help.

I also look forward to working with Chairwoman WATERS on this committee. I know we will work well together as you all have set up a great pattern of bipartisanship on the Housing Subcommittee. So thank you very much for your leadership.

The legislation we are considering today is an important step towards stabilizing a housing market that has been in a steady decline over this past year. While many of us were working in our districts over the recess period, our financial systems were experiencing a bit of a credit crunch, due in part to the problems in the subprime housing markets.

Many of the problems we are facing in the housing market are due to individuals with credit challenges and inexperienced first-time home buyers utilizing very complex and creative financing tools to allow them to purchase a home which they would otherwise not be able to do.

Homeownership is something that we all aspire to, and I am proud to say that my State of West Virginia has some of the highest homeownership in the country, over 70 percent, because with homeownership comes solid community involvement, comes better economic health, and also better socialization and education levels.

The use of interest-only and adjustable-rate mortgages is now causing problems as these mortgages is now resetting at much higher rates, frequently unaffordable rates causing an increase in foreclosures.

The reforms to the FHA will help provide stability in the housing market by providing greater assistance to new and riskier home buyers. Some of the reforms I would like to highlight are the extension of the maximum length for an FHA loan from 35 to 40 years; directing the FHA to serve high-risk home buyers while lowering upfront fees for high-risk buyers; allowing for a zero down payment for first-time home buyers, and I'm hearing today also for those who are FHA qualified; and authorizing an increase in FHA loan limits for both rural and urban areas.

The final component is especially important because in many areas the current loan limits are outpriced by many larger metropolitan areas. These expanded limits will help many buyers access stable and secure loans so they can achieve the goal of homeownership.

Each of these reforms has bipartisan support, and we must continue to work together in order to provide much-needed assistance to our struggling homeowners.

Again, I would like to thank Chairwoman WATERS and Ranking Member BIGGERT for their hard work on this critical legislation.

Ms. WATERS. Madam Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. ELLISON), who is focused on predatory lending.

Mr. ELLISON. Madam Chairman, I would like to thank Chairwoman WATERS and Chairman FRANK for bringing this bill to the floor today before the body.

H.R. 1852 makes significant improvements to the current Federal Housing Administration policy at a time that is crucial to American working families and to our Nation's economy. It comes before us at a time when the unstable housing market has brought disruption to our economy, world financial markets, but, most importantly, in our neighborhoods. By expanding the availability of FHA loans and using the new revenue to create an Affordable Housing Trust Fund, we are helping to make the dream of homeownership not just an illusion but a real possibility. Once again, I want to thank the sponsors of this legislation and urge support of the bill.

I would also like to point out that the mortgage foreclosure crisis in America continues to get worse. Mortgage foreclosures are now at a level previously seen only at the height of the Great Depression, and it is only predicted to get worse going into the fall and winter. In August, foreclosures nationwide were up 115 percent from 2006. Hopefully, this important piece of legislation will help make the American Dream of homeownership not just an illusion but a real possibility.

Mrs. BIGGERT. Madam Chairman, I have no further requests for time, and I reserve the balance of my time.

Ms. WATERS. Madam Chairman, I yield 1½ minutes to the gentlewoman from California, Ms. BARBARA LEE.

Ms. LEE. Madam Chairman, I rise today in strong support of the Expanding American Homeownership Act of 2007. I want to thank Chairman FRANK and Chairwoman WATERS for their leadership and their commitment to revitalize the FHA and provide critical assistance to those who have been affected by this crisis, which is, unfortunately, reverberating across our country and the entire world.

Many hardworking Americans that may otherwise not have been able to qualify for a loan were lured into a fantasy universe of low rates and even lower payments by unscrupulous lenders. However, reality has kicked in, and those most affected are the elderly, single parents, and members of minority populations.

This bill is a critical first step to help those who have been caught up in this nightmare. For instance, current FHA rules prevent the FHA from making loans beyond the local median home price. This bill will increase loan limits to make FHA relevant in those areas. This is a crucial fix which will provide assistance in high markets like mine in California in the Ninth Congressional District in Northern California.

This bill also increases funding for housing counseling, which helps to ensure that those who achieve the American Dream of owning a home can keep

it. With a good job and good credit, this bill will allow, for instance, those who want to deal with down-payment assistance to qualify for a loan by providing that down-payment assistance. It addresses authorizing a zero or lower down payment on loans for borrowers.

I want to thank Congresswoman WATERS and Mr. FRANK for making housing an important national priority.

Mrs. BIGGERT. Madam Chairman, I reserve the balance of my time.

Ms. WATERS. Madam Chairman, I yield 1½ minutes to the gentleman from Maryland, Congressman CUMMINGS.

Mr. CUMMINGS. Madam Chairman, I want to thank Ms. WATERS for this absolutely brilliant legislation, very comprehensive, and I also want to thank Chairman BARNEY FRANK.

Madam Chairman, later today the Fed is expected to lower interest rates for the first time in 4 years to protect the economy in hopes of making homes less expensive for people to finance certain credit card debt and for homeowners to take out popular home equity lines of credit, which often are used to pay for education, home improvements, or medical bills.

The Fed's actions today will have a positive impact on homeownership, as will our consideration of H.R. 1852. This legislation will allow FHA to carry out its function of assisting creditworthy, low-income and credit-risk citizens in becoming homeowners. Most importantly, the FHA will be able to steer these people away from the predatory practices of the subprime mortgage industry.

Some of the most important features of H.R. 1852 include raising the program's loan limit to \$417,000; providing refinancing opportunities to borrowers struggling to meet their mortgage payments; authorizing zero and lower down-payment loans for qualified borrowers; and enhancing FHA's reverse mortgage program to help seniors pay for health and other expenses, by removing the loan cap to avoid program shutdowns and raising loan limits.

Again, I applaud Chairman WATERS for her outstanding leadership in this area, and I urge all of my colleagues to vote in favor of the bill.

Mrs. BIGGERT. Madam Chairman, I yield myself such time as I may consume.

In closing, I would really like to thank Subcommittee Chairwoman WATERS for her work on this bill. I am pleased that the FHA modernization bill is moving forward, and I think that the bill that we will vote on today is much improved from the original draft as a result of constructive input from Members from both sides of the aisle. It contains many bipartisan provisions that I support and still contains a few provisions that I do not support. But it is my hope that the provision siphoning money away from the fund will be struck and that true risk-based pricing will be implemented so that FHA can serve the maximum number of bor-

rowers possible. But those arguments have been made and have been rejected by the majority, so it is my sincere hope that we can further improve the bill as it continues to move through the legislative process.

As I understand it, the Senate Banking Committee is scheduled to mark up its version of FHA reform tomorrow. So unlike last year, it appears that FHA reform is gaining traction in the Senate, and I hope that we can move this bill beyond the House during this Congress and that the Senate and the administration will work with us to reform this important program.

□ 1245

I think American families deserve a 21st-century FHA program to have a safe and secure mortgage product as an alternative to the dangerous products offered by predatory lenders. Qualified American families looking to keep their homes and refinance their bad mortgages, many of which are currently in default, deserve to do so through a modernized FHA.

Again, I look forward to our continued work. And I would like to thank Chairman WATERS so much. You know, as I leave as ranking member of this subcommittee and go over to the financial institutions, I do with some remorse. I really have enjoyed working with the subcommittee chairman on this committee, and the times that we have spent. I will still be on the committee, but won't have the opportunity to sit together and make some decisions. And I really have enjoyed every minute of it, the trip to New Orleans and Mississippi, as well as working on these bills with her. So I thank you so much. I also thank Chairman FRANK. I think he has worked so hard on this committee.

I kind of think I will miss it because it certainly has been the most active committee I think in Congress this year. Never did I dream that we would have at least three hearings a week and two markups and all the things that have gone on. But I think you've made great progress in the housing field, and I appreciate both of you for your concern and your passion for housing and making sure that low-income families will be able to meet their American Dream.

With that, Madam Chair, I yield back the balance of my time.

Ms. WATERS. May I inquire as to how much time I have remaining.

The CHAIRMAN. The gentlewoman from California has 2 minutes remaining.

Ms. WATERS. Madam Chairman and Members of the House, first I would like to tell the subcommittee ranking member how sad I am that we're not going to be working as closely together on this Subcommittee on Housing. I have truly enjoyed working with her. And even though she will remain on the committee, we perhaps won't have an opportunity to sit together and chat and not only make decisions, but just

make fun of some people from time to time.

Mr. FRANK of Massachusetts. Will the gentlewoman yield?

Ms. WATERS. I yield to the gentleman.

Mr. FRANK of Massachusetts. I would say that I really am very proud that on our committee, and the gentlewoman is right, there are some areas of disagreement, I think we have shown how you can have legitimate disagreements of governmental philosophy within a framework of some agreement and be able to deal with them so that the disagreements can be reasonably debated and don't spill over and don't interfere.

And the gentlewoman is right, we have been very active; but we could not have been active in a very constructive way if it hadn't been for that spirit, and I thank her for it. And obviously we will still be working with her, but we do want to acknowledge how helpful she was and how constructive in her role as the ranking minority member.

Ms. WATERS. I would also like to thank Mr. BACHUS and Mr. MILLER; Mr. BACHUS, who has been so good to work with; Mr. MILLER, who is an expert. We have been able to talk about things, to work out differences, and to move forward.

This is a very productive overall Financial Services Committee, a very productive Subcommittee on Housing and Community Development. With people working together on both sides of the aisle, we're getting things done.

This may be one of the most important pieces of legislation to pass this House in this session. We will be able to help people with refinancing. We will be able to help people stay out of foreclosure. We will be able to revitalize FHA, that really knows and understands how to provide insurance for moderate- and low-income folks who are desperate to be homeowners. And I am just delighted that I've had an opportunity to play a role.

Madam Chairman, I yield back the balance of my time.

Mrs. BIGGERT. Madam Chairman, I ask unanimous consent to reclaim my time.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Illinois?

There was no objection.

Mrs. BIGGERT. In all my thanking, I forgot to thank the staff, which I would really like to do, the staff of the subcommittee, Cindy Chetti, Tallman Johnson, Nicole Austin, Robert Gordon and Jim Clinger for all the work that they've done on the minority side of the aisle. And also, to thank, on the other side of the aisle, the Democrat staff who have been so helpful to us: Scott Olson, Gail Lester, Jonathan Harwitz, Kellie Larkin, Tom Duncan and Himay Lazarga. I thank all of them for all the work that they've put into this bill. And also, one of our new members on this side, Jason Britt, one of our new members of the staff. Thank you so much.



Mr. BACA. Madam Chairman, I rise to express my strong support for H.R. 1852, the Expanding American Homeownership Act of 2007. This bill updates the FHA program so it can provide better mortgage options to low and moderate income families and minorities. This is important because the FHA program has not kept up with the needs of underserved communities, especially those in high cost areas like California. As a result, many families have turned to high cost and riskier subprime loans.

Because of the high number of subprime loans granted in the last few years—our Nation is now in a home foreclosure crisis. The Inland Empire has the fourth highest rate of foreclosure filings in the Nation and comprised the hardest hit area in California through the first half of 2007. According to the Neighborhood Housing Services of the Inland Empire, in San Bernardino County alone there were over 19,000 foreclosure filings in the first half of 2007. The current median home price in San Bernardino County is only affordable for 2 out of every 10 families.

H.R. 1852 will raise the FHA loan limit so that these hard-working families get a fair chance at getting a better deal for their home. The reforms in H.R. 1852 will allow the FHA program to reach into these underserved communities to provide low and moderate-income buyers a better deal at a fair price.

Again, Madam Chairman, I express my full support of this bill and urge my fellow colleagues to adopt its final passage.

Ms. CASTOR. Madam Chairman, I would like to express my support of H.R. 1852, the Expanding American Homeownership Act.

I would like to thank Chairwoman WATERS and Chairman FRANK for their hard work on behalf of American families. I am proud to support their effort to make the dream of homeownership reachable for hard-working families throughout our country.

H.R. 1852 accomplishes many goals. It will expand the capacity of the FHA to ultimately help more homebuyers receive better loans. Currently subprime borrowers are not eligible to receive FHA loans. Under H.R. 1852, FHA loans will become available to subprime borrowers and help to keep them from becoming victims of predatory lending practices when buying their first homes.

Families who are currently homeowners, but were placed into mortgages that they were unable to afford will be eligible under H.R. 1852 to refinance their mortgages with the FHA. This will help families to recover from the hardship that so many have experienced during this difficult period in the mortgage market.

One of the great provisions of the Expanding American Homeownership Act is that it will authorize up to \$300 million per year to be put into the Affordable Housing Trust Fund, to assist in building more affordable housing for working families. This fund will work alongside of an effort in my home state of Florida by Governor Charlie Crist to increase funding for initiatives to build affordable housing and to provide added assistance to first-time home buyers.

In my district in the Tampa Bay area, 10,173 of my neighbors found that their homes fell into foreclosure within the first six months of this year. The Tampa Bay area is ranked 24th in home foreclosures among the largest 100 metropolitan areas in the country.

On Monday, members of my community gathered to hear the story of Isaline Wyatt.

Isaline's lender told her last month that her house was going to be auctioned off. Isaline was facing foreclosure. Fortunately, Isaline was proactive and was able to take the needed steps to finding assistance to restructure her loan and keep her home. Isaline's journey was a struggle, but with the passage of H.R. 1852, homeowners like Isaline will have an added place to turn before foreclosure threatens to leave their families without a home.

Madam Chairman, there are thousands of children, seniors and veterans that are living in fear that soon they will lose their homes. This is a crisis and H.R. 1852 is an excellent step toward helping not only first-time homebuyers, but also to help homeowners in trouble to get back onto their feet. Families will have a greater opportunity to find a home and stay in that home.

Mrs. CHRISTENSEN. Madam Chairman, homeownership is the key to achieving financial independence. Yet, there is still a persistent gap in homeownership between minorities and non-minorities. According to HUD, despite increases in minorities who become homeowners, the census figures show that large differences in rates between minority and white household ownerships remain and have narrowed only slightly.

If this gap is to be narrowed or eliminated all together, we must break down the barriers faced by minority families and lower and middle income families that make it difficult for them to obtain the American dream of homeownership. These barriers include but are not limited to lack of capital for the down payment and closing costs, lack of access to credit and poor credit history, lack of understanding and information about home buying program and continued housing discrimination. Not to mention, the recent mortgage crisis caused by sub-prime lenders and predatory lenders.

This is why I strongly support H.R. 1852, a bill that would modernize the National Housing Act and enable the Federal Housing Administration to use risk-based pricing to more effectively reach underserved borrowers and make other needed changes to offer a better product. Increasing the FHA loan limits will allow homebuyers in high cost areas like the District of Columbia and my district, the US Virgin Islands, to benefit from the FHA advantages that users in less costly parts of the country enjoy. The bill would also provide FHA with the flexibility to offer varying down payment terms thereby eliminating the barrier of down payment and settlement costs for more aspiring homebuyers. Most importantly, H.R. 1852 would provide American homeowners with a safe and affordable mortgage alternatives. This is greatly needed at time when home buyers. Most importantly, H.R. 1852 would provide American homeowners with a safe and affordable mortgage alternatives. This is greatly needed at time when homebuyers are being lured by the attractive but misguided terms offered by the subprime and predatory lenders.

H.R. 1852 will bring a much needed stability to the mortgage market. It is supported by my local realtors and the National Association of Realtors, as well as many other organizations. I commend Congresswoman MAXINE WATERS for her work on this bill and urge my colleagues to support its passage.

Mr. SIRES. Madam Chairman, I rise in opposition to this amendment. I keep hearing time and time again from my constituents that

they cannot afford a safe home for their children. I know this is a problem for many Americans across the country. In fact, recent research has indicated that in order to afford a modest two-bedroom apartment paying no more than 30 percent of their income for housing and working full time, a New Jersey family would need to earn over \$20.00 an hour. Wages are simply not increasing fast enough to allow many families to even come close to this affordable housing wage.

Families need help. That is why I am so supportive of the Affordable Housing Trust Fund and the revenues that H.R. 1852 will provide to the Fund. This fund will increase home ownership and increase mortgage funding in areas of chronic economic distress. By increasing the level of home ownership, we will then increase the supply of rental housing for families. And where needed, we will increase our investment in affordable housing infrastructure to make a safe and affordable home a reality for every hardworking American.

I urge my colleagues to vote against this amendment that would strike the affordable housing trust fund and I urge everyone to vote in support of final passage the Expanding American Home Ownership Act of 2007.

Mrs. JONES of Ohio. Madam Chairman, I rise today in support of H.R. 1852, the Expanding American Homeownership Act of 2007. I commend the chairman of the Financial Services Committee, BARNEY FRANK and Congresswoman MAXINE WATERS, the author of this bill, for their leadership on this issue.

The meltdown of the mortgage industry, predatory lending practices and excessive foreclosures is an opportunity for the Federal Housing Administration (FHA) to reassert its traditional role of meeting unmet mortgage market needs. H.R. 1852 is intended to increase the market share of mortgages insured by Federal Housing Administration (FHA), and to encourage greater stability in the mortgage market in coming years. It raises loan limits for FHA-backed loans, boosts loan limits in high-cost areas, allows the agency to vary the premiums it charges borrowers based on their credit risk, modifies disclosure requirements to provide more information concerning mortgage choices, and allows for lower monthly payments for borrowers who make on-time payments for the first 5 years of a loan. It also extends the maximum loan term on FHA single-family loans to 40 years from 35 years.

Predatory lending is a leading cause of foreclosures across this country. It compromises the opportunity to own a home and hinders economic stability, creating greater disparities in wealth. In my home State of Ohio, new foreclosure cases grew by 24 percent in one year. Cuyahoga County led the State in new cases with 13,610 new filings last year. This ranking has attracted national attention with Ohio's foreclosure rate currently at 18 percent which is higher than the national average of 17 percent.

Subprime lending provides affordable mortgage credit to borrowers with less than perfect credit histories, but who are still creditworthy. Predatory lending occurs when lenders impose excessive rates and fees, prepayment penalties, and reset terms that can result in exorbitant interest rate increases. I believe that FHA could serve subprime borrowers at more attractive rates and provide fairer mortgage opportunities than predatory lenders.

I applaud provisions in the bill that require FHA to provide "payment incentives" for borrowers that make on-time payments for at least the first 5 years of a loan. The measure authorizes the department to offer these incentives to borrowers after a period of 3 years of on-time payments.

I am especially pleased and support provision in the bill which authorizes funds from FHA profits, to be used for an affordable housing fund. This fund is key because it would provide grants to support affordable rental housing and homeownership opportunities for low-income families.

Over the past 2 weeks, I have participated in home preservation workshops, where I have had an opportunity to meet with various organizations and lenders in my congressional district to discuss loss mitigation plans for homeowners that are in loans set to readjust to higher rates as well as those that are facing foreclosure. Representatives of lenders, servicers, housing counseling agencies, and State, county and Federal housing officials have been on site to meet with individuals to discuss their personal situations.

To help stem the tide of growing foreclosures, I have reintroduced the Predatory Lending Practice Reduction Act, H.R. 2061. This legislation calls for Federal certification of mortgage brokers and agents and stiffer penalties for violation of Federal law. Additionally, it will authorize funding for Community Development Corporations to provide training and counseling on the home buying process. Not all subprime lenders are predatory, but most predatory loans are subprime loans. This legislation would work to weed out the bad actors that are responsible for equity stripping and other predatory practices.

I am pleased that the Financial Services Committee brought this bill to House floor for a vote today. It is a great piece of legislation which I support wholeheartedly. I look forward to working with the Financial Services Committee to advance my legislation, H.R. 2061 which would protect borrowers from unscrupulous lending practices.

One of the first steps toward creating wealth is homeownership and I want to make sure that everyone is given the opportunity to not only attain but retain that goal.

Mrs. BIGGERT. Madam Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute printed in the bill, modified by the amendment printed in part A of House Report 110-330, is adopted. The bill, as amended, shall be considered as an original bill for the purpose of further amendment under the 5-minute rule and shall be considered read.

The text of the bill, as amended, is as follows:

H.R. 1852

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

# **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the "Expanding American Homeownership Act of 2007".

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Maximum principal loan obligation.
- Sec. 4. Extension of mortgage term.
- Sec. 5. Downpayment simplification.
- Sec. 6. Mortgage insurance premiums for zero- and lower-downpayment borrowers.
- Sec. 7. Mortgage insurance premiums for standard and higher-risk borrowers.
- Sec. 8. Risk-based mortgage insurance premiums.
- Sec. 9. Payment incentives.
- Sec. 10. Borrower protections for higher risk mortgages.
- Sec. 11. Annual reports on new programs and loss mitigation.
- Sec. 12. Insurance for single family homes with licensed child care facilities.
- Sec. 13. Rehabilitation loans.
- Sec. 14. Discretionary action.
- Sec. 15. Insurance of condominiums and manufactured housing.
- Sec. 16. Mutual Mortgage Insurance Fund.
- Sec. 17. Hawaiian home lands and Indian reservations.
- Sec. 18. Conforming and technical amendments.
- Sec. 19. Home equity conversion mortgages.
- Sec. 20. Participation of mortgage brokers and correspondent lenders.
- Sec. 21. Conforming loan limit in disaster areas.
- Sec. 22. Failure to pay amounts from escrow accounts for single family mortgages.
- Sec. 23. Acceptable identification for FHA mortgages.
- Sec. 24. Pilot program for automated process for borrowers without sufficient credit history.
- Sec. 25. Sense of Congress regarding technology for financial systems.
- Sec. 26. Multifamily housing mortgage limits in high cost areas.
- Sec. 27. Valuation of multifamily properties in noncompetitive sales by HUD to States and localities.
- Sec. 28. Clarification of disposition of certain properties.
- Sec. 29. Use of FHA savings for costs of mortgage insurance, housing counseling, FHA technologies, procedures, and processes, and for affordable housing grant fund, and study.
- Sec. 30. Limitation on mortgage insurance premium increases.
- Sec. 31. Savings provision.
- Sec. 32. Implementation.

## **SEC. 2. FINDINGS AND PURPOSES.**

- (a) **FINDINGS.**—The Congress finds that—
- (1) one of the primary missions of the Federal Housing Administration (FHA) single family mortgage insurance program is to reach borrowers who are underserved, or not served, by the existing conventional mortgage marketplace;
  - (2) the FHA program has a long history of innovation, which includes pioneering the 30-year self-amortizing mortgage and a safe-to-seniors reverse mortgage product, both of which were once thought too risky to private lenders;
  - (3) the FHA single family mortgage insurance program traditionally has been a major provider of mortgage insurance for home purchases;
  - (4) the FHA mortgage insurance premium structure, as well as FHA's product offerings, should be revised to reflect FHA's enhanced ability to determine risk at the loan level and to allow FHA to better respond to changes in the mortgage market;
  - (5) during past recessions, including the oil-patch downturns in the mid-1980s, FHA remained a viable credit enhancer and was therefore instrumental in preventing a more catastrophic collapse in housing markets and a greater loss of homeowner equity; and
  - (6) as housing price appreciation slows and interest rates rise, many homeowners and prospective homebuyers will need the less-expen-

sive, safer financing alternative that FHA mortgage insurance provides.

(b) **PURPOSES.**—The purposes of this Act are—

(1) to provide flexibility to FHA to allow for the insurance of housing loans for low- and moderate-income homebuyers during all economic cycles in the mortgage market;

(2) to modernize the FHA single family mortgage insurance program by making it more reflective of enhancements to loan-level risk assessments and changes to the mortgage market; and

(3) to adjust the loan limits for the single family mortgage insurance program to reflect rising house prices and the increased costs associated with new construction.

## **SEC. 3. MAXIMUM PRINCIPAL LOAN OBLIGATION.**

Section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended by striking subparagraph (A) and inserting the following new subparagraph:

"(A) not to exceed the lesser of—

"(i) in the case of a 1-family residence, the median 1-family house price in the area, as determined by the Secretary; and in the case of a 2-, 3-, or 4-family residence, the percentage of such median price that bears the same ratio to such median price as the dollar amount limitation in effect under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for a 2-, 3-, or 4-family residence, respectively, bears to the dollar amount limitation in effect under such section for a 1-family residence; or

"(ii) the dollar amount limitation determined under such section 305(a)(2) for a residence of the applicable size;

except that the dollar amount limitation in effect for any area under this subparagraph may not be less than the greater of (I) the dollar amount limitation in effect under this section for the area on October 21, 1998, or (II) 65 percent of the dollar limitation determined under such section 305(a)(2) for a residence of the applicable size; and".

## **SEC. 4. EXTENSION OF MORTGAGE TERM.**

Paragraph (3) of section 203(b) of the National Housing Act (12 U.S.C. 1709(b)(3)) is amended—

(1) by striking "thirty-five years" and inserting "forty years"; and

(2) by striking "(or thirty years if such mortgage is not approved for insurance prior to construction)".

## **SEC. 5. DOWNPAYMENT SIMPLIFICATION.**

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

(1) in paragraph (2)—

(A) by striking subparagraph (B) and inserting the following new subparagraph:

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

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

"(ii) (I) except as provided in subclause (II), 97.75 percent of the appraised value of the property; or

"(II) in the case only of a mortgage described in subsection (c)(3), the appraised value of the property, plus any initial service charges, appraisal, inspection, and other fees in connection with the mortgage as approved by the Secretary.";

(B) in the matter after and below subparagraph (B), by striking the second sentence (relating to a definition of "average closing cost") and all that follows through "title 38, United States Code."; and

(C) by striking the last undesignated paragraph (relating to counseling with respect to the responsibilities and financial management involved in homeownership); and

(2) in paragraph (9), by striking the paragraph designation and all that follows through "Provided further, That for" and inserting the following:

"(9) Except in the case of a mortgage described in subsection (c)(3), be executed by a

mortgagor who shall have paid on account of the property, in cash or its equivalent, at least 3 percent of the Secretary's estimate of the cost of acquisition (excluding the mortgage insurance premium paid at the time the mortgage is insured). For”.

**SEC. 6. MORTGAGE INSURANCE PREMIUMS FOR ZERO- AND LOWER-DOWNPAYMENT BORROWERS.**

Section 203(c) of the National Housing Act (12 U.S.C. 1709(c)) is amended by adding at the end the following new paragraph:

“(3) ZERO- AND LOWER-DOWNPAYMENT BORROWERS.—

“(A) APPLICABILITY.—This paragraph shall apply to any mortgage that—

“(i) is secured by a 1- to 4-family dwelling that will be occupied by the mortgagor as his or her principal residence.

“(ii)(I) is an obligation of the Mutual Mortgage Insurance Fund or of the General Insurance Fund pursuant to subsection (v) of this section; or

“(II) is insured under subsection (k) of this section or section 234(c);

“(iii)(I) is executed by a mortgagor who has not had any present ownership interest in a principal residence, and whose spouse has not had any such interest, during 12-month period ending upon purchase of the residence with the mortgage to which this paragraph applies, except that this subclause shall be considered a program to assist first-time homebuyers for purposes of section 956 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12713); or

“(II)(aa) is made to pay or prepay, and fully extinguish, the outstanding obligations under an existing mortgage or mortgages on the same property; and

“(bb) involves a principal obligation not exceedign the amount necessary to fully pay or prepay such outstanding obligations under the existing mortgage or mortgages, plus any charges and fees involved in such transaction and any charges and fees in connection with the payment or prepayment of such outstanding obligations; and

“(iv)(I) involves a principal obligation that does not comply with subclause (I) of subsection (b)(2)(B)(ii) (relating to loan-to-value ratio); or

“(II) is executed by a mortgagor who has not paid on account of the property, in cash or its equivalent, at least 3 percent of the Secretary's estimate of the cost of acquisition (excluding the mortgage insurance premium paid at the time the mortgage is insured).

“(B) UP-FRONT PREMIUMS.—The amount of any single premium payment collected at the time of insurance may not exceed 3.0 percent of the amount of the original insured principal obligation of the mortgage.

“(C) ANNUAL PREMIUMS.—Except as provided in subparagraph (D), the amount of any annual premium payment collected may not exceed 0.75 percent of the remaining insured principal obligation of the mortgage.

“(D) ANNUAL REDETERMINATION OF PREMIUM RATE.—The Secretary shall redetermine the rates of premiums not less than once every 12 months.”.

**SEC. 7. MORTGAGE INSURANCE PREMIUMS FOR STANDARD AND HIGHER-RISK BORROWERS.**

Paragraph (2) of section 203(c) of the National Housing Act (12 U.S.C. 1709(c)(2)) is amended—

(1) by striking the matter that precedes subparagraph (A) and inserting the following:

“(2) STANDARD-RISK MORTGAGES.—In the case of any mortgage that is secured by a 1- to 4-family dwelling, is an obligation of the Mutual Mortgage Insurance Fund or of the General Insurance Fund pursuant to subsection (v) of this section or is insured under subsection (k) of this section or section 234(c), for which the mortgagor has paid on account of the property, in cash or its equivalent, at least 3 percent of the Secretary's estimate of the cost of acquisition

(excluding the mortgage insurance premium paid at the time the mortgage is insured), and that involves a principal obligation that complies with subclause (I) of subsection (b)(2)(B)(ii), the following requirements shall apply:”;

(2) by adding at the end the following new subparagraph:

“(C) HIGHER-RISK BORROWERS.—The Secretary shall establish underwriting standards that provide for insurance under this section of mortgages described in the matter in this paragraph preceding subparagraph (A) for which the mortgagor has a credit score equivalent to a FICO score of less than 560, and may insure, and make commitments to insure, such mortgages. Such underwriting standards shall include establishing and collecting premium payments that comply with the requirements of this paragraph, except that notwithstanding subparagraph (A), the single premium payment collected at the time of insurance may be established in an amount that does not exceed 3.0 percent of the amount of the original insured principal obligation of the mortgage.”.

**SEC. 8. RISK-BASED MORTGAGE INSURANCE PREMIUMS.**

Section 203(c) of the National Housing Act (12 U.S.C. 1709(c)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new paragraphs:

“(4) FLEXIBLE RISK-BASED PREMIUMS.—In the case of a mortgage referred to in paragraph (2)(C) or (3)(A) for which the loan application is received by the mortgagee on or after October 1, 2007:

“(A) IN GENERAL.—The Secretary may establish a mortgage insurance premium structure involving a single premium payment collected prior to the insurance of the mortgage or annual payments (which may be collected on a periodic basis), or both, subject to the requirements of subparagraph (B) and paragraph (5). Under such structure, the rate of premiums for such a mortgage may vary according to the credit risk associated with the mortgage and the rate of any annual premium for such a mortgage may vary during the mortgage term as long as the basis for determining the variable rate is established before the execution of the mortgage. The Secretary may change a premium structure established under this subclause but only to the extent that such change is not applied to any mortgage already executed.

“(B) ESTABLISHMENT AND ALTERATION OF PREMIUM STRUCTURE.—A premium structure shall be established or changed under subparagraph (A) only by providing notice to mortgagees and to the Congress, at least 30 days before the premium structure is established or changed.

“(C) ANNUAL REPORT REGARDING PREMIUMS.—The Secretary shall submit a report to the Congress annually setting forth the rate structures and rates established and altered pursuant to this paragraph during the preceding 12-month period and describing how such rates were determined.

“(5) CONSIDERATIONS FOR PREMIUM STRUCTURE.—When establishing premiums for mortgages referred to in paragraph (2)(C), establishing premiums pursuant to paragraph (3), establishing a premium structure under paragraph (4), and when changing such a premium structure, the Secretary shall consider the following:

“(A) The effect of the proposed premiums or structure on the Secretary's ability to meet the operational goals of the Mutual Mortgage Insurance Fund as provided in section 202(a).

“(B) Underwriting variables.

“(C) The extent to which new pricing under the proposed premiums or structure has potential for acceptance in the private market.

“(D) The administrative capability of the Secretary to administer the proposed premiums or structure.

“(E) The effect of the proposed premiums or structure on the Secretary's ability to maintain

the availability of mortgage credit and provide stability to mortgage markets.

“(6) AUTHORITY TO BASE PREMIUM PRICES ON PRODUCT RISK.—

“(A) AUTHORITY.—In establishing premium rates under paragraphs (2), (3), and (4), the Secretary may provide for variations in such rates according to the credit risk associated with the type of mortgage product that is being insured under this title, which may include providing that premium rates differ between fixed-rate mortgages and adjustable-rate mortgages insured pursuant to section 251, between mortgages insured pursuant to section 203(b) and mortgages for condominiums insured pursuant to section 234, and between such other products as the Secretary considers appropriate.

“(B) LIMITATION.—Subparagraph (A) may not be construed to authorize the Secretary to establish, for any mortgage product, any mortgage insurance premium rate that does not comply with the requirements and limitations under paragraphs (2) through (5).”.

**SEC. 9. PAYMENT INCENTIVES.**

Section 203(c) of the National Housing Act (12 U.S.C. 1709(c)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new paragraph:

“(7) PAYMENT INCENTIVES.—

“(A) AUTHORITY.—With respect to mortgages referred to in paragraph (2)(C) or (3):

“(i) DISCRETIONARY 3-YEAR PAYMENT INCENTIVE.—The Secretary may provide, in the discretion of the Secretary, that the payment incentive under subparagraph (B) shall apply upon the expiration of the 3-year period beginning upon the time of insurance of such a mortgage.

“(ii) MANDATORY 5-YEAR PAYMENT INCENTIVE.—The Secretary shall provide that the payment incentive under subparagraph (B) applies upon the expiration of the 5-year period beginning upon the time of insurance of such a mortgage.

“(B) PAYMENT INCENTIVE.—In the case of any mortgage to which the payment incentive under this subparagraph applies, if, during the period referred to in clause (i) or (ii) of subparagraph (A), as applicable, all mortgage insurance premiums for such mortgage have been paid on a timely basis, upon the expiration of such period the Secretary shall—

“(i) reduce the amount of the annual premium payments otherwise due thereafter under such mortgage—

“(I) in the case of a mortgage referred to in paragraph (3), to an amount that does not exceed the amount of the maximum annual premium allowable under paragraph (2)(B); and

“(II) in the case of a mortgage referred to in paragraph (2)(C), to an amount that does not exceed the amount of the annual premium payable at the time of insurance of the mortgage on a mortgage of the same product type having the same terms, but for which the mortgagor has a credit score equivalent to a FICO score of 560 or more; and

“(ii) in the case only of a mortgage referred to in paragraph (2)(C), refund to the mortgagor, upon payment in full of the obligation of the mortgage, any amount by which the single premium payment for such mortgage collected at the time of insurance exceeded the amount of the single premium payment chargeable under paragraph (2)(A) at the time of insurance for a mortgage of the same product type having the same terms, but for which the mortgagor has a credit score equivalent to a FICO score of 560 or more.”.

**SEC. 10. BORROWER PROTECTIONS FOR HIGHER RISK MORTGAGES.**

Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)) is amended by adding at the end the following new paragraph:

“(10) BORROWER PROTECTIONS FOR CERTAIN MORTGAGES.—Except as otherwise specifically provided in this paragraph, in the case of any mortgage referred to in paragraph (2)(C) or (3)

of subsection (c), the following requirements shall apply:

**“(A) DISCLOSURES.—**

**“(i) REQUIRED DISCLOSURES.—**In addition to any disclosures that are otherwise required by law or by the Secretary for single family mortgages, the mortgagee shall disclose to the mortgagor the following information:

**“(I) AT APPLICATION.—**At the time of application for the loan involved in the mortgage—

**“(aa) a list of counseling agencies approved by the Secretary in the area of the applicant; and**

**“(bb) if the mortgagor is not provided counseling in accordance with subparagraph (B), the information required under subclauses (I), (II), and (III) of subparagraph (B)(iii) to be provided to the mortgagor.**

**“(II) AT EXECUTION.—**At the time of entering into the mortgage—

**“(aa) the terms of the mandatory 5-year payment incentive required under subsection (c)(7)(A)(ii); and**

**“(bb) a statement that the mortgagor has a right under contract to loss mitigation.**

**“(III) OTHER INFORMATION.—**Any other additional information that the Secretary determines is appropriate to ensure that the mortgagor has received timely and accurate information about the program under paragraph (2)(C) or (3) of subsection (c), as applicable.

**“(ii) PENALTIES FOR FAILURE TO PROVIDE REQUIRED DISCLOSURES.—**The Secretary may establish and impose appropriate penalties for failure of a mortgagee to provide any disclosure required under clause (i).

**“(iii) NO PRIVATE RIGHT OF ACTION.—**This subparagraph shall not create any private right of action on behalf of the mortgagor.

**“(B) COUNSELING.—**

**“(i) ALLOWABLE REQUIREMENT.—**The Secretary may, in the discretion of the Secretary, require that the mortgagor shall have received counseling that complies with the requirements of this subparagraph.

**“(ii) TERMS OF COUNSELING.—**Counseling under this subparagraph shall be provided—

**“(I) prior to application for the loan involved in the mortgage;**

**“(II) by a third party (other than the mortgagor) who is approved by the Secretary, with respect to the responsibilities and financial management involved in homeownership;**

**“(III) on an individual basis to the mortgagor by a representative of the approved third-party counseling entity; and**

**“(IV) in person, to the maximum extent possible.**

**“(iii) TOPICS.—**In the case only of a mortgage referred to in subsection (c)(3), counseling under this subparagraph shall include providing to, and discussing with, the mortgagor—

**“(I) information regarding homeownership options other than a mortgage that is subject to this paragraph, other zero- or low-downpayment mortgage options that are or may become available to the mortgagor, the financial implications of entering into a mortgage (including a mortgage subject to this paragraph), and any other information that the Secretary may require;**

**“(II) a written disclosure that sets forth the amount and the percentage by which a property with a mortgage that is subject to this paragraph must appreciate for the mortgagor to recover the principal amount of the mortgage, the costs financed under the mortgage, and the estimated costs involved in selling the property, if the mortgagor were to sell the property on each of the second, fifth, and tenth anniversaries of the mortgage; and**

**“(III) a written disclosure, as the Secretary shall require, that specifies the effective cost to a mortgagor of borrowing the amount by which the maximum amount that could be borrowed under a mortgage that is referred to in subsection (c)(3) exceeds the maximum amount that could be borrowed under a mortgage insured**

**under this subsection that is not a mortgage referred to in such subsection, based on average closing costs with respect to such amount, as determined by the Secretary; such cost shall be expressed as an annual interest rate over the first 5 years of a mortgage; the disclosure required under this subclause may be provided in conjunction with the notice required under subsection (f).**

**“(iv) 2- AND 3-FAMILY RESIDENCES.—**In the case of a mortgage involving a 2- or 3-family residence, counseling under this subparagraph shall include (in addition to the information required under clause (iii)) information regarding real estate property management.

**“(C) NOTICE OF FORECLOSURE PREVENTION COUNSELING AVAILABILITY.—**

**“(i) WRITTEN AGREEMENT.—**To be eligible for insurance under this subsection, the mortgagee shall provide the mortgagor, at the time of the execution of the mortgage, a written agreement which shall be signed by the mortgagor and under which the mortgagee shall provide notice described in clause (ii) to a housing counseling entity that has agreed to provide the notice and counseling required under clause (iii) and is approved by the Secretary.

**“(ii) NOTICE TO COUNSELING AGENCY.—**The notice described in this clause, with respect to a mortgage, is notice, provided at the earliest time practicable after the mortgagor becomes 60 days delinquent with respect to any payment due under the mortgage, that the mortgagor is so delinquent and of how to contact the mortgagor. Such notice may only be provided once with respect to each delinquency period for a mortgage.

**“(iii) NOTICE TO MORTGAGOR.—**Upon notice from a mortgagee that a mortgagor is 60 days delinquent with respect to payments due under the mortgage, the housing counseling entity shall at the earliest time practicable notify the mortgagor of such delinquency, that the entity makes available foreclosure prevention counseling that may assist the mortgagor in resolving the delinquency, and of how to contact the entity to arrange for such counseling.

**“(iv) ABILITY TO CURE.—**Failure to provide the written agreement required under clause (i) may be corrected by sending such agreement to the mortgagor not later than the earliest time practicable after the mortgagor first becomes 60 days delinquent with respect to payments due under the mortgage. Insurance provided under this subsection may not be terminated and penalties for such failure may not be prospectively or retroactively imposed if such failure is corrected in accordance with this clause.

**“(v) PENALTIES FOR FAILURE TO PROVIDE AGREEMENT.—**The Secretary may establish and impose appropriate penalties for failure of a mortgagee to provide the written agreement required under clause (i).

**“(vi) LIMITATION ON LIABILITY OF MORTGAGEE.—**A mortgagee shall not incur any liability or penalties for any failure of a housing counseling entity to provide notice under clause (iii).

**“(vii) NO PRIVATE RIGHT OF ACTION.—**This subparagraph shall not create any private right of action on behalf of the mortgagor.

**“(viii) DELINQUENCY PERIOD.—**For purposes of this subparagraph, the term ‘delinquency period’ means, with respect to a mortgage, a period that begins upon the mortgagor becoming delinquent with respect to payments due under the mortgage and ends upon the first subsequent occurrence of such payments under the mortgage becoming current or the property subject to the mortgage being foreclosed or otherwise disposed of.”

**SEC. 11. REFINANCING MORTGAGES.**

Section 203 of the National Housing Act (12 U.S.C. 1709) is amended by inserting after subsection (k) the following new subsection:

**“(I) REFINANCING MORTGAGES.—**

**“(1) ESTABLISHMENT OF UNDERWRITING STANDARDS.—**The Secretary shall establish under-

writing standards that provide for insurance under this title of mortgage loans, and take actions to facilitate the availability of mortgage loans insured under this title, for qualified borrowers that are made for the purpose of paying or prepaying outstanding obligations under existing mortgages for borrowers that—

**“(A) have existing mortgages with adverse terms or rates, or**

**“(B) do not have access to mortgages at reasonable rates and terms for such refinancings due to adverse market conditions.**

**“(2) INSURANCE OF MORTGAGES, THE SECRETARY MAY ISSUE MORTGAGES TO BORROWERS IN DEFAULT OR AT RISK OF DEFAULT.—**In facilitating insurance for such mortgages, the Secretary may issue mortgages to borrowers who are, currently in default or at imminent risk of being in default, but only if such loans meet reasonable underwriting standards established by the Secretary.”

**SEC. 12. ANNUAL REPORTS ON NEW PROGRAMS AND LOSS MITIGATION.**

Section 540(b)(2) of the National Housing Act (12 U.S.C. 1735f–18(b)(2)) is amended, by adding at the end the following new subparagraphs:

**“(C) The rates of default and foreclosure for the applicable collection period for mortgages insured pursuant to the programs for mortgage insurance under paragraphs (2)(C) and (3) of section 203(c).**

**“(D) Actions taken by the Secretary during the applicable collection period with respect to loss mitigation on mortgages insured pursuant to section 203.”**

**SEC. 13. INSURANCE FOR SINGLE FAMILY HOMES WITH LICENSED CHILD CARE FACILITIES.**

**(a) DEFINITION OF CHILD CARE FACILITY.—**Section 201 of the National Housing Act (12 U.S.C. 1707) is amended by adding at the end the following new subsection:

**“(g) The term ‘child care facility’ means a facility that—**

**“(A) has as its purpose the care of children who are less than 12 years of age; and**

**“(B) is licensed or regulated by the State in which it is located (or, if there is no State law providing for such licensing and regulation by the State, by the municipality or other political subdivision in which the facility is located).**

Such term does not include facilities for school-age children primarily for use during normal school hours.”

**(b) INCREASE IN MAXIMUM MORTGAGE AMOUNT LIMITATION.—**Paragraph (2) of section 203(b) of the National Housing Act (12 U.S.C. 1709(b)(2)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new undesignated paragraph:

**“Notwithstanding any other provision of this paragraph, the amount that may be insured under this section may be increased by up to 25 percent if such increase is necessary to account for the increased cost of the residence due to an increased need of space in the residence for locating and operating a child care facility (as such term is defined in section 201) within the residence, but only if a valid license or certificate of compliance with regulations described in section 201(g)(2) has been issued for such facility as of the date of the execution of the mortgage, and only if such increase in the amount insured is proportional to the amount of space of such residence that will be used for such facility.”**

**SEC. 14. REHABILITATION LOANS.**

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

**(1) in paragraph (1), by striking “on” and all that follows through “1978”; and**

**(2) in paragraph (5)—**

**(A) by striking “General Insurance Fund” the first place it appears and inserting “Mutual Mortgage Insurance Fund”; and**

**(B) in the second sentence, by striking the comma and all that follows through “General Insurance Fund”.**

**SEC. 15. DISCRETIONARY ACTION.**

The National Housing Act is amended—

(1) in subsection (e) of section 202 (12 U.S.C. 1708(e))—

(A) in paragraph (3)(B), by striking “section 202(e) of the National Housing Act” and inserting “this subsection”; and

(B) by redesignating such subsection as subsection (f);

(2) by striking paragraph (4) of section 203(s) (12 U.S.C. 1709(s)(4)) and inserting the following new paragraph:

“(4) the Secretary of Agriculture;”; and

(3) by transferring subsection (s) of section 203 (as amended by paragraph (2) of this section) to section 202, inserting such subsection after subsection (d) of section 202, and redesignating such subsection as subsection (e).

**SEC. 16. INSURANCE OF CONDOMINIUMS AND MANUFACTURED HOUSING.**

(a) IN GENERAL.—Section 234 of the National Housing Act (12 U.S.C. 1715y) is amended—

(1) in subsection (c)—

(A) in the first sentence—

(i) by striking “and” before “(2)”; and

(ii) by inserting before the period at the end the following: “, and (3) the project has a blanket mortgage insured by the Secretary under subsection (d)”; and

(B) in clause (B) of the third sentence, by striking “thirty-five years” and inserting “forty years”; and

(2) in subsection (g), by striking “, except that” and all that follows and inserting a period.

(b) DEFINITION OF MORTGAGE.—Section 201(a) of the National Housing Act (12 U.S.C. 1707(a)) is amended—

(1) before “a first mortgage” insert “(A)”;

(2) by striking “or on a leasehold (1)” and inserting “(B) a first mortgage on a leasehold on real estate (i)”;

(3) by striking “or (2)” and inserting “, or (ii)”; and

(4) by inserting before the semicolon the following: “, or (C) a first mortgage given to secure the unpaid purchase price of a fee interest in, or long-term leasehold interest in, real estate consisting of a one-family unit in a multifamily project, including a project in which the dwelling units are attached, or are manufactured housing units, semi-detached, or detached, and an undivided interest in the common areas and facilities which serve the project”.

(c) DEFINITION OF REAL ESTATE.—Section 201 of the National Housing Act (12 U.S.C. 1707), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(h) The term ‘real estate’ means land and all natural resources and structures permanently affixed to the land, including residential buildings and stationary manufactured housing. The Secretary may not require, for treatment of any land or other property as real estate for purposes of this title, that such land or property be treated as real estate for purposes of State taxation.”.

**SEC. 17. MUTUAL MORTGAGE INSURANCE FUND.**

(a) IN GENERAL.—Subsection (a) of section 202 of the National Housing Act (12 U.S.C. 1708(a)) is amended to read as follows:

“(a) MUTUAL MORTGAGE INSURANCE FUND.—

“(1) ESTABLISHMENT.—Subject to the provisions of the Federal Credit Reform Act of 1990, there is hereby created a Mutual Mortgage Insurance Fund (in this title referred to as the ‘Fund’), which shall be used by the Secretary to carry out the provisions of this title with respect to mortgages insured under section 203. The Secretary may enter into commitments to guarantee, and may guarantee, such insured mortgages.

“(2) LIMIT ON LOAN GUARANTEES.—The authority of the Secretary to enter into commitments to guarantee such insured mortgages shall be effective for any fiscal year only to the

extent that the aggregate original principal loan amount under such mortgages, any part of which is guaranteed, does not exceed the amount specified in appropriations Acts for such fiscal year.

“(3) FIDUCIARY RESPONSIBILITY.—The Secretary has a responsibility to ensure that the Mutual Mortgage Insurance Fund remains financially sound.

“(4) ANNUAL INDEPENDENT ACTUARIAL STUDY.—The Secretary shall provide for an independent actuarial study of the Fund to be conducted annually, which shall analyze the financial position of the Fund. The Secretary shall submit a report annually to the Congress describing the results of such study and assessing the financial status of the Fund. The report shall recommend adjustments to underwriting standards, program participation, or premiums, if necessary, to ensure that the Fund remains financially sound.

“(5) QUARTERLY REPORTS.—During each fiscal year, the Secretary shall submit a report to the Congress for each quarter, which shall specify for mortgages that are obligations of the Fund—

“(A) the cumulative volume of loan guarantee commitments that have been made during such fiscal year through the end of the quarter for which the report is submitted;

“(B) the types of loans insured, categorized by risk;

“(C) any significant changes between actual and projected claim and prepayment activity;

“(D) projected versus actual loss rates; and

“(E) updated projections of the annual subsidy rates to ensure that increases in risk to the Fund are identified and mitigated by adjustments to underwriting standards, program participation, or premiums, and the financial soundness of the Fund is maintained.

The first quarterly report under this paragraph shall be submitted on the last day of the first quarter of fiscal year 2008, or upon the expiration of the 90-day period beginning on the date of the enactment of the Expanding American Homeownership Act of 2007, whichever is later.

“(6) ADJUSTMENT OF PREMIUMS.—If, pursuant to the independent actuarial study of the Fund required under paragraph (5), the Secretary determines that the Fund is not meeting the operational goals established under paragraph (8) or there is a substantial probability that the Fund will not maintain its established target subsidy rate, the Secretary may either make programmatic adjustments under section 203 as necessary to reduce the risk to the Fund, or make appropriate premium adjustments.

“(7) OPERATIONAL GOALS.—The operational goals for the Fund are—

“(A) to charge borrowers under loans that are obligations of the Fund an appropriate premium for the risk that such loans pose to the Fund;

“(B) to minimize the default risk to the Fund and to homeowners;

“(C) to curtail the impact of adverse selection on the Fund; and

“(D) to meet the housing needs of the borrowers that the single family mortgage insurance program under this title is designed to serve.”.

(b) OBLIGATIONS OF FUND.—The National Housing Act is amended as follows:

(1) HOMEOWNERSHIP VOUCHER PROGRAM MORTGAGES.—In section 203(v) (12 U.S.C. 1709(v))—

(A) by striking “Notwithstanding section 202 of this title, the” and inserting “The”; and

(B) by striking “General Insurance Fund” the first place such term appears and all that follows and inserting “Mutual Mortgage Insurance Fund”.

(2) HOME EQUITY CONVERSION MORTGAGES.—Section 255(i)(2)(A) of the National Housing Act (12 U.S.C. 1715z–20(i)(2)(A)) is amended by striking “General Insurance Fund” and inserting “Mutual Mortgage Insurance Fund”.

(c) CONFORMING AMENDMENTS.—The National Housing Act is amended—

(1) in section 205 (12 U.S.C. 1711), by striking subsections (g) and (h); and

(2) in section 519(e) (12 U.S.C. 1735c(e)), by striking “203(b)” and all that follows through “203(i)” and inserting “203, except as determined by the Secretary”.

**SEC. 18. HAWAIIAN HOME LANDS AND INDIAN RESERVATIONS.**

(a) HAWAIIAN HOME LANDS.—Section 247(c) of the National Housing Act (12 U.S.C. 1715z–12) is amended—

(1) by striking “General Insurance Fund established in section 519” and inserting “Mutual Mortgage Insurance Fund”; and

(2) in the second sentence, by striking “(1) all references” and all that follows through “and (2)”.

(b) INDIAN RESERVATIONS.—Section 248(f) of the National Housing Act (12 U.S.C. 1715z–13) is amended—

(1) by striking “General Insurance Fund” the first place it appears and all that follows through “519” and inserting “Mutual Mortgage Insurance Fund”; and

(2) in the second sentence, by striking “(1) all references” and all that follows through “and (2)”.

**SEC. 19. CONFORMING AND TECHNICAL AMENDMENTS.**

(a) REPEALS.—The following provisions of the National Housing Act are repealed:

(1) Subsection (i) of section 203 (12 U.S.C. 1709(i)).

(2) Subsection (o) of section 203 (12 U.S.C. 1709(o)).

(3) Subsection (p) of section 203 (12 U.S.C. 1709(p)).

(4) Subsection (q) of section 203 (12 U.S.C. 1709(q)).

(5) Section 222 (12 U.S.C. 1715m).

(6) Section 237 (12 U.S.C. 1715z–2).

(7) Section 245 (12 U.S.C. 1715z–10).

(b) DEFINITION OF AREA.—Section 203(u)(2)(A) of the National Housing Act (12 U.S.C. 1709(u)(2)(A)) is amended by striking “shall” and all that follows and inserting “means a metropolitan statistical area as established by the Office of Management and Budget;”.

(c) DEFINITION OF STATE.—Section 201(d) of the National Housing Act (12 U.S.C. 1707(d)) is amended by striking “the Trust Territory of the Pacific Islands” and inserting “the Commonwealth of the Northern Mariana Islands”.

**SEC. 20. HOME EQUITY CONVERSION MORTGAGES.**

(a) IN GENERAL.—Section 255 of the National Housing Act (12 U.S.C. 1715z–20) is amended—

(1) in subsection (b)(2), insert “‘real estate,’” after “mortgagor”;

(2) in subsection (g)—

(A) by striking the first sentence; and

(B) by striking “established under section 203(b)(2)” and all that follows through “located” and inserting “limitation established under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a 1-family residence”;

(3) in subsection (i)(1)(C), by striking “limitations” and inserting “limitation”; and

(4) by adding at the end the following new subsection:

“(o) AUTHORITY TO INSURE HOME PURCHASE MORTGAGE.—

“(1) IN GENERAL.—Notwithstanding any other provision in this section, the Secretary may insure, upon application by a mortgagee, a home equity conversion mortgage upon such terms and conditions as the Secretary may prescribe, when the primary purpose of the home equity conversion mortgage is to enable an elderly mortgagor to purchase a 1- to 4-family dwelling in which the mortgagor will occupy or occupies one of the units.

“(2) LIMITATION ON PRINCIPAL OBLIGATION.—A home equity conversion mortgage insured pursuant to paragraph (1) shall involve a principal obligation that does not exceed the dollar

amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a residence of the applicable size.”.

(b) **MORTGAGES FOR COOPERATIVES.**—Subsection (b) of section 255 of the National Housing Act (12 U.S.C. 1715z–20(b)) is amended—

(1) in paragraph (4)—

(A) by inserting “a first or subordinate mortgage or lien” before “on all stock”;

(B) by inserting “unit” after “dwelling”; and

(C) by inserting “a first mortgage or first lien” before “on a leasehold”; and

(2) in paragraph (5), by inserting “a first or subordinate lien on” before “all stock”.

(c) **LIMITATION ON ORIGINATION FEES.**—Section 255 of the National Housing Act (12 U.S.C. 1715z–20), as amended by the preceding provisions of this section, is further amended—

(1) by redesignating subsections (k), (l), and (m) as subsections (l), (m), and (n), respectively; and

(2) by inserting after subsection (j) the following new subsection:

“(k) **LIMITATION ON ORIGINATION FEES.**—The Secretary shall establish limits on the origination fee that may be charged to a mortgagor under a mortgage insured under this section, which limitations shall—

“(1) equal to 1.5 percent of the maximum claim amount of the mortgage, except that the Secretary may adjust the limitation under this paragraph on the basis of an analysis of (A) costs to mortgagors, and (B) the impact on the reverse mortgage market;

“(2) be subject to a minimum allowable amount;

“(3) provide that the origination fee may be fully financed with the mortgage;

“(4) include any fees paid to correspondent mortgagees approved by the Secretary or to mortgage brokers; and

“(5) apply beginning upon the date that the maximum dollar amount limitation on the benefits of insurance under this section is first increased pursuant to the amendments made by section 19(a)(2) of the Expanding American Homeownership Act of 2007.”.

(d) **STUDY REGARDING MORTGAGE INSURANCE PREMIUMS.**—The Secretary of Housing and Urban Development shall conduct a study regarding mortgage insurance premiums charged under the program under section 255 of the National Housing Act (12 U.S.C. 1715z–20) for insurance of home equity conversion mortgages to analyze and determine the effects of reducing the amounts of such premiums from the amounts charged as of the date of the enactment of this Act on (1) costs to mortgagors, and (2) the financial soundness of the program. Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Secretary shall submit a report to the Congress setting forth the results and conclusions of the study.

## **SEC. 21. PARTICIPATION OF MORTGAGE BROKERS AND CORRESPONDENT LENDERS.**

(a) **IN GENERAL.**—

(1) **DEFINITIONS.**—

(A) **IN GENERAL.**—Section 201 of the National Housing Act (12 U.S.C. 1707), as amended by the preceding provisions of this Act, is further amended—

(i) by striking “As used in section 203 of this title—” and inserting “As used in this title and for purposes of participation in insurance programs under this title, except as specifically provided otherwise, the following definitions shall apply.”;

(ii) by striking subsection (b) and inserting the following:

“(2) The term ‘mortgagee’ means any of the following entities, and its successors and assigns, to the extent such entity is approved by the Secretary:

“(A) **QUALIFICATION BY AUDIT AND NET WORTH.**—A lender who—

“(i) closes a mortgage in its name and underwrites the mortgage, services the mortgage, or both underwrites and services the mortgage;

“(ii) submits to the Secretary such financial audits performed in accordance with the standards for financial audits of the Government Auditing Standards issued by the Comptroller General of the United States;

“(iii) meet the minimum net worth requirement that the Secretary shall establish;

“(iv) is licensed, under the laws of the State in which the property that is subject to the mortgage is located, to act as a lender in such State; and

“(v) complies with such other requirements as the Secretary may establish.

“(B) **QUALIFICATION OF CORRESPONDENT LENDERS BY SURETY BOND.**—Except as provided in subparagraph (D), a correspondent lender who—

“(i) closes a mortgage in its name, but does not underwrite and does not service the mortgage;

“(ii) is licensed, under the laws of the State in which the property that is subject to the mortgage is located, to act as a correspondent lender in such State;

“(iii) posts a surety bond, in lieu of any requirement to provide audited financial statements or meet a minimum net worth requirement, that—

“(I) is in a form satisfactory to the Secretary;

“(II) is in an aggregate amount, to be determined by the Secretary based on the aggregate principal amount of single-family mortgages insured under this title that are placed in a calendar year, which shall not be less than \$50,000 or more than \$100,000, as such amount is adjusted annually by the Secretary (as determined by the Secretary) by the change for such year in the Consumer Price Index for All Urban Consumers published monthly by the Bureau of Labor Statistics of the Department of Labor;

“(III) guarantees payment of any liability of the correspondent lender arising from its participation in the program, up to the penal sum of the surety bond; without regard to the number of years the bond remains in effect, the number of claims or claimants, and the number of premiums paid, in no event shall the aggregate liability of the surety exceed the penal sum of the bond; and

“(IV) may be cancelled by the surety as to future liability by giving 30 days notice in writing to the Secretary, except that any such cancellation shall not alter the liability of the surety for actions of the correspondent lender prior to the effective date of the cancellation; and

“(iv) complies with such other requirements as the Secretary may establish, except that the Secretary shall not require any minimum net worth or certified financial statements.

“(C) **QUALIFICATION OF BROKERS BY SURETY BOND.**—Except as provided in subparagraph (D), a mortgage broker who—

“(i) closes the mortgage in the name of the lender, and does not underwrite and does not service the mortgage;

“(ii) is licensed, under the laws of the State in which the property that is subject to the mortgage is located, to act as a mortgage broker in such State;

“(iii) posts a surety bond in accordance with the requirements of subparagraph (B)(ii); and

“(iv) complies with such other requirements as the Secretary may establish, except that the Secretary shall not require any minimum net worth or certified financial statement.

“(D) **CONDITIONS FOR CONTINUED APPLICABILITY.**—(i) Subparagraphs (B) and (C) shall continue to apply after the expiration of the 5-year period beginning on the date of the enactment of the Expanding American Homeownership Act of 2007 only if, after the expiration of the 4-year period beginning upon such date of enactment and taking into consideration the report submitted in accordance with section 19(b) of such Act, the Secretary—

“(I) makes a determination that such subparagraphs provide protection to mortgage insurance funds for mortgages insured under this

title that are comparable to the protection provided by the requirements for mortgagees under this title as in effect immediately before the enactment of such Act; and

“(II) publishes in the Federal Register a notice of such determination and an order extending the applicability of such subparagraphs.

“(ii) If, taking into consideration such report, the Secretary makes a determination after the expiration of such 4-year period that subparagraphs (B) and (C) do not provide protection as referred to in clause (i) of this subparagraph, the Secretary may, by order published in the Federal Register, provide for the participation, after the expiration of the 5-year period referred to in clause (i), of correspondent lenders and mortgage brokers as mortgagees in the insurance programs under this title in accordance with subparagraphs (B) and (C) as modified by the Secretary as the Secretary considers appropriate to provide such protection.

“(E) **ADDITIONAL MORTGAGE BROKER REQUIREMENTS.**—

“(i) In addition to the requirements under subparagraphs (A) and (C) and to duties imposed under other statutes or common law, to be eligible as a mortgagee under this section, a broker shall—

“(I) safeguard and account for any money handled for the borrower;

“(II) follow reasonable and lawful instructions from the borrower; and

“(III) act with reasonable skill, care, and diligence.

“(ii) For purposes of this subparagraph, a loan correspondent shall be considered to be a mortgage broker.

“(iii) The duties and standards of care created in this subparagraph shall not be waived or modified.

“(iv) Any broker found by the Secretary to have violated the requirements of this subparagraph may not originate mortgage loans insured under this title.

“(3) The term ‘mortgagor’ includes the original borrower under a mortgage and the successors and assigns of the original borrower.”; and

(iii) by redesignating subsections (a), (c), (d), (e), (f), (g), and (h) as paragraphs (1), (4), (5), (6), (7), (8), and (9), respectively, and indenting such paragraphs two ems so as to align the left margins of such paragraphs with the left margins of paragraphs (2) and (3) (as added by clause (ii) of this subparagraph).

(B) **MORTGAGEE REVIEW.**—Section 202(c)(7) of the National Housing Act (12 U.S.C. 1708(c)(7)) is amended—

(i) in subparagraph (A), by inserting “, as defined in section 201,” after “mortgagee”;

(ii) by striking subparagraph (B); and

(iii) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

(C) **MULTIFAMILY RENTAL HOUSING INSURANCE.**—Section 207(a)(2) of the National Housing Act (12 U.S.C. 1713(a)(2)) is amended by striking “means the original lender under a mortgage, and its successors and assigns, and” and inserting “has the meaning given such term in section 201, except that such term also”.

(D) **WAR HOUSING INSURANCE.**—Section 601(b) of the National Housing Act (12 U.S.C. 1736(b)) is amended by striking “includes the original lender under a mortgage, and his successors and assigns approved by the Secretary” and inserting “has the meaning given such term in section 201”.

(E) **ARMED SERVICES HOUSING MORTGAGE INSURANCE.**—Section 801(b) of the National Housing Act (12 U.S.C. 1748(b)) is amended by striking “includes the original lender under a mortgage, and his successors and assigns approved by the Secretary” and inserting “has the meaning given such term in section 201”.

(F) **GROUP PRACTICE FACILITIES MORTGAGE INSURANCE.**—Section 1106(8) of the National Housing Act (12 U.S.C. 1749aaa–5(8)) is amended by striking “means the original lender under a mortgage, and his or its successors and assigns,



and” and inserting “has the meaning given such term in section 201, except that such term also”.

(2) **ELIGIBILITY FOR INSURANCE.**—

(A) **TITLE I.**—Paragraph (1) of section 8(b) of the National Housing Act (12 U.S.C. 1706c(b)(1)) is amended—

(i) by striking “, and be held by,”; and  
(ii) by striking “as responsible and able to service the mortgage properly”.

(B) **SINGLE FAMILY HOUSING MORTGAGE INSURANCE.**—Paragraph (1) of section 203(b) of the National Housing Act (12 U.S.C. 1709(b)(1)) is amended—

(i) by striking “, and be held by,”; and  
(ii) by striking “as responsible and able to service the mortgage properly”.

(C) **SECTION 221 MORTGAGE INSURANCE.**—Paragraph (1) of section 221(d) of the National Housing Act (12 U.S.C. 1715(d)(1)) is amended—

(i) by striking “and be held by,”; and  
(ii) by striking “as responsible and able to service the mortgage properly”.

(D) **HOME EQUITY CONVERSION MORTGAGE INSURANCE.**—Paragraph (1) of section 255(d) of the National Housing Act (12 U.S.C. 1715e–20(d)(1)) is amended by striking “as responsible and able to service the mortgage properly”.

(E) **WAR HOUSING MORTGAGE INSURANCE.**—Paragraph (1) of section 603(b) of the National Housing Act (12 U.S.C. 1738(b)(1)) is amended—

(i) by striking “, and be held by,”; and  
(ii) by striking “as responsible and able to service the mortgage properly”.

(F) **WAR HOUSING MORTGAGE INSURANCE FOR LARGE-SCALE HOUSING PROJECTS.**—Paragraph (1) of section 611(b) of the National Housing Act (12 U.S.C. 1746(b)(1)) is amended—

(i) by striking “and be held by,”; and  
(ii) by striking “as responsible and able to service the mortgage properly”.

(G) **GROUP PRACTICE FACILITY MORTGAGE INSURANCE.**—Section 1101(b)(2) of the National Housing Act (12 U.S.C. 1749aaa(b)(2)) is amended—

(i) by striking “and held by,”; and  
(ii) by striking “as responsible and able to service the mortgage properly”.

(H) **NATIONAL DEFENSE HOUSING INSURANCE.**—Paragraph (1) of section 903(b) of the National Housing Act (12 U.S.C. 1750b(b)(1)) is amended—

(i) by striking “, and be held by,”; and  
(ii) by striking “as responsible and able to service the mortgage properly”.

(I) **CONTINGENT REPEAL.**—Unless there is published in the Federal Register, before the expiration of the 5-year period beginning on the date of the enactment of this Act, an order under clause (i) or (ii) of section 201(2)(D) of the National Housing Act (12 U.S.C. 1707(2)(D)), as added by paragraph (1)(A)(2) of this subsection, upon the expiration of such period the provisions of such Act amended by this paragraph are amended to read as such provisions would be in effect upon such expiration if this Act had not been enacted (taking into consideration any amendments, after such date of enactment, to such provisions other than under this Act).

(b) **GAO STUDY AND REPORT.**—

(1) **STUDY.**—The Comptroller General of the United States shall conduct a study, upon the expiration of the 42-month period beginning on the date of the enactment of this Act, regarding the effect of the amendments made by subsection (a), which shall analyze and determine—

(A) the extent to which such amendments have resulted in increased participation, by mortgage brokers and correspondent lenders, in the mortgage insurance programs under the National Housing Act, as measured by the number and amounts of such insured mortgages, disaggregated by the States in which the properties subject to such mortgages are located;

(B) with respect to mortgages insured under such Act, a comparison in the numbers and rate of defaults, foreclosures, and mortgage insurance claims on such mortgages originated by

mortgage brokers and correspondent lenders authorized to participate in the programs under such Act pursuant to the amendments made by subsection (a) to such numbers and rates on such mortgages originated by lenders who would be authorized to participate in such programs notwithstanding such amendments;

(C) any impact of such amendments on the costs to the Secretary of Housing and Urban Development of administering the mortgage insurance programs under such title; and

(D) the extent and effectiveness of the supervision and enforcement, by the Secretary, of the additional authority provided under the amendments made by subsection (a).

(2) **REPORT.**—Not later than the expiration of 4-year period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Congress and the Secretary of Housing and Urban Development setting forth the results and conclusions of the study conducted pursuant to paragraph (1).

**SEC. 22. CONFORMING LOAN LIMIT IN DISASTER AREAS.**

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

(1) by inserting after “property” the following: “plus any initial service charges, appraisal, inspection and other fees in connection with the mortgage as approved by the Secretary,”;

(2) by striking the second sentence (as added by chapter 7 of the Emergency Supplemental Appropriations Act of 1994 (Public Law 103–211; 108 Stat. 12)); and

(3) by adding at the end the following new sentence: “In any case in which the single family residence to be insured under this subsection is within a jurisdiction in which the President has declared a major disaster to have occurred, the Secretary is authorized, for a temporary period not to exceed 36 months from the date of such Presidential declaration, to enter into agreements to insure a mortgage which involves a principal obligation of up to 100 percent of the dollar limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a single family residence, and not in excess of 100 percent of the appraised value of the property plus any initial service charges, appraisal, inspection and other fees in connection with the mortgage as approved by the Secretary.”

**SEC. 23. FAILURE TO PAY AMOUNTS FROM ESCROW ACCOUNTS FOR SINGLE FAMILY MORTGAGES.**

(a) **PENALTIES.**—Section 536 of the National Housing Act (12 U.S.C. 1735f–14) is amended—

(1) in subsection (a)(1), by inserting “servicers (including escrow account servicers),” after “appraisers,”;

(2) in subsection (b)(1)—

(A) in the matter preceding subparagraph (A), by inserting “or other participant referred to in subsection (a),” after “lender,”; and

(B) by inserting at the end the following new subparagraphs:

“(K) In the case of a mortgage for a 1- to 4-family residence insured under title II that requires the mortgagor to make payments to the mortgagee or other servicer of the mortgage for deposit into an escrow account for the purpose of assuring payment of taxes, insurance premiums, and other charges with respect to the property, failure on the part of the servicer to make any such payment from the escrow account by the deadline to avoid a penalty with respect to such payment provided for in the mortgage, unless the servicer was not provided notice of such deadline.

“(L) In the case of any failure to make any payment as described in subparagraph (K), submitting any information to a consumer reporting agency (as such term is defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f))) regarding such failure that is adverse to the credit rating or interest of the mortgagor.”; and

(3) in subsection (c)(3), by adding at the end the following: “In the case of any failure to make a payment described in subsection (b)(1)(K) for which the servicer fails to reimburse the mortgagor (A) before the expiration of the 60-day period beginning on the deadline to avoid a penalty with respect to such payment, in the sum of the amount not paid from the escrow account by such deadline and the amount of any penalties accruing to the mortgagor that are attributable to such failure, or (B) in the amount of any attorneys fees incurred by the mortgagor and attributable to such failure, the Secretary shall increase the amount of the penalty under subsection (a) for any such failure to reimburse, unless the Secretary determines there are mitigating circumstances.”

(b) **PROHIBITION ON SUBMISSION OF INFORMATION BY HUD.**—Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended by adding at the end the following new section:

**“SEC. 257. PROHIBITION REGARDING FAILURE ON PART OF SERVICER TO MAKE ESCROW PAYMENTS.**

“In the case of any failure to make any payment as described in section 536(b)(1)(K), the Secretary may not submit any information to a consumer reporting agency (as such term is defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f))) regarding such failure that is adverse to the credit rating or interest of the mortgagor.”

**SEC. 24. ACCEPTABLE IDENTIFICATION FOR FHA MORTGAGORS.**

(a) **IN GENERAL.**—Title II of the National Housing Act is amended by inserting after section 209 (12 U.S.C. 1715) the following new section:

**“SEC. 210. FORMS OF ACCEPTABLE IDENTIFICATION.**

“The Secretary may not insure a mortgage under any provision of this title unless the mortgagor under the mortgage provides personal identification in one of the following forms:

“(1) **SOCIAL SECURITY CARD WITH PHOTO IDENTIFICATION CARD OR REAL ID ACT IDENTIFICATION.**—

“(A) A social security card accompanied by a photo identification card issued by the Federal Government or a State Government; or

“(B) A driver’s license or identification card issued by a State in the case of a State that is in compliance with title II of the REAL ID Act of 2005 (title II of division B of Public Law 109–13; 49 U.S.C. 30301 note).

“(2) **PASSPORT.**—A passport issued by the United States or a foreign government.

“(3) **USCIS PHOTO IDENTIFICATION CARD.**—A photo identification card issued by the Secretary of Homeland Security (acting through the Director of the United States Citizenship and Immigration Services).”

(b) **EFFECTIVE DATE.**—The requirements of section 210 of the National Housing Act (as added by subsection (a) of this section) shall take effect six months after the date of the enactment of this Act.

**SEC. 25. PILOT PROGRAM FOR AUTOMATED PROCESS FOR BORROWERS WITHOUT SUFFICIENT CREDIT HISTORY.**

(a) **ESTABLISHMENT.**—Title II of the National Housing Act (12 U.S.C. 1707 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

**“SEC. 258. PILOT PROGRAM FOR AUTOMATED PROCESS FOR BORROWERS WITHOUT SUFFICIENT CREDIT HISTORY.**

“(a) **ESTABLISHMENT.**—The Secretary shall carry out a pilot program to establish, and make available to mortgagees, an automated process for providing alternative credit rating information for mortgagors and prospective mortgagors under mortgages on 1- to 4-family residences to be insured under this title who have insufficient

credit histories for determining their credit-worthiness. Such alternative credit rating information may include rent, utilities, and insurance payment histories, and such other information as the Secretary considers appropriate.

“(b) **SCOPE.**—The Secretary may carry out the pilot program under this section on a limited basis or scope, and may consider limiting the program—

“(1) to first-time homebuyers; or  
“(2) metropolitan statistical areas significantly impacted by subprime lending.

“(c) **LIMITATION.**—In any fiscal year, the aggregate number of mortgages insured pursuant to the automated process established under this section may not exceed 5 percent of the aggregate number of mortgages for 1- to 4-family residences insured by the Secretary under this title during the preceding fiscal year.

“(d) **SUNSET.**—After the expiration of the 5-year period beginning on the date of the enactment of the Expanding American Homeownership Act of 2007, the Secretary may not enter into any new commitment to insure any mortgage, or newly insure any mortgage, pursuant to the automated process established under this section.”

(b) **GAO REPORT.**—Not later than the expiration of the four-year period beginning on the date that the Secretary of Housing and Urban Development first insures any mortgage pursuant to the automated process established under pilot program under section 258 of the National Housing Act (as added by the amendment made by subsection (a) of this section). Such automated process and the impact of such process and the insurance of mortgages pursuant to such process on the safety and soundness of the insurance funds under the National Housing Act of which such mortgages are obligations.

#### **SEC. 26. SENSE OF CONGRESS REGARDING TECHNOLOGY FOR FINANCIAL SYSTEMS.**

(a) **CONGRESSIONAL FINDINGS.**—The Congress finds the following:

(1) The Government Accountability Office has cited the FHA single family housing mortgage insurance program as a “high-risk” program, with a primary reason being non-integrated and out-dated financial management systems.

(2) The “Audit of the Federal Housing Administration’s Financial Statements for Fiscal Years 2004 and 2003”, conducted by the Inspector General of the Department of Housing and Urban Development reported as a material weakness that “HUD/FHA’s automated data processing [ADP] system environment must be enhanced to more effectively support FHA’s business and budget processes”.

(3) Existing technology systems for the FHA program have not been updated to meet the latest standards of the Mortgage Industry Standards Maintenance Organization and have numerous deficiencies that lenders have outlined.

(4) Improvements to technology used in the FHA program will—

(A) allow the FHA program to improve the management of the FHA portfolio, garner greater efficiencies in its operations, and lower costs across the program;

(B) result in efficiencies and lower costs for lenders participating in the program, allowing them to better use the FHA products in extending homeownership opportunities to higher credit risk or lower-income families, in a sound manner.

(5) The Mutual Mortgage Insurance Fund operates without cost to the taxpayers and generates revenues for the Federal Government.

(b) **SENSE OF CONGRESS.**—It is the sense of the Congress that—

(1) the Secretary of Housing and Urban Development should use a portion of the funds received from premiums paid for FHA single family housing mortgage insurance that are in excess of the amounts paid out in claims to substantially increase the funding for technology used in such FHA program;

(2) the goal of this investment should be to bring the technology used in such FHA program

to the level and sophistication of the technology used in the conventional mortgage lending market, or to exceed such level; and

(3) the Secretary of Housing and Urban Development should report to the Congress not later than 180 days after the date of the enactment of this Act regarding the progress the Department is making toward such goal and if progress is not sufficient, the resources needed to make greater progress.

#### **SEC. 27. MULTIFAMILY HOUSING MORTGAGE LIMITS IN HIGH COST AREAS.**

The National Housing Act is amended—

(1) in sections 207(c)(3), 213(b)(2)(B)(i), 221(d)(3)(ii)(II), 221(d)(4)(ii)(II), 231(c)(2)(B), and 234(e)(3)(B) (12 U.S.C. 1713(c)(3), 1715e(b)(2)(B)(i), 1715l(d)(3)(ii)(II), 1715l(d)(4)(ii)(II), 1715v(c)(2)(B), and 1715y(e)(3)(B))—

(A) by striking “140 percent” each place such term appears and inserting “170 percent”; and

(B) by striking “170 percent in high cost areas” each place such term appears and inserting “215 percent in high cost areas”; and

(2) in section 220(d)(3)(B)(iii)(III) (12 U.S.C. 1715k(d)(3)(B)(iii)(III)) by striking “206A” and all that follows through “project-by-project basis” and inserting the following: “206A of this Act) by not to exceed 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 170 percent, or 215 percent in high cost areas, where the Secretary determines it necessary on a project-by-project basis”.

#### **SEC. 28. DISCOUNT SALES OF MULTIFAMILY PROPERTIES.**

There is authorized to be appropriated, for discount sales of multifamily real properties under section 207(l) or 246 of the National Housing Act (12 U.S.C. 1713(l), 1715z–11), section 203 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11), or section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (12 U.S.C. 1715z–11a), and for discount loan sales under section 207(k) of the National Housing Act (12 U.S.C. 1713(k)), section 203 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11(k)), or section 204(a) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (12 U.S.C. 1715z–11a(a)), \$5,000,000, for fiscal year 2008.

#### **SEC. 29. CLARIFICATION OF DISPOSITION OF CERTAIN PROPERTIES.**

Notwithstanding any other provision of law, subtitle A of title II of the Deficit Reduction Act of 2005 (12 U.S.C. 1701z–11 note) and the amendments made by such title shall not apply to any transaction regarding a multifamily real property for which—

(1) the Secretary of Housing and Urban Development has received, before the date of the enactment of such Act, written expressions of interest in purchasing the property from both a city government and the housing commission of such city;

(2) after such receipt, the Secretary acquires title to the property at a foreclosure sale; and

(3) such city government and housing commission have resolved a previous disagreement with respect to the disposition of the property.

#### **SEC. 30. NONCOMPETITIVE SALES BY HUD TO STATES AND LOCALITIES.**

Subtitle A of title II of the Deficit Reduction Act of 2005 (Public Law 109–171; 120 Stat. 7) is amended by adding at the end the following new section:

#### **SEC. 2004. NONCOMPETITIVE SALES IN FISCAL YEAR 2011.**

“Notwithstanding any other provision of law, the Secretary may not sell any multifamily real property through any discount sale during fiscal year 2011 under the provisions of law referred to in section 2002(a) or any multifamily

loan through any discount loan sale during such fiscal year under the provisions referred to in section 2002(b), unless the property or loan is sold for an amount that is equal to or greater than 60 percent of the property market value or loan market value, respectively.”

#### **SEC. 31. USE OF FHA SAVINGS FOR COSTS OF MORTGAGE INSURANCE, HOUSING COUNSELING, FHA TECHNOLOGIES, PROCEDURES, AND PROCESSES, AND FOR AFFORDABLE HOUSING GRANT FUND, AND STUDY.**

(a) **IN GENERAL.**—Subject to subsection (c), there is authorized to be appropriated for each fiscal year an amount equal to the net increase for such fiscal year in, except as provided in subsection (b), the negative credit subsidy for the mortgage insurance programs under title II of the National Housing Act resulting from this Act and the amendments made by this Act, for the following purposes in the following amounts:

(1) **SINGLE FAMILY HOUSING MORTGAGE INSURANCE.**—For each fiscal year, for costs (as such term is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) of mortgage insurance provided pursuant to section 203(b) of the National Housing Act (12 U.S.C. 1709(b)), the additional amount (not including any costs of such mortgage insurance resulting from this Act or the amendments made by this Act), if any, necessary to ensure that the credit subsidy cost of such mortgage insurance for such fiscal year is \$0.

(2) **HOUSING COUNSELING.**—For each of fiscal years 2008 through 2012, the amount needed to increase funding, for the housing counseling program under section 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x), in connection with homebuyers and homeowners with mortgages insured under title II of the National Housing Act, from the amount appropriated for the preceding fiscal year to \$100,000,000.

(3) **MORTGAGE INSURANCE TECHNOLOGY, PROCEDURES, PROCESSES, PROGRAM PERFORMANCE, AND SALARIES.**—For each of fiscal years 2008 through 2012, \$25,000,000 for increasing funding for the purpose of improving technology, procedures, processes, and program performance, and salaries in connection with the mortgage insurance programs under title II of the National Housing Act.

(4) **AFFORDABLE HOUSING FUND.**—For each fiscal year, for an affordable housing fund available for use only for grants to provide affordable rental housing and affordable homeownership opportunities for low-income families, the amount remaining under this section after amounts are made available for such fiscal year in accordance with paragraphs (1), (2), and (3).

(b) **EXCLUSION OF EARNINGS FROM THE SINGLE FAMILY MORTGAGE INSURANCE PROGRAM.**—With respect to a fiscal year, the negative credit subsidy determined under subsection (a) shall not include the negative credit subsidy cost for such fiscal year, if any, for mortgage insurance provided pursuant to section 203(b) of the National Housing Act.

(c) **CERTIFICATION.**—Subsection (a) shall not be effective for a fiscal year unless the Secretary of Housing and Urban Development has, by rule making in accordance with section 553 of title 5, United States Code (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section), made a determination that premiums being, or to be, charged during such fiscal year for mortgage insurance under title II of the National Housing Act are established at the minimum amount sufficient to comply with the requirements of section 205(f) of such Act (relating to required capital ratio for the Mutual Mortgage Insurance Fund) and ensure the safety and soundness of the other mortgage insurance funds under such Act, and any negative credit subsidy for such fiscal year resulting from such mortgage insurance programs adequately ensures the efficient delivery and availability of such programs.

(d) *STUDY AND REPORT.*—The Secretary of Housing and Urban Development shall conduct a study to obtain recommendations from participants in the private residential mortgage lending business and the secondary market for such mortgages on how best to update and upgrade procedures, processes, and technologies for the mortgage insurance programs under title II of the National Housing Act so that the policies and procedures for originating, insuring, and servicing of such mortgages conform with those customarily used by secondary market purchasers of residential mortgage loans. Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Secretary shall submit a report to the Congress describing the progress made and to be made toward updating and upgrading such procedures, processes, and technology, and providing appropriate staffing for such mortgage insurance programs.

### SEC. 32. LIMITATION ON MORTGAGE INSURANCE PREMIUM INCREASES.

Notwithstanding any other provision of law, including any provision of this Act and any amendment made by this Act—

(1) the premiums charged for mortgage insurance under any program under the National Housing Act may not be increased above the premium amounts in effect under such program on October 1, 2006, unless the Secretary of Housing and Urban Development determines that, absent such increase, insurance of additional mortgages under such program would, under the Federal Credit Reform Act of 1990, require the appropriation of new budget authority to cover the costs (as such term is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a) of such insurance; and

(2) a premium increase pursuant to paragraph (1) may be made only by rule making in accordance with the procedures under section 553 of title 5, United States Code (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section).

### SEC. 33. CIVIL MONEY PENALTIES FOR IMPROPERLY INFLUENCING APPRAISALS.

Paragraph (2) of section 536(b) of the National Housing Act (12 U.S.C. 1735f-14(b)(2)) is amended—

(1) in subparagraph (B), by striking “or” at the end;

(2) in subparagraph (C), by striking the period at the end and inserting “; or”; and

(3) by adding at the end the following new subparagraph:

“(D) in the case of an insured mortgage under title II for a 1- to 4-family residence, compensating, instructing, inducing, coercing, or intimidating any person who conducts an appraisal of the property in connection with such mortgage, or attempting to compensate, instruct, induce, coerce, or intimidate such a person, for the purpose of causing the appraised value assigned to the property under the appraisal to be based on any other factor other than the independent judgment of such person exercised in accordance with applicable professional standards.”.

### SEC. 34. SAVINGS PROVISION.

Any mortgage insured under title II of the National Housing Act before the date of enactment of this title shall continue to be governed by the laws, regulations, orders, and terms and conditions to which it was subject on the day before the date of the enactment of this Act.

### SEC. 35. IMPLEMENTATION.

Except as provided in section 23(b), the Secretary of Housing and Urban Development shall by notice establish any additional requirements that may be necessary to immediately carry out the provisions of this Act. The notice shall take effect upon issuance.

The CHAIRMAN. No further amendment to the bill, as amended, is in order except those printed in part B of the report. Each further amendment

may be offered only in the order printed in the report, except for amendment No. 2, which may be offered out of sequence, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

#### AMENDMENT NO. 2 OFFERED BY MR. CARDOZA

The CHAIRMAN. It is now in order to consider amendment No. 2 printed in part B of House Report 110-330.

Mr. CARDOZA. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

#### Amendment No. 2 offered by Mr. CARDOZA:

Strike line 19 on page 4 and all that follows through page 5, line 22, and insert the following:

#### SEC. 3. MAXIMUM PRINCIPAL LOAN OBLIGATION.

Section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)(A)) is amended by striking subparagraph (A) and inserting the following new subparagraph:

“(A) not to exceed the lesser of—

“(i) in the case of a 1-family residence, 125 percent of the median 1-family house price in the area, as determined by the Secretary; and in the case of a 2-, 3-, or 4-family residence, the percentage of such median price that bears the same ratio to such median price as the dollar amount limitation in effect for 2007 under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for a 2-, 3-, or 4-family residence, respectively, bears to the dollar amount limitation in effect for 2007 under such section for a 1-family residence; or

“(ii) 175 percent of the dollar amount limitation in effect for 2007 under such section 305(a)(2) for a residence of the applicable size (without regard to any authority to increase such limitations with respect to properties located in Alaska, Guam, Hawaii, or the Virgin Islands), except that each such maximum dollar amount shall be adjusted effective January 1 of each year beginning with 2008, by adding to or subtracting from each such amount (as it may have been previously adjusted) a percentage thereof equal to the percentage increase or decrease, during the most recently completed 12-month or 4-quarter period ending before the time of determining such annual adjustment, in an housing price index developed or selected by the Secretary for purposes of adjustments under this clause;

except that the dollar amount limitation in effect under this subparagraph for any size residence for any area may not be less than the greater of (I) the dollar amount limitation in effect under this section for the area on October 21, 1998, or (II) 65 percent of the dollar amount limitation in effect for 2007 under such section 305(a)(2) for a residence of the applicable size, as such limitation is adjusted by any subsequent percentage adjustments determined under clause (ii) of this subparagraph; and except that, if the Secretary determines that market conditions warrant such an increase, the Secretary may, for such period as the Secretary considers appropriate, increase the maximum dollar amount limitation determined pursuant to the preceding provisions of this subparagraph with respect to any particular size or sizes of residences, or with respect to residences located in any particular area or

areas, to an amount that does not exceed the maximum dollar amount then otherwise in effect pursuant to the preceding provisions of this subparagraph for such size residence, or for such area (if applicable), by not more than \$100,000; and”.

The CHAIRMAN. Pursuant to House Resolution 650, the gentleman from California (Mr. CARDOZA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from California.

Mr. CARDOZA. Madam Chairman, I yield myself 2½ minutes.

I rise in support of this amendment, Madam Chairman. And I wish to begin by thanking Chairman FRANK for bringing this much-needed legislation to the floor, and for all his efforts to help the reeling housing industry in my area, and the country in general.

As we have heard from countless media reports, we are facing a growing mortgage crisis. Sadly, I represent an area that is particularly hard hit by this crisis. The community of Stockton has acquired the distinction of having the highest foreclosure rate of any U.S. city in the country, and there one in 20 households are in jeopardy of foreclosure at this time. In fact, Stockton has had 8,000 foreclosures so far in 2007.

This morning, the Modesto Bee reported that central California and central valley homeowners were six times more likely to be in mortgage default for last year than the national average. In addition, home values have plunged 15 to 20 percent so far this year.

This amendment will address this problem and help ameliorate the harsh effects of the credit crunch. First, the amendment raises the FHA loan limit to the lower of, A, 125 percent of the local median home price or, B, 175 percent of the national GSE conforming loan limit.

The biggest impact of this will be to make FHA loans available in low- and moderately income priced home markets. By raising the local loan limit up to 125 percent of the local median home price, FHA will be able to serve currently neglected populations and ensure loans in this vast and middle-market area. In addition, the amendment will have the effect of serving high-cost areas as well. By raising this artificial cap to 175 percent of the GSE conforming loan limit, the amendment will allow FHA to serve high-cost areas.

California has some of the highest priced real estate anywhere in the country. This amendment, by expanding FHA's reach to high-priced areas, will finally bring the benefits of FHA to millions of deserving Californians.

In addition, there are other areas of the country where this will have a monumental impact. Massachusetts, New York, Connecticut and other areas are all high-cost areas and will benefit tremendously from raising the loan limit. Raising loan limits and enhancing the ability of FHA to serve currently neglected populations will have the effect of generating more liquidity

in the market and enhancing lender confidence. This will enable more borrowers who are facing loan resets to refinance their mortgages on more favorable terms.

This amendment has strong support of the National Association of Realtors, the National Association of Home Builders, and others on the front lines of the housing industry. They know the needs of this industry, and they know that this bill will help.

Mrs. BIGGERT. Madam Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentlewoman from Illinois is recognized for 5 minutes.

Mrs. BIGGERT. With that, I yield 4 minutes to the gentleman from California (Mr. GARY G. MILLER).

Mr. GARY G. MILLER of California. Madam Chairman, I'm rising asking for strong support of this amendment, so it's not really in opposition to the amendment.

This bill, and this amendment, particularly, is to encourage the FHA program and products and make sure they're available across this country to help working families to achieve and maintain homeownership through the FHA program.

The bill we are considering here today reforms the FHA single-family mortgage insurance program so that we can reach working families it was created to serve. I don't think there is any question that the FHA program, as currently structured, has not kept pace.

Today, FHA is no longer a useful product to prospective home buyers. The problem is that statutory limitations preclude the FHA from adopting a rapidly changing marketplace that we experience today.

As the private sector mortgage markets become more efficient, the FHA program's inflexible rules and requirements left it virtually irrelevant as a financing option. Under the current limitations, FHA products are not available for home buyers in high-cost areas of the country because the maximum loan limits are so much lower than the median home prices in that area.

We did something very similar to this when we did the GSE in the high-cost areas. And the only people arguing against raising this conforming loan limit to high-cost areas were those whose home median prices fell far lower than the median amount they were able to loan on. If your median home area is 200,000 and it isn't 435, you don't care. But in California and other areas, it is quite the opposite.

Now California's drop in FHA volumes have been nothing short of stunning. In 2000, FHA insured 109,074 mortgages in California, but last year it only insured 5,137. In my district, FHA insured 7,000 mortgages in 2000 and only 80 mortgages in 2005. These figures represent a 99 percent drop in what FHA is able to loan in these high-cost areas. That in and of itself states that

there is a huge problem that this amendment is trying to cover and create the shortfall that currently exists in the program. Arguably, working families in high-cost areas of the country are just the kind of underserved populations the FHA program was originally intended to serve.

If we want to ensure that FHA is relevant for all those who need it, we must reform the program so it is available to low- and moderate-income families across the country, even those in high-cost areas.

On August 31, the President announced his goal to help an estimated 240,000 families avoid foreclosures by enhancing the FHA program. Under the President's plan, FHA will allow families with strong credit histories who have been making timely mortgage payments before their loan reset, but are now in default, to qualify for refinancing. Unfortunately, without an increase in the loan limits, this program will not help families in high-cost areas.

This amendment, supported by Mr. FRANK, Mr. CARDOZA and myself, would make sure that families can refinance in the FHA products by raising the FHA single-family loan limits in each local area to the lower of 125 percent of the area median home price, or 175 percent of the national GSE conforming loan amendments.

The amendment also gives HUD authority to raise these loan limit amounts by up to \$100,000 "if market conditions warrant."

The NAHB, National Association of Home Builders, has written a very strong letter in support of what we are trying to do. Many builders are selling homes today, and the problem they have is the person buying their home cannot find financing to sell their home. And this will help those people who are looking for financing and dealing with liquidity shortages in the marketplace.

The National Association of Realtors has also written a very strong letter supporting what we're trying to do today. The problem they're facing today with people in the mortgage bracket that we're trying to deal with in this amendment, this will go a long way to providing liquidity and competition in the marketplace to ensure that American home buyers and families have the best and most opportunities that can be achieved through the marketplace through this amendment. So this is a very good amendment, and I would ask for an "aye" vote.

Mr. CARDOZA. Madam Speaker, I want to thank my colleague, Mr. MILLER, for his kind and accurate comments. And I would like to now yield 1 minute to my colleague from California (Ms. WATERS).

Ms. WATERS. I appreciate Mr. CARDOZA's amendment so much because it does have an important impact on high-cost markets like our home State of California. The FHA statute creates an artificial cap on the max-

imum home price, meaning that FHA does almost no loan business in certain high-cost markets. Now, this will put FHA back in the business of insuring loans in high-cost areas, not only in California, New York, Connecticut, Massachusetts, and other areas with a limited FHA presence. This amendment also puts FHA in a better position to help subprime borrowers and address temporary dislocations.

Even before the recent mortgage crisis developed, there was a bipartisan consensus shared by the administration that reformed H.R. 1852 would help get FHA back in the business of making loans at good terms and conditions to borrowers that turned to predatory loans in recent years. This amendment expands the extent to which this objective can be achieved. This is absolutely a great amendment, and I support it.

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Mrs. BIGGERT. Madam Chairman, I recognize myself for 1 minute.

I really believe in the concept of this. I think that there are a lot of high-cost areas that will really benefit from this. I hope that this will not hurt some of the low-cost areas; in other words, I think that the administration has said something about the fact that some of the areas across the country would be hurt and would lower, go below the \$419,000 limit. So I hope that that will be addressed. I see Mr. FRANK getting up. Maybe he would like to comment on that.

Madam Chairman, I yield back the balance of my time.

Mr. CARDOZA. I yield 1 minute to the chairman of the committee, Mr. FRANK.

Mr. FRANK of Massachusetts. Madam Chairman, I thank the gentleman, and I thank the gentlewoman from Illinois. She is absolutely right. If I thought this would in any way impinge on our ability to help middle- and lower-income people, I would be opposed to it. In fact, if this works as we believe it will work, it will be the opposite. Because CBO has consistently scored, we haven't had this particular amendment scored, but prior amendments that have raised the limit at which the FHA can operate have been scored by CBO as generating a surplus, a positive number. That is some of the money that we are going to use. As the gentlewoman knows, while there is some controversy about this thing, we significantly increase in this bill the amount for counseling, because if there had been proper counseling, a lot of people wouldn't have been stuck at preprime. The counseling is aimed at people in the lower brackets. This is part of the money for it.

I would be willing, when we get to conference, to say, if, in any way, this would appear to be impinging on the ability to do the rest of the mission, we would cut it off. But the way it is going to work, it will, in fact, generate a surplus which we intend to use to help precisely the people whom the gentlewoman refers to.

I thank the gentleman. I appreciate his advocacy of this. He has been one of those who, from California, has been most vigorous in reminding us of the need to do it.

Mr. CARDOZA. Madam Chairman, in the short period of time we have remaining, I just want to thank the chairman of the Financial Services Committee for his leadership, my colleagues on the Republican side for their support, particularly Mr. GARY G. MILLER. This is important legislation for our country when you live in an area where the housing prices have declined precipitously by 20 percent less in a year, where you see foreclosures rampant. In my district alone, there are probably over 20,000 such foreclosures. It is having real impacts on real families in my district and across America. We need to change these regulations and bring help to these citizens in need.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. CARDOZA).

The amendment was agreed to.

AMENDMENT NO. 1 OFFERED BY MR. TIERNEY

The CHAIRMAN. It is now in order to consider amendment No. 1 printed in part B of House Report 110-330.

Mr. TIERNEY. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. TIERNEY:

Page 66, after line 25, insert the following new section:

**SEC. 31. MORTGAGE INSURANCE PREMIUM REFUNDS.**

(a) **AUTHORITY.**—The Secretary of Housing and Urban Development shall, to the extent that amounts are made available pursuant to subsection (c), provide refunds of unearned premium charges paid, at the time of insurance, for mortgage insurance under title II of the National Housing Act (12 U.S.C. 1707 et seq.) to or on behalf of mortgagors under mortgages described in subsection (b).

(b) **ELIGIBLE MORTGAGES.**—A mortgage described in this section is a mortgage on a one- to four-family dwelling that—

(1) was insured under title II of the National Housing Act (12 U.S.C. 1707 et seq.);

(2) is otherwise eligible, under the last sentence of subparagraph (A) of section 203(c)(2) of such Act (12 U.S.C. 1709(c)(2)(A)), for a refund of all unearned premium charges paid on the mortgage pursuant to such subparagraph, except that the mortgage—

(A) was closed before December 8, 2004; and

(B) was endorsed on or after such date.

(c) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated for each fiscal year such sums as may be necessary to provide refunds of unearned mortgage insurance premiums pursuant to this section.

The CHAIRMAN. Pursuant to House Resolution 650, the gentleman from Massachusetts (Mr. TIERNEY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Massachusetts.

Mr. TIERNEY. Madam Chairman, this amendment seeks to assist those individuals who are eligible borrowers

that have been unfairly impacted by a statutory change to HUD's upfront mortgage insurance premium refund policy.

Under the HUD program, borrowers pay an upfront mortgage insurance of 1.5 percent of their FHA loan amount, and if they repay that loan, the borrowers may be due refunds of the prepaid insurance.

However, back in 2005 when Congress passed a Consolidated Appropriations Act, it included language directing that, for mortgages endorsed for insurance on or after the date of enactment, which was December 8 of 2004, borrowers would not be eligible for refunds on their prepaid insurance.

I have heard from constituents in my district, and I am sure there are constituents in other districts as well, who closed on their mortgage prior to December 8, 2004, but regrettably have been prevented from receiving their refund because HUD did not endorse their loan until after December 2004. These constituents reportedly were not adequately informed by their lender about the potential revisions to the refund policy because the lenders themselves were not informed by HUD of the change until January of 2005.

I have heard from one family, for instance, who is seeking to buy a home in Gloucester, Massachusetts, and found themselves harmed by this provision. Although they seemed to do everything right in their own front, they were closing on their loan in November 2004, the family was prevented from receiving a refund that totaled almost as much as \$5,000 because HUD endorsed their mortgage on December 10, 2004, and their lender never informed them of that consequence because, as I mentioned, the lender didn't learn it until December 2005. It certainly seems that it was an unintended consequence of the provisions in the Consolidated Appropriations Act of 2005.

Also worth noting is that in response to a letter that was sent by Chairman FRANK and me to the HUD Secretary, Alphonso Jackson, it was indicated in his letter that he did not support the changes to the refund policy in their Consolidated Appropriations Act of 2005.

This amendment makes a meaningful first step toward helping certain eligible borrowers, many of whom are low-income families who have played by the rules in pursuing their dreams of homeownership.

Madam Chairman, I urge my colleagues to support this amendment.

I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. TIERNEY).

The amendment was agreed to.

AMENDMENT 3 OFFERED BY MR. GARY G. MILLER OF CALIFORNIA

The CHAIRMAN. It is now in order to consider amendment No. 3 printed in part B of House Report 110-330.

Mr. GARY G. MILLER of California. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. GARY G. MILLER of California:

Page 7, strike line 10 and insert the following:

(2) in paragraph (9)—

(A) by striking the paragraph

Page 7, line 19, strike the last period and insert “; and”.

Page 7, after line 19, insert the following:

(B) by inserting after the period at the end the following: “For purposes of this paragraph, the Secretary shall consider as cash or its equivalent any amounts gifted by a family member (as such term is defined in section 201), the mortgagor's employer or labor union, or a qualified homeownership assistance entity, but only if there is no obligation on the part of the mortgagor to repay the gift: For purposes of the preceding sentence, the term ‘qualified homeownership assistance entity’ means any governmental agency or charity that has a program to provide homeownership assistance to low- and moderate-income families or first-time home buyers, or any private nonprofit organization that has such a program and evidences sufficient fiscal soundness to protect the fiscal integrity of the Mutual Mortgage Insurance Fund by maintaining a minimum net worth of \$4,000,000 of acceptable assets.”.

The CHAIRMAN. Pursuant to House Resolution 650, the gentleman from California (Mr. GARY G. MILLER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from California.

Mr. GARY G. MILLER of California. I rise to offer an amendment to H.R. 1852, the Expanding American Homeownership Act of 2007.

My amendment would allow qualified down payment assistance providers to participate in the FHA program if certain conditions are satisfied to ensure that the down payment assistance program is legitimate and that the gift that is provided to the homeowner and the home buyer is truly a gift.

One of the primary barriers for many Americans to achieving the dream of homeownership is the lack of accumulated wealth and disposable income required to come up with the down payment and closing costs needed to purchase a home. While they can afford monthly payments, some families have not been able to accumulate enough to cover down payment and closing costs.

Fortunately, some charitable organizations have developed programs to help provide down payments to families that would qualify for the mortgage for the FHA program but for the lack of cash for a down payment. These down payment assistance programs have been successful in expanding homeownership opportunity for millions of families. The private sector has been working without government intervention to assist individuals and families who lack the necessary funds for down payments and other related costs become home buyers. In fact, Congress looked at the success of these

programs when it created the American Dream Downpayment Act, a government program passed in 2003 to provide up to \$10,000 in down payment and closing cost assistance to first-time home buyers.

Similarly, H.R. 1852, the bill you are reviewing today, authorizes HUD to allow zero down payment FHA loans for home buyers who could not otherwise make the down payment required under the FHA rule.

In the past, HUD has permitted the use of charitable down payment assistance programs in conjunction with FHA insured loans. Recently, however, HUD issued a proposed rule that would effectively eliminate many legitimate down payment assistance providers from assisting in FHA programs.

We are hearing that just last week HUD sent a rule over to OMB for final approval. I am very concerned about the impact of this proposed rule on homeownership in our country.

Rather than going too far by eliminating all down payment assistance providers, all that is really needed is a reasonable and fair criteria by which these programs can continue to operate while also protecting the FHA insurance fund. If there are legitimate problems that have been identified by HUD, then we should absolutely fix these problems. In fact, the full House has agreed that we should strengthen the rules for down payment assistance providers rather than eliminate them completely from the FHA program.

In July, the House unanimously passed an amendment I offered with Housing and Community Opportunity Subcommittee Chairman WATERS and Representative AL GREEN to the Transportation-HUD appropriations bill, which prohibited HUD from taking any action to issue its final rule or otherwise implement all or any part of the proposed rule.

The amendment prevented HUD from finalizing or implementing the rule to end participation of down payment assistance providers in the FHA program. Our argument, then, was that HUD's proposal was too harsh a step and we would work to include language in the FHA bill to fix the problems that HUD has identified with some down payment assistance providers.

This is what my amendment before you today seeks to do. The amendment I offer today is a followup on our work during the THUD bill to put the brakes on the HUD rule and instead address the problem HUD has identified with certain down payment assistance providers. This amendment would put the controls in place to weed out the bad actors while allowing those who help millions become homeowners continue to do the good work they are doing. Unlike the HUD rule, my amendment would preserve the down payment assistance programs' participation in FHA while ensuring they are legitimate and helpful to the home buyers.

As you know, H.R. 1582 already includes language to end the practice of

inflated appraisals, which was a key argument HUD used against the down payment assistance programs. My amendment builds on this provision and says that down payment assistance providers may participate in FHA so long as the down payment they are offering is truly a gift; in other words, that it reduces the amount owed on the home. My amendment also imposes a net worth requirement on such providers to alleviate the quality and quantity involved within the activity. This provision specifically responds to HUD's complaints regarding the plethora of small, fly-by-night operators that open up and that close down on a regular basis to avoid regulatory scrutiny. Many of these groups are starting business one day, getting involved in things they should not, and closing down immediately.

These three improvements to the current situation, number one, prohibiting inflated appraisals; two, ensuring DPA providers offer an actual gift; and three, imposing a net worth requirement, will weed out the bad actors while not prohibiting all down payment assistance providers from participating in FHA, as the HUD proposal would have done.

With limited resources at the Federal level, Congress viewed the American Dream Downpayment Act as a complement, rather than a replacement, to the tremendous work down payment assistance providers were already doing to help build communities. There are simply not enough resources at the Federal level to do this alone.

To address HUD's concerns, we should implement the same underwriting criteria that would be used on the new zero down payment program within FHA and what HUD already uses on the American Dream Downpayment Act.

If we have come up with a reasonable system of underwriting to give Federal dollars to assist a family in buying a home, then we can certainly use the same criteria to allow the private sector to put forth people and moneys in these programs to allow people to own their homes.

If FHA can offer a zero down payment loan under a given underwriting criteria, as proposed by this bill, then the private sector down payment assistance programs should also certainly be subject to this same criteria.

To eliminate the possibility for a million families to own a home through down payment assistance providers but allow them to use the Federal Government for a down payment grant seems contradictory. If it works for the Federal program, then it should work for the private sector alternative, as well.

My amendment addresses the problems with certain down payment assistance providers that HUD has identified. Rather than eliminating all providers, as the HUD rule attempts to do, it puts the protections in place to ensure the home buyers are getting a le-

gitimate helping hand from these charitable entities.

Madam Chairman, I ask for an "aye" vote on the amendment.

I reserve the balance of my time.

Mr. FRANK of Massachusetts. Madam Chairman, I rise to seek the time to discuss this, with a certain ambiguity as to my position.

The CHAIRMAN. Is the gentleman opposed to the amendment?

Mr. FRANK of Massachusetts. To two aspects of it, yes, Madam Chair.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. FRANK of Massachusetts. I yield to the gentlewoman from California such time as she may consume.

□ 1315

Ms. WATERS. Madam Chairman, I hope that our chairman didn't confuse you with that convoluted definition of what the time is that we are claiming.

Madam Chairman, I am in strong support of this amendment. As a matter of fact, I would like to take this moment to commend and thank my colleague, Mr. MILLER, for the work that he has done in helping other Members to understand what this is all about.

I can recall when we had the hearing and everybody said, well, this is such a wonderful idea. As a matter of fact, all of us voted for the American Dream Down Payment Act on both sides of the aisle. We can't understand why there would be any questions or any problems about the way that there is assistance being given to would-be homeowners by organizations such as the ones who were presented to us on that day of the hearing. So because of his expertise and his understanding and his appreciation, he has helped us all to come together, and it has support on both sides of the aisle.

As was mentioned, the amendment would allow qualified down payment assistance providers to participate in an FHA program if certain conditions are satisfied, that is, no obligation for the mortgagor to repay and net worth requirement.

The Secretary shall consider as cash or its equivalent any amounts gifted by a family member, the mortgagor's employer or labor union, or a qualified homeownership assistance entity, but only if there is no obligation on the part of the mortgagor to repay the gift.

I rise in support of this amendment. It is a major step in the direction of capturing the benefits of down payment assistance programs to over 1 million households since 1999, many of them FHA-insured borrowers, while safeguarding against bad actors in the field. The minimum capitalization requirement will protect borrowers from fly-by-night operations, which the explicit prohibition against requiring repayment of such assistance by the borrower will ensure that the benefit is indeed a gift.

Equally important, the additional measures to ensure the legitimacy of



appraisals in FHA-insured transactions contained in H.R. 1852 and the manager's amendment to the bill will help safeguard the entire progress. Inflated appraisals undercut the legitimacy of seller-financed down payment assistance.

Down payment assistance that is repaid from a seller's proceeds that derive from a borrower's ability to get a loan based on an inflated appraisal is no gift at all to the borrower. H.R. 1852 cracks down on such schemes, while preserving the field for legitimate down payment programs. Accordingly, I urge my colleagues to support this amendment.

Mr. GARY G. MILLER of California. Madam Chairman, I want to thank MAXINE WATERS for her kind comments. I remember when we were debating the American Dream Down Payment Assistance Act, and we used the private sector down payment assistance program as the tool and the argument to expand upon and have government also get involved. These private sector groups have put over 1 million people in homes that could not otherwise be in homes.

This continues a program that has worked very well and eliminates the bad actors that HUD is talking about. I think if this is implemented, this bill will be a very strong bill, and I ask for an "aye" vote.

Madam Chairman, I yield back the balance of my time.

Mr. FRANK of Massachusetts. Madam Chairman, I claimed the time in opposition, but having listened to my two very persuasive colleagues, I have been converted and I now support this amendment.

Madam Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. GARY G. MILLER).

The amendment was agreed to.

AMENDMENT NO. 4 OFFERED BY MR. BISHOP OF NEW YORK

The CHAIRMAN. It is now in order to consider amendment No. 4 printed in part B of House Report 110-330.

Mr. BISHOP of New York. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Mr. BISHOP of New York:

Page 35, after line 24, insert the following: (2) in subsection (b)(4), by striking subparagraph (B) and inserting the following new subparagraph:

“(B) under a lease that has a term that ends no earlier than the minimum number of years, as specified by the Secretary, beyond the actuarial life expectancy of the mortgagor or comortgagor, whichever is the later date.”.

Page 35, line 25, strike “(2)” and insert “(3)”.

Page 36, line 7, strike “(3)” and insert “(4)”.

Page 36, line 9, strike “(4)” and insert “(5)”.

The CHAIRMAN. Pursuant to House Resolution 650, the gentleman from New York (Mr. BISHOP) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from New York.

Mr. BISHOP of New York. Madam Chairman, let me start by thanking both Chairman FRANK and Chairwoman WATERS and their staffs for working with us on this amendment.

Very simply, my amendment would make it easier for those who owned fixed-foundation homes on leased land to receive a reverse mortgage. Current law allows seniors who own fixed-foundation homes on leased land to receive a reverse mortgage only if the lease is for a term of not less than 99 years or if the lease is for a period of not less than 10 years beyond the maturity of the mortgage. While this language covers some seniors, many elderly Americans who own a permanent-foundation home in a senior community where the land is leased are not covered by either of these two categories of leases.

My amendment would remove the provision in the bill that allows for a reverse mortgage if the lease term is for 10 years beyond the maturity of the mortgage and replace it with language that both clarifies and expands eligibility. Specifically, my amendment would broaden eligibility to seniors who have a lease term that ends no earlier than a minimum number of years beyond their actuarial life expectancy.

This amendment is a commonsense solution to a problem that affects many seniors, both in my district and across the country; and I urge its adoption.

Madam Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Madam Chairman, I claim the time in opposition.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. FRANK of Massachusetts. Madam Chairman, I did want to ask a question of the gentleman from New York. I have a concern about his amendment, only because it does not seem to me to go far enough.

One of the things we have tried very hard to do in our committee is to end what has been a kind of discrimination against manufactured housing, because if we are going to get to more people being able to own homes without getting into a subprime type of situation where people are induced to borrow more than they should, manufactured housing should be part of it.

The gentleman's amendment is properly, from his standpoint, addressed to a situation in his own district where fixed-foundation housing is involved. But my question here would be, and I realize it is under the rule not possible to change the amendment now, but I would have this question: If his amendment would be adopted, if as the process went forward some of us were able to work to expand this so it wasn't lim-

ited to fixed foundation, would the gentleman from New York have any objection to that?

And I will yield to him.

Mr. BISHOP of New York. I would have no objection. In fact, I would welcome it.

Mr. FRANK of Massachusetts. Madam Chairman, in the face of that degree of reasonableness, I withdraw my opposition.

I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. BISHOP).

The amendment was agreed to.

AMENDMENT NO. 5 OFFERED BY MR. HENSARLING

The CHAIRMAN. It is now in order to consider amendment No. 5 printed in part B of House Report 110-330.

Mr. HENSARLING. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Mr. HENSARLING:

Page 64, strike lines 6 through 13.

The CHAIRMAN. Pursuant to House Resolution 650, the gentleman from Texas (Mr. HENSARLING) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Texas.

Mr. HENSARLING. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, recently the Democrat majority in this institution sought to create yet another new government housing program, the Affordable Housing Fund. This is on top of the roughly 80 other programs that HUD administers for Housing and Urban Development. So, Madam Chairman, we are being asked today in the underlying bill to fund a new program, without terminating any of the other 80-some-odd programs that are presently on the books; although many have already achieved their mission, many are ineffective, many are duplicative and many are quite costly.

Madam Chairman, the so-called Affordable Housing Fund, as designed, will grant moneys to States for a variety of purposes. I know that the purposes are noble, but many of us believe that, unfortunately, this could become a de facto housing slush fund.

I furthermore note, as moneys are handed to the States, almost every State in our Union is presently running a surplus, yet we regrettably know the Federal Government continues to run a deficit. So how much sense does this make?

For those who tell us that the Federal housing function is underfunded, I might note that according to OMB, in a little over 10 years we have gone from \$15.4 billion to \$30 billion, roughly double. That rate is higher than the increase in veterans spending, education spending, energy spending, transportation spending, international affairs, and even Social Security over the same period.

Although the House has passed this ill-conceived program, there has been no Senate action. The President has signed no bill. So we are being asked, Madam Chairman, to fund a program that doesn't even exist, when hard-working Americans can't even fund the roughly 10,000 Federal programs that are already on the books.

My amendment is a simple one. It would remove this funding mechanism in this bill for the so-called Affordable Housing Fund. The funding mechanism shouldn't be in this bill. It has nothing to do with fundamentally reforming FHA. And the bill siphons money from the FHA through what I believe and many of us believe to be a back-door tax on the FHA premiums paid by 4.8 million families that are using FHA insurance. It does this by diverting part of the increase from a negative credit subsidy.

To try to speak English here, it appears that people are overpaying their premiums. If so, maybe that money ought to go back to the people who paid the premiums in the first place.

I know the creation of the fund has been a long-time goal for Chairman FRANK. I appreciate his sincerity, and I appreciate the nobility of his purpose and his ideological consistency. But the fact remains that this is a back-door tax on low- and moderate-income Americans who use FHA.

This funding provision is unnecessary, it is unwise, it is unsound. The money ought to go back to the people who paid it. And if that is not the will of the House, it should at least, at least, be used for those who paid the premiums in the first place.

Madam Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Madam Chairman, I rise to sincerely seek time in opposition.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. FRANK of Massachusetts. Thank you, Madam Chairman.

We have been debating this. It is a legitimate issue. We debated it when the gentleman from Georgia offered a version of it in the appropriations bill. We debated it previously. We debated a similar argument when we had the GSE bill.

The gentleman says there are 80 HUD programs and HUD money has gone up. The major reason the HUD funding has gone up, the single biggest one, has been in the section 8 rental program. There is a problem with section 8. Section 8 adds equity. But the current section 8 program provides rental assistance for one year at a time. No one can build affordable housing based on an annual grant. So what section 8 does, while it does provide some equity and I have been supportive of it, it increases the demand for housing without increasing the supply.

So in the current formation of Federal policies, the Federal Government puts upward pressure on rentals in the moderate- and low-income areas, be-

cause we give people billions of dollars to rent apartments in a way that does not lead to any construction.

This tries to make it a more balanced program. This and the GSE bill take money to begin the process of constructing affordable housing, which in the end could save us money, because it will then say that the rental levels which section 8 is driving up will no longer be driven up.

The gentleman says it is going to be a tax on the FHA. In fact, I hope the gentleman, given his concern about a tax on the people who get mortgage insurance from the FHA, will vote against the amendment to be offered by the gentlewoman from Illinois, because in this bill, unlike the gentlewoman's amendment, we have very tough restrictions on HUD's ability to raise the FHA fund unless it is necessary for solvency.

In a bipartisan basis last year, we wrote to them and we did it in the appropriations bill, because HUD was being told by OMB, not HUD, HUD made it very clear, this was an OMB directive, raise the FHA fees because FHA isn't contributing enough to the budget.

We put into our bill's restrictions, we have a restriction in our bill on the amount that can be charged for home equity mortgages by the originators. It is not in the gentlewoman from Illinois's amendment. We put caps on the FHA. So exactly the opposite is the case. And as far as this is concerned, the bill specifically says that no money can go to the Housing Trust Fund until the HUD Secretary has certified that the fund will be totally solvent and this will not endanger it.

The money that would go to affordable housing does not come from raising anybody's fee. It comes from an increase in volume. We capped the fees. I want to emphasize this. In the bill that we have, as opposed to the gentlewoman from Illinois's substitute, there are two separate restrictions on FHA's ability to raise fees that she doesn't have.

What we do is the law now says FHA can only do 65,000 home equity reverse mortgages a year. We say, no, there is no reason for that limit. We say do as many as the market will bear, with a restriction on what can be charged.

That is what generates the money. It is an increase in volume at a lower price to the consumer that generates the money; and if that increased volume and the lower price to the consumer results in there being a surplus that we can spend to build rental housing, as long as HUD certifies that that would not in any way require any increase in the FHA, we say, go ahead.

□ 1330

As to affordable housing, there is a severe crisis in rental housing in this country, and you had some of the people pushed into subprime situations because there wasn't enough rental housing. We think the Affordable Housing Trust Fund helps deal with that.

Madam Chairman, I reserve the balance of my time.

Mr. HENSARLING. Madam Chairman, I yield 1½ minutes to the gentleman from California (Mr. ROYCE).

Mr. ROYCE. Madam Chairman, I rise in support of this amendment, and I rise in opposition to the financing of an affordable housing fund.

I don't believe that this fund should be included in legislation to update and improve the Federal Housing Administration. I hope my colleagues will join me in opposing the underlying bill if this provision is included in the legislation.

In 2005, I offered an amendment in the Committee on Financial Services to strike the creation of an affordable housing fund. Part of this is philosophical, but ideas have consequences and bad ideas have bad consequences in the long run. As I said 2 years ago, this fund is straight out of central planning 101. It should not be supported by this body.

I think by now we should be able to agree that government housing grants do little to increase homeownership levels in this country. If these funds must be derived, they should be geared towards ensuring that the FHA remains solvent rather than supporting an experiment in socialism here.

Furthermore, this fund could not be proposed at a worse time, as we see the current spike in foreclosures in the subprime mortgage market, many of which are backed by the Federal Housing Administration. Homeownership rates improve when real interest rates are low and when consumer incomes are rising, are going up. I believe free market policies are the most effective way to generate those results, creeping towards socialism will not. This fund will waste resources and provide false hope for those who wish to increase homeownership.

Mr. FRANK of Massachusetts. Madam Chairman, I yield myself 30 seconds to say that I appreciate the candor of the gentleman from California. He is against Federal programs that help build affordable housing; I understand that. By the way, this is not, of course, the old forms of public housing. This is going to be a private corporation.

But I would say to my friends on the other side, I don't think that you can argue both that we already have enough programs to do this and that we shouldn't have any at all. In fact, we do not now have programs that help build family affordable housing. We think in cooperation with the private sector, and the gentleman mentions the market, every private market entity, the Realtors, the home builders who are involved in construction in the private market, support the creation of the housing fund.

Mr. HENSARLING. Madam Chairman, either there is a surplus or there is not a surplus. It is really that simple. So now the question is if there is a surplus, what do you do with it. We believe that surplus ought to go back to

the people who paid for it in the first place. And if it is not going to go back to them, it ought to serve them and it should ensure the solvency of this program, since we know Uncle Sam's track record on just about every other Federal insurance program is terrible. This should ensure the solvency of the program.

We do not need a funding mechanism for another housing program that does not exist on top of the 90, many of which are not working.

Madam Chairman, I yield back the balance of my time.

Mr. FRANK of Massachusetts. Madam Chairman, I congratulate the gentleman's dexterity, on his ability to go 180 degrees opposite on his argument mid-amendment.

He started out saying we can't do this because it will jeopardize the FHA. We point out that in the bill that couldn't happen. This bill says this money cannot be used if it would in any way jeopardize an FHA situation. So he says okay, let's take the surplus and put it into the regular budget. That is a debate. Do we take surplus and put it into the budget to detract from other spending? I don't think so. I guess the question is this. If you take out an FHA mortgage and get mortgage insurance, and if our bill doesn't pass, this administration will raise that fee to make more money, should that go to the war in Iraq and for contractors in Iraq who are wasting money? Or should it go to build affordable housing in our cities, because that is where the money is going. The money is not going to reduce the deficit; it is going to be wasted elsewhere.

What we say is this. We should be building affordable housing. Some Members say don't give money to the States. No, I think that is a very good way to go. I think the States and the localities are best able to respond, and I hope the amendment is defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. HENSARLING).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. HENSARLING. Madam Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Texas will be postponed.

AMENDMENT NO. 6 OFFERED BY MR. TIBERI

The CHAIRMAN. It is now in order to consider amendment No. 6 printed in part B of House Report 110-330.

Mr. TIBERI. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. TIBERI:

Page 17, strike lines 3 through 16 and insert the following:

"(I) AT APPLICATION.—At the time of application for the loan involved in the mortgage, a list of counseling agencies, approved by the Secretary, in the area of the applicant."

Page 18, strike lines 20 through 22 and insert the following:

"(i) REQUIREMENT.—The Secretary shall require that the mortgagor shall"

Page 19, strike lines 4 through 5 and insert the following:

"(I) prior to closing for the loan involved in the mortgage;"

The CHAIRMAN. Pursuant to House Resolution 650, the gentleman from Ohio (Mr. TIBERI) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Ohio.

Mr. TIBERI. Madam Chairman, I yield myself such time as I may consume.

I would like to thank Chairman FRANK and Chairman WATERS for their leadership on these issues. For the, last 6 years I had an opportunity to work with both in the Committee on Financial Services and Housing Subcommittee on very important issues. Unfortunately, I am no longer on the committee but the issues are still very important to me.

This amendment today is about empowering home buyers. It would require the Secretary of Housing and Urban Development to ensure high-risk borrowers and borrowers who are applying for zero down-payment loans to receive housing counsel. Under the current bill, the language allows the Secretary to provide counseling; this requires it.

Madam Chairman, as a former Realtor, I have seen firsthand the benefits, the joys, the importance of homeownership in America. However, given the current environment in our country, we need to make sure that there are safeguards put in place to protect homeowners to ensure fiscal responsible homeownership and guard against further default, bankruptcy and loss of home.

Buying a house today arguably is the most important and biggest investment in a person's life. Counseling, I have found, plays a very important role in empowering consumers, leveling the playing field, and making sure they have all of the right information to go into owning their own home.

In the past year, Ohio, California, Florida, Michigan and Georgia have comprised over half of our Nation's foreclosed homes. Recently Ohio, under the leadership of Governor Strickland, established the Ohio Foreclosure Prevention Task Force, which is comprised of various advocates and people in the housing community throughout the State.

In their report, they listed seven recommendations. One of those recommendations was to focus on expanding housing counseling services and making it available to everyone.

This amendment today only deals with two classes of borrowers: high-risk borrowers and those who are applying for zero-down loans under this legislation.

I believe it is very, very important, critically important, Madam Chairman, to make sure these borrowers un-

derstand the importance of homeownership, the responsibilities of homeownership. Madam Chairman, it is important because if we are going to take a bite out of this problem, and a bite is all this does today with this amendment because it only deals with those two types of borrowers, we need to make sure that every single borrower who is applying for a home under these two circumstances get all of the education that they need and deserve.

So I urge the adoption of this amendment. This is about empowering consumers, and I hope the House supports the amendment.

Madam Chairman, I reserve the balance of my time.

Mrs. BIGGERT. Madam Chairman, I claim the time in opposition.

The CHAIRMAN. The gentlewoman from Illinois is recognized for 5 minutes.

Mrs. BIGGERT. Madam Chairman, I have some concerns about what we would call unintended consequences. I am a big supporter of financial literacy, and I chair the caucus. It is so important home buyers know what they are getting into, and I think that counseling is very important. I think that if we have an educated home buyer, we might not see so many of these foreclosures or near foreclosures or bankruptcy with the counseling.

My concern is the mandatory counseling for FHA, and only because of something that has happened in Illinois, that happened in Chicago when this mandatory counseling was put in for FHA mortgages.

What happened was that the lenders withdrew from the area. It was put in first by a ZIP Code in the city of Chicago and then put in for all of Cook County. The lenders withdrew from the area so there were no mortgages or very few available for those in that area because they weren't able to get the counseling that was needed in time to get the mortgages.

It takes time for counseling, and I know that you put in, and I think this would help, is that people could get counseling on the Internet. I think it is a very important thing. I just worry about when it is mandatory that we are going to have less availability of FHA involvement than when it is discretionary as in the bill.

I think that it makes FHA less attractive. If you are a prospective home buyer and one lender, a non-FHA, offers to put you into a mortgage that day while the FHA loan requires you to go through a counseling course, which will you pick? People will leave FHA, and we don't want that to happen. I know it is important that we have counseling and get people into this type of loan. The whole thing is, FHA is much better than the more exotic subprime loans, and that is the whole focus of this bill. I would hope that we can promote FHA, and I hope as this amendment moves forward, we can take a look at.

Mr. FRANK of Massachusetts. Will the gentlewoman yield?

Mrs. BIGGERT. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I would say to my friend from Ohio, and we have worked together on a lot of things, I understand his purpose is a good one, but I share some of the concerns of the gentlewoman from Illinois.

I hope the gentleman understands that if this becomes part of the bill, as I believe it will, we haven't had a chance to consult with the FHA. We would like their advice. We could wind up strengthening the urging but allow for some exceptions. I would hope as we went forward the gentleman could work with us on doing that.

Mr. TIBERI. Would the gentlewoman yield?

Mrs. BIGGERT. I yield to the gentleman from Ohio.

Mr. TIBERI. Yes, I think we can take a look at the best of what is happening in Ohio right now. We are doing some pretty innovative things. I am sure in Massachusetts and Illinois there is some innovation going on as well.

The intent at the end of the day is to help the borrower and level the playing field. And so yes, I would be happy to work with the committee.

Mr. FRANK of Massachusetts. If the gentlewoman would continue to yield, there are some differences that we have of an ideological sort. There are a lot of general areas of agreement. Mr. Montgomery, the head of the FHA, has been, I think, a responsible and thoughtful administrator of the program. We have a common interest in this, and I would look forward to having him in on this conversation with us, and I think we can move in that direction with some of the flexibility that the gentlewoman asked for.

Mrs. BIGGERT. Madam Chairman, with that, I withdraw my objection, and I yield back the balance of my time.

Mr. TIBERI. Madam Chairman, I yield myself the balance of my time.

I thank the chairman and the gentlewoman from Illinois. Just a point of clarification: Some of the things that are happening now in Ohio is you have online counseling that is taking place for people that don't have access maybe in person to a counselor. So there is room to grow here, Chairman FRANK and Mrs. BIGGERT.

I think we have an opportunity to empower consumers and look forward to working with both of you. I urge adoption of this amendment, and urge passage of the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. TIBERI).

The amendment was agreed to.

AMENDMENT NO. 7 OFFERED BY MRS. BIGGERT

The CHAIRMAN. It is now in order to consider amendment No. 7 printed in part B of House Report 110-330.

Mrs. BIGGERT. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mrs. BIGGERT: Strike all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Expanding American Homeownership Act of 2007”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Maximum principal loan obligation.
- Sec. 4. Extension of mortgage term.
- Sec. 5. Cash investment requirement.
- Sec. 6. Temporary reinstatement of downpayment requirement in event of increased defaults.
- Sec. 7. Mortgage insurance premiums.
- Sec. 8. Rehabilitation loans.
- Sec. 9. Discretionary action.
- Sec. 10. Insurance of condominiums.
- Sec. 11. Mutual Mortgage Insurance Fund.
- Sec. 12. Hawaiian home lands and Indian reservations.
- Sec. 13. Conforming and technical amendments.
- Sec. 14. Home equity conversion mortgages.
- Sec. 15. Conforming loan limit in disaster areas.
- Sec. 16. Participation of mortgage brokers and correspondent lenders.
- Sec. 17. Sense of Congress regarding technology for financial systems.
- Sec. 18. Savings provision.
- Sec. 19. Implementation.

#### SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—  
(1) one of the primary missions of the Federal Housing Administration (FHA) single family mortgage insurance program is to reach borrowers who are underserved, or not served, by the existing conventional mortgage marketplace;

(2) the FHA program has a long history of innovation, which includes pioneering the 30-year self-amortizing mortgage and a safe-to-seniors reverse mortgage product, both of which were once thought too risky to private lenders;

(3) the FHA single family mortgage insurance program traditionally has been a major provider of mortgage insurance for home purchases;

(4) the FHA mortgage insurance premium structure, as well as FHA's product offerings, should be revised to reflect FHA's enhanced ability to determine risk at the loan level and to allow FHA to better respond to changes in the mortgage market;

(5) during past recessions, including the oil-patch downturns in the mid-1980s, FHA remained a viable credit enhancer and was therefore instrumental in preventing a more catastrophic collapse in housing markets and a greater loss of homeowner equity; and

(6) as housing price appreciation slows and interest rates rise, many homeowners and prospective homebuyers will need the less-expensive, safer financing alternative that FHA mortgage insurance provides.

(b) PURPOSES.—The purposes of this Act are—

(1) to provide flexibility to FHA to allow for the insurance of housing loans for low- and moderate-income homebuyers during all economic cycles in the mortgage market;

(2) to modernize the FHA single family mortgage insurance program by making it more reflective of enhancements to loan-level risk assessments and changes to the mortgage market; and

(3) to adjust the loan limits for the single family mortgage insurance program to reflect rising house prices and the increased costs associated with new construction.

#### SEC. 3. MAXIMUM PRINCIPAL LOAN OBLIGATION.

Paragraph (2) of section 203(b) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended—

(1) by striking subparagraphs (A) and (B) and inserting the following new subparagraphs:

“(A) not to exceed the lesser of—

“(i) in the case of a 1-family residence, the median 1-family house price in the area, as determined by the Secretary; and in the case of a 2-, 3-, or 4-family residence, the percentage of such median price that bears the same ratio to such median price as the dollar amount limitation in effect under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for a 2-, 3-, or 4-family residence, respectively, bears to the dollar amount limitation in effect under such section for a 1-family residence; or

“(ii) the dollar amount limitation determined under such section 305(a)(2) for a residence of the applicable size; except that the dollar amount limitation in effect for any area under this subparagraph may not be less than the greater of (I) the dollar amount limitation in effect under this section for the area on October 21, 1998, or (II) 65 percent of the dollar limitation determined under such section 305(a)(2) for a residence of the applicable size; and

“(B) not to exceed the appraised value of the property, plus any initial service charges, appraisal, inspection and other fees in connection with the mortgage as approved by the Secretary.”;

(2) in the matter after and below subparagraph (B), by striking the second sentence (relating to a definition of “average closing cost”) and all that follows through “title 38, United States Code”; and

(3) by striking the last undesignated paragraph (relating to counseling with respect to the responsibilities and financial management involved in homeownership).

#### SEC. 4. EXTENSION OF MORTGAGE TERM.

Paragraph (3) of section 203(b) of the National Housing Act (12 U.S.C. 1709(b)(3)) is amended—

(1) by striking “thirty-five years” and inserting “forty years”; and

(2) by striking “(or thirty years if such mortgage is not approved for insurance prior to construction)”.

#### SEC. 5. CASH INVESTMENT REQUIREMENT.

Paragraph (9) of section 203(b) of the National Housing Act (12 U.S.C. 1709(b)(9)) is amended by striking the paragraph designation and all that follows through “*Provided further, That for*” and inserting the following:

“(9) Be executed by a mortgagor who shall have paid on account of the property, in cash or its equivalent, an amount, if any, as the Secretary may determine based on factors determined by the Secretary and commensurate with the likelihood of default. For”.

#### SEC. 6. TEMPORARY REINSTATEMENT OF DOWNPAYMENT REQUIREMENT IN EVENT OF INCREASED DEFAULTS.

Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)) is amended by adding at the end the following new paragraph:

“(10) EFFECT OF INCREASED DEFAULTS.—

“(A) ANNUAL DETERMINATION.—If, for any calendar year described in subparagraph (B)(i), the Secretary determines, pursuant such subparagraph, that—

“(i) the ratio of the number of mortgage insurance claims made during such calendar year on mortgages insured under this section to the total number of mortgages having such insurance in force during such calendar year exceeds, by 25 percent or more, such ratio for the 12-month period ending on the effective date of this Act, or

“(i) the ratio of the aggregate remaining principal obligation under mortgages insured under this section for which an insurance claim is made during such calendar year to the average, for such calendar year, of the aggregate outstanding principal obligation under mortgages so insured exceeds, by 25 percent or more, such ratio for the 12-month period ending on such effective date, during the 90-day period beginning upon the submission of the report for such calendar year under subparagraph (B)(ii) containing such determination, the Secretary may insure a mortgage under this section only pursuant to the requirement under subparagraph (C), and the Secretary shall, not later than 60 days after submission of the report containing such determination, submit a report to the Congress under subparagraph (D) regarding mortgage insurance claims during such calendar year.

“(B) 5 YEARS OF ANNUAL DETERMINATIONS.—

“(i) IN GENERAL.—The Secretary shall, for each of the 5 calendar years commencing after the date of the enactment of this Act, compare the ratios referred to in subparagraph (A) and make a determination under such subparagraph.

“(ii) ANNUAL REPORT ON DEFAULTS.—Not later than 90 days after the conclusion of each of the calendar years described in clause (i), the Secretary shall submit a report to the Congress containing the determination of the Secretary under such clause with respect to such calendar year and setting forth the ratios referred to in such clause for such calendar year.

“(C) REINSTATEMENT OF DOWNPAYMENT REQUIREMENT.—The requirement under this subparagraph is that paragraph (9) of this subsection shall apply as such paragraph was in effect on the day before the effective date of the Expanding American Homeownership Act of 2007.

“(D) REPORTS REGARDING INCREASED DEFAULT RATE.—A report under this subparagraph, as required under subparagraph (A), shall contain—

“(i) an analysis of mortgage insurance claims, made during the calendar year for which the report is submitted, on mortgages insured under this section;

“(ii) an analysis of the reasons for the increase during such calendar year in the applicable ratio or ratios under subparagraph (A), including an analysis of the extent to which such increase is attributable to the amendments made by the Expanding American Homeownership Act of 2007;

“(iii) the effect of such increase on the Mutual Mortgage Insurance Fund;

“(iv) recommendations regarding—

“(I) whether the Congress should, to respond to such increase, take legislative action (aa) to apply paragraph (9) of this subsection as such paragraph was in effect on the day before the effective date of Expanding American Homeownership Act of 2007, (bb) to apply paragraph (2)(A)(ii) by substituting ‘87 percent of the dollar amount limitation’ for ‘the dollar amount limitation’, or (cc) both; and

“(II) whether such provisions should be temporary or permanent, and, if temporary, the period during which such provisions should apply; and

“(v) recommendations regarding any other administrative, regulatory, legislative, or other actions that should be taken to respond to such increase.

“(E) DEFAULTS IN DISASTER AREAS NOT COUNTED FOR 24 MONTHS.—In determining the number of mortgage insurance claims made and the aggregate remaining principal obligation under mortgages for which an insurance claim is made for purposes of subparagraph (A) for any calendar year, the Secretary shall not take into consideration any

claim made during such period on a mortgage on any property that is located in an area for which a major disaster was declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act if such claim was made during the 24-month period beginning upon such declaration.”.

#### SEC. 7. MORTGAGE INSURANCE PREMIUMS.

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

(1) in paragraph (2), in the matter preceding subparagraph (A), by striking “Notwithstanding” and inserting “Except as provided in paragraph (3) and notwithstanding”; and

(2) by adding at the end the following new paragraph:

“(3) FLEXIBLE RISK-BASED PREMIUMS.—

“(A) IN GENERAL.—For any mortgage insured by the Secretary under this title that is secured by a 1- to 4-family dwelling and for which the loan application is received by the mortgagee on or after October 1, 2007, the Secretary may establish a mortgage insurance premium structure involving a single premium payment collected prior to the insurance of the mortgage or annual payments (which may be collected on a periodic basis), or both, subject to the limitations in subparagraphs (B) and (C). The rate of premium for such a mortgage may vary during the mortgage term as long as the basis for determining the variable rate is established before the execution of the mortgage. The Secretary may change a premium structure established under this subparagraph but only to the extent that such change is not applied to any mortgage already executed.

“(B) MAXIMUM UP-FRONT PREMIUM AMOUNTS.—For any mortgage insured under a premium structure established pursuant to this paragraph, the amount of any single premium payment authorized by subparagraph (A), if established and collected prior to the insurance of the mortgage, may not exceed the following amount:

“(i) Except as provided in clauses (ii) and (iii), 3.0 percent of the amount of the original insured principal obligation of the mortgage.

“(ii) If the mortgagor has a credit score equivalent to a FICO score of 560 or more and has paid on account of the property, in cash or its equivalent, at least 3 percent of the Secretary’s estimate of the cost of acquisition (excluding the mortgage insurance premium paid at the time the mortgage is insured), 2.25 percent of the original insured principal obligation of the mortgage.

“(iii) If the annual premium payment is equal to the maximum amount allowable under clause (i) of subparagraph (C), 1.5 percent of the amount of the original insured principal obligation of the mortgage.

“(C) MAXIMUM ANNUAL PREMIUM AMOUNTS.—For any mortgage insured under a premium structure established pursuant to this paragraph, the amount of any annual premium payment collected may not exceed the following amount:

“(i) Except as provided in clauses (ii) and (iii), 2.0 percent of the remaining insured principal obligation of the mortgage.

“(ii) If the mortgagor is a mortgagor described in clause (ii) of subparagraph (B), 0.55 percent of the remaining insured principal obligation of the mortgage.

“(iii) If the single premium payment collected at the time of insurance is equal to maximum amount allowable under clause (i) of subparagraph (B), 1.0 percent of the remaining insured principal obligation of the mortgage.

“(D) PAYMENT INCENTIVE.—Notwithstanding subparagraph (C), for any mortgage insured under a premium structure established pursuant to this paragraph and for which the annual premium payment exceeds

the amount set forth in subparagraph (C)(ii), if during the 5-year period beginning upon the time of insurance all mortgage insurance premiums for such mortgage have been paid on a timely basis, upon the expiration of such period the Secretary shall reduce the amount of the annual premium payments due thereafter under such mortgage to an amount equal to the amount set forth in subparagraph (C)(ii).

“(E) ESTABLISHMENT AND ALTERATION OF PREMIUM STRUCTURE.—A premium structure shall be established or changed under subparagraph (A) only by providing notice to mortgagees and to the Congress, at least 30 days before the premium structure is established or changed.

“(F) CONSIDERATIONS FOR PREMIUM STRUCTURE.—When establishing a premium structure under subparagraph (A) or when changing such a premium structure, the Secretary shall consider the following:

“(i) The effect of the proposed premium structure on the Secretary’s ability to meet the operational goals of the Mutual Mortgage Insurance Fund as provided in section 202(a).

“(ii) Underwriting variables.

“(iii) The extent to which new pricing under the proposed premium structure has potential for acceptance in the private market.

“(iv) The administrative capability of the Secretary to administer the proposed premium structure.

“(v) The effect of the proposed premium structure on the Secretary’s ability to maintain the availability of mortgage credit and provide stability to mortgage markets.”.

#### SEC. 8. REHABILITATION LOANS.

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

(1) in paragraph (1), by striking “on” and all that follows through “1978”; and

(2) in paragraph (5)—

(A) by striking “General Insurance Fund” the first place it appears and inserting “Mutual Mortgage Insurance Fund”; and

(B) in the second sentence, by striking the comma and all that follows through “General Insurance Fund”.

#### SEC. 9. DISCRETIONARY ACTION.

The National Housing Act is amended—

(1) in subsection (e) of section 202 (12 U.S.C. 1708(e))—

(A) in paragraph (3)(B), by striking “section 202(e) of the National Housing Act” and inserting “this subsection”; and

(B) by redesignating such subsection as subsection (f);

(2) by striking paragraph (4) of section 203(s) (12 U.S.C. 1709(s)(4)) and inserting the following new paragraph:

“(4) the Secretary of Agriculture;” and

(3) by transferring subsection (s) of section 203 (as amended by paragraph (2) of this section) to section 202, inserting such subsection after subsection (d) of section 202, and redesignating such subsection as subsection (e).

#### SEC. 10. INSURANCE OF CONDOMINIUMS.

(a) IN GENERAL.—Section 234 of the National Housing Act (12 U.S.C. 1715y) is amended—

(1) in subsection (c)—

(A) in the first sentence—

(i) by striking “and” before “(2)”; and

(ii) by inserting before the period at the end the following: “, and (3) the project has a blanket mortgage insured by the Secretary under subsection (d)”; and

(B) in clause (B) of the third sentence, by striking “thirty-five years” and inserting “forty years”; and

(2) in subsection (g), by striking “, except that” and all that follows and inserting a period.

(b) DEFINITION OF MORTGAGE.—Section 201(a) of the National Housing Act (12 U.S.C. 1707(a)) is amended—

(1) in clause (1), by striking “or” and inserting a comma; and

(2) by inserting before the semicolon the following: “, or (c) a first mortgage given to secure the unpaid purchase price of a fee interest in, or long-term leasehold interest in, a one-family unit in a multifamily project, including a project in which the dwelling units are attached, semi-detached, or detached, and an undivided interest in the common areas and facilities which serve the project”.

#### SEC. 11. MUTUAL MORTGAGE INSURANCE FUND.

(a) IN GENERAL.—Subsection (a) of section 202 of the National Housing Act (12 U.S.C. 1708(a)) is amended to read as follows:

“(a) MUTUAL MORTGAGE INSURANCE FUND.—

“(1) ESTABLISHMENT.—Subject to the provisions of the Federal Credit Reform Act of 1990, there is hereby created a Mutual Mortgage Insurance Fund (in this title referred to as the ‘Fund’), which shall be used by the Secretary to carry out the provisions of this title with respect to mortgages insured under section 203. The Secretary may enter into commitments to guarantee, and may guarantee, such insured mortgages.

“(2) LIMIT ON LOAN GUARANTEES.—The authority of the Secretary to enter into commitments to guarantee such insured mortgages shall be effective for any fiscal year only to the extent that the aggregate original principal loan amount under such mortgages, any part of which is guaranteed, does not exceed the amount specified in appropriations Acts for such fiscal year.

“(3) FIDUCIARY RESPONSIBILITY.—The Secretary has a responsibility to ensure that the Mutual Mortgage Insurance Fund remains financially sound.

“(4) ANNUAL INDEPENDENT ACTUARIAL STUDY.—The Secretary shall provide for an independent actuarial study of the Fund to be conducted annually, which shall analyze the financial position of the Fund. The Secretary shall submit a report annually to the Congress describing the results of such study and assessing the financial status of the Fund. The report shall recommend adjustments to underwriting standards, program participation, or premiums, if necessary, to ensure that the Fund remains financially sound.

“(5) QUARTERLY REPORTS.—During each fiscal year, the Secretary shall submit a report to the Congress for each quarter, which shall specify for mortgages that are obligations of the Fund—

“(A) the cumulative volume of loan guarantee commitments that have been made during such fiscal year through the end of the quarter for which the report is submitted;

“(B) the types of loans insured, categorized by risk;

“(C) any significant changes between actual and projected claim and prepayment activity;

“(D) projected versus actual loss rates; and

“(E) updated projections of the annual subsidy rates to ensure that increases in risk to the Fund are identified and mitigated by adjustments to underwriting standards, program participation, or premiums, and the financial soundness of the Fund is maintained. The first quarterly report under this paragraph shall be submitted on the last day of the first quarter of fiscal year 2008, or upon the expiration of the 90-day period beginning on the date of the enactment of the Expanding American Homeownership Act of 2007, whichever is later.

“(6) ADJUSTMENT OF PREMIUMS.—If, pursuant to the independent actuarial study of the

Fund required under paragraph (5), the Secretary determines that the Fund is not meeting the operational goals established under paragraph (8) or there is a substantial probability that the Fund will not maintain its established target subsidy rate, the Secretary may either make programmatic adjustments under section 203 as necessary to reduce the risk to the Fund, or make appropriate premium adjustments.

“(7) OPERATIONAL GOALS.—The operational goals for the Fund are—

“(A) to charge borrowers under loans that are obligations of the Fund an appropriate premium for the risk that such loans pose to the Fund;

“(B) to minimize the default risk to the Fund and to homeowners;

“(C) to curtail the impact of adverse selection on the Fund; and

“(D) to meet the housing needs of the borrowers that the single family mortgage insurance program under this title is designed to serve.”.

(b) OBLIGATIONS OF FUND.—The National Housing Act is amended as follows:

(1) HOMEOWNERSHIP VOUCHER PROGRAM MORTGAGES.—In section 203(v) (12 U.S.C. 1709(v))—

(A) by striking “Notwithstanding section 202 of this title, the” and inserting “The”; and

(B) by striking “General Insurance Fund” the first place such term appears and all that follows and inserting “Mutual Mortgage Insurance Fund”.

(2) HOME EQUITY CONVERSION MORTGAGES.—Section 255(i)(2)(A) of the National Housing Act (12 U.S.C. 1715z-20(i)(2)(A)) is amended by striking “General Insurance Fund” and inserting “Mutual Mortgage Insurance Fund”.

(c) CONFORMING AMENDMENTS.—The National Housing Act is amended—

(1) in section 205 (12 U.S.C. 1711), by striking subsections (g) and (h); and

(2) in section 519(e) (12 U.S.C. 1735c(e)), by striking “203(b)” and all that follows through “203(i)” and inserting “203, except as determined by the Secretary”.

#### SEC. 12. HAWAIIAN HOME LANDS AND INDIAN RESERVATIONS.

(a) HAWAIIAN HOME LANDS.—Section 247(c) of the National Housing Act (12 U.S.C. 1715z-12) is amended—

(1) by striking “General Insurance Fund established in section 519” and inserting “Mutual Mortgage Insurance Fund”; and

(2) in the second sentence, by striking “(1) all references” and all that follows through “and (2)”.

(b) INDIAN RESERVATIONS.—Section 248(f) of the National Housing Act (12 U.S.C. 1715z-13) is amended—

(1) by striking “General Insurance Fund” the first place it appears through “519” and inserting “Mutual Mortgage Insurance Fund”; and

(2) in the second sentence, by striking “(1) all references” and all that follows through “and (2)”.

#### SEC. 13. CONFORMING AND TECHNICAL AMENDMENTS.

(a) REPEALS.—The following provisions of the National Housing Act are repealed:

(1) Subsection (i) of section 203 (12 U.S.C. 1709(i)).

(2) Subsection (o) of section 203 (12 U.S.C. 1709(o)).

(3) Subsection (p) of section 203 (12 U.S.C. 1709(p)).

(4) Subsection (q) of section 203 (12 U.S.C. 1709(q)).

(5) Section 222 (12 U.S.C. 1715m).

(6) Section 237 (12 U.S.C. 1715z-2).

(7) Section 245 (12 U.S.C. 1715z-10).

(b) DEFINITION OF AREA.—Section 203(u)(2)(A) of the National Housing Act (12

U.S.C. 1709(u)(2)(A)) is amended by striking “shall” and all that follows and inserting “means a metropolitan statistical area as established by the Office of Management and Budget”.

(c) DEFINITION OF STATE.—Section 201(d) of the National Housing Act (12 U.S.C. 1707(d)) is amended by striking “the Trust Territory of the Pacific Islands” and inserting “the Commonwealth of the Northern Mariana Islands”.

#### SEC. 14. HOME EQUITY CONVERSION MORTGAGES.

(a) IN GENERAL.—Section 255 of the National Housing Act (12 U.S.C. 1715z-20) is amended—

(1) in subsection (g)—

(A) by striking the first sentence; and

(B) by striking “established under section 203(b)(2)” and all that follows through “located” and inserting “limitation established under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a 1-family residence”;

(2) in subsection (i)(1)(C), by striking “limitations” and inserting “limitation”; and

(3) by adding at the end the following new subsection:

“(n) AUTHORITY TO INSURE HOME PURCHASE MORTGAGE.—

“(1) IN GENERAL.—Notwithstanding any other provision in this section, the Secretary may insure, upon application by a mortgagee, a home equity conversion mortgage upon such terms and conditions as the Secretary may prescribe, when the primary purpose of the home equity conversion mortgage is to enable an elderly mortgagor to purchase a 1- to 4-family dwelling in which the mortgagor will occupy or occupies one of the units.

“(2) LIMITATION ON PRINCIPAL OBLIGATION.—A home equity conversion mortgage insured pursuant to paragraph (1) shall involve a principal obligation that does not exceed the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a residence of the applicable size.”.

(b) MORTGAGES FOR COOPERATIVES.—Subsection (b) of section 255 of the National Housing Act (12 U.S.C. 1715z-20(b)) is amended—

(1) in paragraph (4)—

(A) by inserting “a first or subordinate mortgage or lien” before “on all stock”; and

(B) by inserting “unit” after “dwelling”; and

(C) by inserting “a first mortgage or first lien” before “on a leasehold”; and

(2) in paragraph (5), by inserting “a first or subordinate lien on” before “all stock”.

(c) STUDY REGARDING MORTGAGE INSURANCE PREMIUMS.—The Secretary of Housing and Urban Development shall conduct a study regarding mortgage insurance premiums charged under the program under section 255 of the National Housing Act (12 U.S.C. 1715z-20) for insurance of home equity conversion mortgages to analyze and determine—

(1) the effects of reducing the amounts of such premiums from the amounts charged as of the date of the enactment of this Act on—

(A) costs to mortgagors; and

(B) the financial soundness of the program; and

(2) the feasibility and effectiveness of exempting, from all the requirements under the program regarding payment of mortgage insurance premiums (including both up-front or annual mortgage insurance premiums under section 203(c)(2) of such Act), any mortgage insured under the program under which part or all of the amount of future payments made to the homeowner are used for costs of a long-term care insurance contract covering the mortgagor or members of the household residing in the mortgaged property.



Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Secretary shall submit a report to the Congress setting forth the results and conclusions of the study.

#### SEC. 15. CONFORMING LOAN LIMIT IN DISASTER AREAS.

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

(1) by inserting after “property” the following: “plus any initial service charges, appraisal, inspection and other fees in connection with the mortgage as approved by the Secretary.”;

(2) by striking the second sentence (as added by chapter 7 of the Emergency Supplemental Appropriations Act of 1994 (Public Law 103-211; 108 Stat. 12)); and

(3) by adding at the end the following new sentence: “In any case in which the single family residence to be insured under this subsection is within a jurisdiction in which the President has declared a major disaster to have occurred, the Secretary is authorized, for a temporary period not to exceed 36 months from the date of such Presidential declaration, to enter into agreements to insure a mortgage which involves a principal obligation of up to 100 percent of the dollar limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a single family residence, and not in excess of 100 percent of the appraised value of the property plus any initial service charges, appraisal, inspection and other fees in connection with the mortgage as approved by the Secretary.”.

#### SEC. 16. PARTICIPATION OF MORTGAGE BROKERS AND CORRESPONDENT LENDERS.

(a) DEFINITIONS.—

(1) IN GENERAL.—Section 201 of the National Housing Act (12 U.S.C. 1707) is amended—

(A) by striking “As used in section 203 of this title—” and inserting “As used in this title and for purposes of participation in insurance programs under this title, except as specifically provided otherwise, the following definitions shall apply.”;

(B) by striking subsection (b) and inserting the following:

“(2) The term ‘mortgagee’ means any of the following entities, and its successors and assigns, to the extent such entity is approved by the Secretary:

“(A) A lender or correspondent lender, who—

“(i) makes, underwrites, and services mortgages;

“(ii) submits to the Secretary such financial audits performed in accordance with the standards for financial audits of the Government Auditing Standards issued by the Comptroller of the United States;

“(iii) meet the minimum net worth requirement that the Secretary shall establish; and

“(iv) complies with such other requirements as the Secretary may establish.

“(B) A correspondent lender who—

“(i) closes a mortgage in its name but does not underwrite or service the mortgage;

“(ii) posts a surety bond, in lieu of any requirement to provide audited financial statements or meet a minimum net worth requirement, in—

“(I) a form satisfactory to the Secretary; and

“(II) an amount of \$75,000, as such amount is adjusted annually by the Secretary (as determined under regulations of the Secretary) by the change for such year in the Consumer Price Index for All Urban Consumers published monthly by the Bureau of Labor Statistics of the Department of Labor; and

“(iii) complies with such other requirements as the Secretary may establish.

“(C) A mortgage broker who—

“(i) closes the mortgage in the name of the lender and does not make, underwrite, or service the mortgage;

“(ii) is licensed, under the laws of the State in which the property that is subject to the mortgage is located, to act as a mortgage broker in such State;

“(iii) posts a surety bond in accordance with the requirements of subparagraph (B)(ii); and

“(iv) complies with such other requirements as the Secretary may establish.

“(3) The term ‘mortgagor’ includes the original borrower under a mortgage and the successors and assigns of the original borrower.”;

(C) in subsection (a), by redesignating clauses (1) and (2) as clauses (A) and (B) respectively; and

(D) by redesignating subsections (a), (c), (d), (e), and (f) as paragraphs (1), (4), (5), (6), and (7), respectively, and realigning such paragraphs two ems from the left margin.

(2) MORTGAGEE REVIEW.—Section 202(c)(7) of the National Housing Act (12 U.S.C. 1708(c)(7)) is amended—

(A) in subparagraph (A), by inserting “, as defined in section 201,” after “mortgagee”;

(B) by striking subparagraph (B); and

(C) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

(3) MULTIFAMILY RENTAL HOUSING INSURANCE.—Section 207(a)(2) of the National Housing Act (12 U.S.C. 1713(a)(2)) is amended by striking “means the original lender under a mortgage, and its successors and assigns, and” and inserting “has the meaning given such term in section 201, except that such term also”.

(4) WAR HOUSING INSURANCE.—Section 601(b) of the National Housing Act (12 U.S.C. 1736(b)) is amended by striking “includes the original lender under a mortgage, and his successors and assigns approved by the Secretary” and inserting “has the meaning given such term in section 201”.

(5) ARMED SERVICES HOUSING MORTGAGE INSURANCE.—Section 801(b) of the National Housing Act (12 U.S.C. 1748(b)) is amended by striking “includes the original lender under a mortgage, and his successors and assigns approved by the Secretary” and inserting “has the meaning given such term in section 201”.

(6) GROUP PRACTICE FACILITIES MORTGAGE INSURANCE.—Section 1106(8) of the National Housing Act (12 U.S.C. 1749aaa-5(8)) is amended by striking “means the original lender under a mortgage, and his or its successors and assigns, and” and inserting “has the meaning given such term in section 201, except that such term also”.

(b) ELIGIBILITY FOR INSURANCE.—

(1) TITLE I.—Paragraph (1) of section 8(b) of the National Housing Act (12 U.S.C. 1706c(b)(1)) is amended—

(A) by striking “, and be held by,”; and

(B) by striking “as responsible and able to service the mortgage properly”.

(2) SINGLE FAMILY HOUSING MORTGAGE INSURANCE.—Paragraph (1) of section 203(b) of the National Housing Act (12 U.S.C. 1709(b)(1)) is amended—

(A) by striking “, and be held by,”; and

(B) by striking “as responsible and able to service the mortgage properly”.

(3) SECTION 221 MORTGAGE INSURANCE.—Paragraph (1) of section 221(d) of the National Housing Act (12 U.S.C. 1715l(d)(1)) is amended—

(A) by striking “ and be held by”; and

(B) by striking “as responsible and able to service the mortgage properly”.

(4) HOME EQUITY CONVERSION MORTGAGE INSURANCE.—Paragraph (1) of section 255(d) of the National Housing Act (12 U.S.C. 1715z-

20(d)(1)) is amended by striking “as responsible and able to service the mortgage properly”.

(5) WAR HOUSING MORTGAGE INSURANCE.—Paragraph (1) of section 603(b) of the National Housing Act (12 U.S.C. 1738(b)(1)) is amended—

(A) by striking “, and be held by,”; and

(B) by striking “as responsible and able to service the mortgage properly”.

(6) WAR HOUSING MORTGAGE INSURANCE FOR LARGE-SCALE HOUSING PROJECTS.—Paragraph (1) of section 611(b) of the National Housing Act (12 U.S.C. 1746(b)(1)) is amended—

(A) by striking “ and be held by”; and

(B) by striking “as responsible and able to service the mortgage properly”.

(7) GROUP PRACTICE FACILITY MORTGAGE INSURANCE.—Section 1101(b)(2) of the National Housing Act (12 U.S.C. 1749aaa(b)(2)) is amended—

(A) by striking “ and held by”; and

(B) by striking “as responsible and able to service the mortgage properly”.

(8) NATIONAL DEFENSE HOUSING INSURANCE.—Paragraph (1) of section 903(b) of the National Housing Act (12 U.S.C. 1750b(b)(1)) is amended—

(A) by striking “, and be held by,”; and

(B) by striking “as responsible and able to service the mortgage properly”.

#### SEC. 17. SENSE OF CONGRESS REGARDING TECHNOLOGY FOR FINANCIAL SYSTEMS.

(a) CONGRESSIONAL FINDINGS.—The Congress finds the following:

(1) The Government Accountability Office has cited the FHA single family housing mortgage insurance program as a “high-risk” program, with a primary reason being non-integrated and out-dated financial management systems.

(2) The “Audit of the Federal Housing Administration’s Financial Statements for Fiscal Years 2004 and 2003”, conducted by the Inspector General of the Department of Housing and Urban Development reported as a material weakness that “HUD/FHA’s automated data processing [ADP] system environment must be enhanced to more effectively support FHA’s business and budget processes”.

(3) Existing technology systems for the FHA program have not been updated to meet the latest standards of the Mortgage Industry Standards Maintenance Organization and have numerous deficiencies that lenders have outlined.

(4) Improvements to technology used in the FHA program will—

(A) allow the FHA program to improve the management of the FHA portfolio, garner greater efficiencies in its operations, and lower costs across the program;

(B) result in efficiencies and lower costs for lenders participating in the program, allowing them to better use the FHA products in extending homeownership opportunities to higher credit risk or lower-income families, in a sound manner.

(5) The Mutual Mortgage Insurance Fund operates without cost to the taxpayers and generates revenues for the Federal Government.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) the Secretary of Housing and Urban Development should use a portion of the funds received from premiums paid for FHA single family housing mortgage insurance that are in excess of the amounts paid out in claims to substantially increase the funding for technology used in such FHA program;

(2) the goal of this investment should be to bring the technology used in such FHA program to the level and sophistication of the technology used in the conventional mortgage lending market, or to exceed such level; and

(3) the Secretary of Housing and Urban Development should report to the Congress not later than 180 days after the date of the enactment of this Act regarding the progress the Department is making toward such goal and if progress is not sufficient, the resources needed to make greater progress.

#### SEC. 18. SAVINGS PROVISION.

Any mortgage insured under title II of the National Housing Act before the date of enactment of this Act shall continue to be governed by the laws, regulations, orders, and terms and conditions to which it was subject on the day before the date of the enactment of this Act.

#### SEC. 19. IMPLEMENTATION.

The Secretary of Housing and Urban Development shall by notice establish any additional requirements that may be necessary to immediately carry out the provisions of this Act. The notice shall take effect upon issuance.

The CHAIRMAN. Pursuant to House Resolution 650, the gentlewoman from Illinois (Mrs. BIGGERT) and the gentleman from Massachusetts (Mr. FRANK) each will control 10 minutes.

The Chair recognizes the gentlewoman from Illinois.

□ 1345

Mrs. BIGGERT. Madam Chairman, I yield myself such time as I may consume.

My amendment strikes the bill in its entirety and inserts language that is identical to last year's bipartisan FHA modernization bill, H.R. 5121. Last year the bill had 54 Republicans, 51 Democrats, and one Independent cosponsor. Last year the bill was the bipartisan compromise that was agreed to by Chairman WATERS and Chairman FRANK and then chairman Mike Oxley. Last year's bill passed the House by a vote of 415-7 on July 25, 2006.

There are differences in the bills. This amendment, last year's bipartisan bill, I would like to highlight a couple of important differences. The Frank-Waters bill authorizes the FHA to implement risk-based pricing, but leaves in place the current, I think, outdated premium caps. My concern is that these limits on the premium caps will prevent FHA from serving riskier borrowers who could be prudently served by charging a slightly higher premium.

With the flexibility to charge slightly higher premiums, FHA would be able to serve borrowers with lower FICO scores who are currently being served only by the subprime market at very high interest rates. Just like last year's bipartisan House-passed bill, my amendment modernizes and updates premium caps, enabling FHA to reach down and serve riskier borrowers, but in a prudent manner. I think this is where growth comes in, because there will be more loans that FHA will be able to make.

Second, the Frank-Waters bill requires the refund of excess upfront premiums charged to higher-risk borrowers, those with FICO scores below 560. I am concerned that this new provision may treat your higher initial premiums and unintentionally limit the number of borrowers that could be served by FHA.

A refund provision also would be difficult to implement. Perhaps most importantly, refunds like this undercut the very concept of insurance. It is the logical equivalent of a healthy person requesting a 100 percent refund of his or her health insurance premium, or a driver who doesn't get into an accident demanding all of his car insurance back.

Just like last year's House-passed bill, my amendment includes another bipartisan agreement, the automatic reduction of annual premiums to no more than 55 base points for loans, and remains active after 5 years. Automatic premium reductions can be a good thing. They can reduce refinancing and perhaps some defaults and foreclosures as well.

Finally, the most significant difference between the bill I have introduced and the Frank-Waters FHA reform proposal, which has been of great concern to me and many of my colleagues, is the inclusion of a provision that creates a funding placeholder that you have heard talked about so much today that siphons off the FHA funds to create a brand-new government trust fund.

The other provisions that I mentioned are ones that represent significant differences between our introduced bills. Using FHA program funds to create a housing trust fund, to me, is where we have the most difference, and I believe it is not an appropriate use of FHA funds. Taking funds out of FHA and using them for a purpose unrelated to its core mission would threaten the solvency of the FHA fund and its ability to pay out the insurance claims. We don't want to have to come back here and do a bailout because FHA funds were diverted for other projects.

There is general agreement on the need for FHA modernization legislation. By modernizing FHA with my amendment, we can expand FHA and give a viable alternative to more low-income borrowers who may otherwise lose their home or be forced into the higher-cost subprime loans, or even predatory products. It is true that FHA cannot help all homeowners that are in the red, but it may help a good portion of them.

I would urge my colleagues to support my amendment, last year's bipartisan bill, the House-passed bill that many of my colleagues supported last year.

Madam Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Madam Chairman, I yield myself 3 minutes.

The gentlewoman, incredibly, says this will jeopardize the solvency of the fund if we put money into affordable housing. I thought reading was one of the basic things we did around here. In the bill it says nothing can go to the Affordable Housing Fund if it would jeopardize solvency. Simply denying plain facts is not an appropriate way to debate.

In much of her argument she talks about another piece that represents the difference between us. We say that if you are someone with a weaker creditable, a lower FICO score, the great god, FICO, that governs the lives of lower-income people, if you get your mortgage insured and you work hard and make all your payments, you should still be charged more than the gentlewoman from Illinois or I would be charged for a mortgage, because that is the insurance principle.

It is an appropriate principle for a private insurance company. For the Federal Government to say to hard-working people who are making their payments that they will be held accountable for the fact that other people didn't make their payments, and I won't be and the gentlewoman from Illinois wouldn't be, that is not appropriate.

So this principle of, yes, they say if you are healthy, you shouldn't get your money back, if you work hard and make your mortgage payments, why should you be charged more because somebody else like you defaulted? Let's all share that burden.

The gentlewoman said, well, it will be hard to give lower-income people loans. Those are crocodile tears. You are going to help these lower-income people by making them pay more for their mortgage than we would pay.

I would also note, and I wasn't in charge of the drafting, but we did adopt several amendments today. The gentlewoman's amendment would, of course, wipe all of them out because it would go back to last year's bill.

I understand there is regret on the part of many of my colleagues at the results of last November's election, and it is appropriate to try to undue last year's election. The appropriate time to do that is in next November's election, not by bills that passed a year ago with a differently constructed House and say let's not make any changes.

We made changes to accommodate refinancing for people caught in the subprime crisis. That is in this bill. It is not in the gentlewoman's substitute. Taking a year-old bill, with none of the improvements we have made, it goes beyond the philosophy.

Now, I understand Members don't want to do an affordable housing fund. That was the gentleman from Texas's amendment. I oppose it. That one makes some sense in terms of ideological division. But to say let's ignore everything that has happened in the last year, amendments adopted here today, several amendments by Members of both parties, the gentleman from California (Mr. GARY G. MILLER); the gentleman from Ohio (Mr. TIBERI); the gentleman from Massachusetts (Mr. TIERNEY); the gentleman from New York (Mr. BISHOP). We adopted their amendments. The gentlewoman wants to wipe them out. That is not an appropriate way to legislate.

I hope that the amendment is defeated, that we do not say in particular

that if you are someone in a lower-income category and you make your mortgage payments, the Federal Government will charge you more.

Madam Chairman, I reserve the balance of my time.

Mrs. BIGGERT. Madam Chairman, we could have passed this bill 9 months ago, and then we would have added on to it. Unfortunately, this is my opportunity to do it, and this is the bill that I have had. I bring it up now.

As I said before, there are good things that have come out in the discussion today; there are some good things that have been added onto the bill that you have brought forward. The reason for bringing this up is I have some real concerns about some of the things that are in there, and this is my opportunity.

I don't think that we are penalizing low-income people that much. I know that in the discussion that we had in committee when this came up about no down payment, there are people that can't afford a mortgage with no down payment and can meet the monthly payments, but there was no risk with those people, no premium for FHA to ensure that kind of mortgage.

That isn't fair for other people that based on their credit scores are having to pay a premium. I would just disagree. If you are able to always meet those, then the risk should be dependent on what you do, not what somebody else does either. I would agree with that.

Madam Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. I think the gentlewoman confused a couple of issues. When I talk about not charging someone more because she has a lower credit score, and it is often a "she" that is in that category, it is not the no-down-payment category. What the bill does that the gentlewoman has is to say if you are someone with a lower credit score and get a loan with a down payment, you get charged more even if you make your payments.

By the way, the bill that she would replace with last year's bill would also knock out several protections we have in this bill against FHA fees being raised. The FHA doesn't want to raise fees. OMB has ordered FHA to try to raise fees. Congress has had to intervene.

There are in our version, unlike the version the gentlewoman is offering, protections against fee increases. We have an amendment that was advocated by the gentlewoman from Florida, Ms. GINNY BROWN-WAITE, and the gentleman from Georgia, Mr. MARSHALL, to limit the amount that can be charged to older people taking out reverse equity mortgages. That is in the bill that the gentlewoman wants to displace, and she would displace it with a bill that has no such protection for older people.

Madam Chairman, I reserve the balance of my time.

Mrs. BIGGERT. Madam Chairman, just because someone is low income

does not mean that they have poor credit. I think that is not where they are going to have to pay higher premiums, necessarily. It is inevitable in an insurance fund that lower-risk borrowers will subsidize higher-risk borrowers. Refunds of the nature that is in your bill would undercut the concept of insurance, as I said before, being the equivalent of a healthy person requiring a percent refund of his or her insurance premium, or a driver that does not get into an accident requiring their insurance back.

Madam Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Massachusetts has 6 minutes remaining. The gentlewoman from Illinois has 3 minutes remaining.

Mr. FRANK of Massachusetts. Madam Chairman, I yield myself 3 minutes.

The gentlewoman has quite honestly joined this one issue. She says it is the principle of insurance. If you are healthy, you should pay less for insurance than if you are sick. That is not the principle we follow in the Federal Government. That is the point the gentlewoman misses.

Yes, if you go to a private company, they will do that. You don't pay more in a Medicare premium if you are sick than if you are healthy. That is apparently what the gentlewoman is advocating, that senior citizens who are sick should pay more premiums than senior citizens who are healthy.

The question is whether a principle that is necessary in a private insurance scheme is appropriate for the Federal Government. She says just because you are low income doesn't mean you have poor credit. True. Not in every case. She knows there is a correlation; that the weaker the credit, the likely the people are to have low income. She, again, is saying explicitly that she believes, and she doesn't deny it, that it is the principle of insurance.

You are a working woman making in the forties, you get FHA insurance, you make all your payments, and you have got weaker credit than somebody who serves in Congress and makes \$180,000 a year. You have to pay more, according to the gentlewoman, than I would pay, even if you made all your payments.

What we are saying is at the outset it may be that you want to charge more. Yes, we will give FHA the ability to do that upfront. But you can earn your way out of that. If you have weaker credit, but you work hard, you are diligent and you make your payments, why should the Federal Government charge you more than someone far wealthier than you?

The gentlewoman is wrong to think that is the precedent. In the health insurance field and the Federal Government field, if you are under Medicare, you don't pay more in Medicare premiums if you were sick than if you were healthy. This is what we are saying, that you should not charge people more.

I would also point out, again, that she said we don't want to raise fees to people. Our bill limits what the FHA can be forced to charge by OMB. We have three separate provisions. I will point out again to the gentlewoman, we adopted a provision, there were negotiations between AARP and the originators of the home equity mortgages, the services, and we have in there a reduction, we put a cap on. We cut by one-third the maximum fee elderly people can be charged for an FHA-insured home mortgage.

□ 1400

We reduced the fee that elderly people can be charged by one-third. The gentlewoman's amendment, it is not her fault, she is not gratuitously trying to hurt older people; she just picked up this old amendment from a year ago, this old bill, and offered it without taking into account the progress we have made. That is not a good way to legislate.

I reserve the balance of my time.

Mrs. BIGGERT. Madam Chairman, looking at the two bills, let's look at flexibility risk-based premiums. H.R. 1752 permits upfront or annual premiums or both. Premium rates may vary over loan term if basis for change is determined at origination.

Under your bill, the same: requires annual report on risk-based premiums and how they were determined, authorizes premiums based on product risk.

The maximum upfront premium amounts, H.R. 1752: 3 percent, or 1.5 percent if annual premium is at its maximum. Under your bill, 2.25 percent for standard-risk and higher-risk mortgages, 3.0 for zero and lower down mortgages for first-time buyers. And then the maximum annual premium amounts in H.R. 1752, 2.0, or 1.0 if upfront premium is at its maximum. Under yours, 0.55 percent for standard and high-risk mortgages, 0.75 for zero down mortgages. And then the limit on premium charged for certain mortgages. If a borrower has 3 percent cash contribution and a score of 560 or more, the upfront premium is limited to 2.25 percent and the annual 0.55 percent. And then, under your bill it is included by creation of the standard-risk and higher-risk mortgage categories.

I guess we disagree on this, but I think I want the same thing. I want FHA to be used. I want it to be used for low-income, first-time home buyers and those that are trying to refinance. This is critical right now, and I just think there is some differences in what we have.

Madam Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Madam Chairman, let me ask the gentlewoman from Illinois: If someone has weaker credit and gets mortgage insurance but makes all the payments for 5 years, why does the gentlewoman think that she should be charged more? And how does it hurt the FHA's ability to go forward if, after someone has

made the payments for 5 years, she gets refunded the extra? I would yield to the gentlewoman to answer that question, a fundamental difference on the bill.

Mrs. BIGGERT. I think under the bill, H.R. 1752, their premiums are reduced; they are not refunded.

Mr. FRANK of Massachusetts. No. Answer the question. They are not refunded under your bill. They are under, the gentlewoman would not refund them. How does it hurt the FHA in their ability to lend to people with weaker credit if they say to people with weaker credit, if you make your payments for 5 years, we will refund the extra we charged you?

Mrs. BIGGERT. If the gentleman will yield.

Mr. FRANK of Massachusetts. I yield.

Mrs. BIGGERT. Because the FHA is self-funded. It is not funded by the government just putting money into it just so that they can do other mortgages. It is self-funded and it is an insurance program. Now, we haven't been able to use it because it has been so capped in the amount of what they can do.

Mr. FRANK of Massachusetts. I take back my time because the gentlewoman is simply, I understand her answer. It is, if there is a higher loan loss rate from lending to lower-income people, people with weaker credit, they have to subsidize each other.

We say, no; raise the jumbo limit, and let those people in California and Massachusetts and New York who are getting mortgages at \$600,000 and \$500,000, let them subsidize it. Nobody is subsidizing. You shouldn't have to subsidize if you are making your own payments.

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 alter-

native. 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 affect 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/Miller/Cardoza amendment when these measures come to the Floor.

Thank you,

PAT V. COMBS,  
President.

NATIONAL ASSOCIATION  
OF HOME BUILDERS,  
Washington, DC, September 17, 2007.

Hon. JOHN BOEHNER,  
Minority Leader, House of Representatives,  
Washington, DC.

DEAR LEADER BOEHNER: On behalf of the 235,000 members of the National Association of Home Builders (NAHB), I am writing to express the building industry's support for H.R. 1852, the Expanding American Homeownership Act of 2007. NAHB urges you to support this bill, which modernizes the Federal Housing Administration (FHA), when it comes to the House floor next week. Because of the importance of this issue to our industry, we are designating the vote on passage of H.R. 1852 as a KEY VOTE.

NAHB also supports the Frank/Miller/Cardoza amendment that will further enable home buyers the ability to purchase an FHA-insured home in many high-cost areas. Currently, the FHA loan limit is too low to enable many deserving home buyer to purchase a home in high-cost areas.

Since its creation in 1934, and for much of its existence, the FHA has been viewed as a housing finance innovator by insuring millions of mortgage loans, which have made it possible for America's families to achieve homeownership. FHA's single family mortgage insurance programs have served home buyers in all parts of the country during all types of economic conditions. Moreover, FHA has done this without any cost to America's taxpayers.

Unfortunately, over the past two decades, the popularity and relevance of FHA's single family mortgage insurance programs have waned as FHA's programs have failed to keep pace with competing conventional mortgage loan programs. Faced with a deepening constriction in the availability and affordability of housing credit, Congress now has the opportunity to modernize the FHA and enable it to play a key role in stabilizing the mortgage markets, while offering borrowers a safe and fair mortgage alternative. Recently, President Bush outlined a plan to help American homeowners weather the current difficulties in mortgage markets, which included asking Congress to send him an FHA reform bill as soon as possible.

To address the problems in today's housing finance market, I urge your support for H.R. 1852 on the House floor this week. Again, NAHB will KEY VOTE the vote on passage of

H.R. 1852. Thank you for considering the views of the home building industry.

Sincerely,

JOSEPH M. STANTON,  
Chief Lobbyist.

I yield my remaining time to the gentlewoman from California, the chairman of the subcommittee.

Ms. WATERS. Madam Chairman and Members, earlier today we talked about how we worked together so well in order to get the best possible legislation. And I am just a little bit sad that this substitute amendment would reform for the Federal Housing Administration's FHA single-family mortgage insurance activities and would allow FHA to base each borrower's mortgage insurance premiums on the risk that the borrower poses to the FHA mortgage insurance fund with slight variations.

Under this proposal, mortgage insurance premiums will be based on the borrower's credit history, loan-to-value ratio, debt-to-income ratio, and on FHA's historical experience with similar borrowers.

This amendment maintains FHA reserves within the insurance fund to preserve the future solvency of the FHA program. I just rise in strong opposition to this amendment for the simple reason that H.R. 1852 is a better bill than the FHA reform bill that passed the House last year. And I could go on and on and on talking about why this is a much better bill, but I think this would be a step backwards, and I would ask my colleagues not to support this amendment. It is not a good amendment.

The CHAIRMAN. The gentleman's time has expired.

The gentlewoman from Illinois has 1 minute remaining.

Mrs. BIGGERT. I guess we will have to agree to disagree that last year's bill would have served more borrowers. And we are moving forward here, so I would urge Members to support my amendment.

Madam Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Illinois (Mrs. BIGGERT).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mrs. BIGGERT. Madam Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from Illinois will be postponed.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order:

Amendment No. 5 by Mr. HENSARLING of Texas.

Amendment No. 7 by Mrs. BIGGERT of Illinois.

The Chair will reduce to 5 minutes the time for the second electronic vote in this series.

AMENDMENT NO. 5 OFFERED BY MR.  
HENSARLING.

The CHAIRMAN. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. HENSARLING) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

## RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 148, noes 280, not voting 9, as follows:

[Roll No. 873]

## AYES—148

Aderholt	Forbes	Miller (FL)
Akin	Fortenberry	Miller (MI)
Bachmann	Fortuño	Moran (KS)
Bachus	Fossella	Musgrave
Baker	Fox	Myrick
Barrett (SC)	Franks (AZ)	Neugebauer
Barton (TX)	Gallely	Nunes
Biggert	Garrett (NJ)	Paul
Blibray	Gingrey	Pearce
Bilirakis	Gohmert	Pence
Bishop (UT)	Goode	Peterson (PA)
Blackburn	Goodlatte	Petri
Blunt	Granger	Pickering
Boehner	Graves	Pitts
Bonner	Hall (TX)	Poe
Bono	Hastert	Price (GA)
Boozman	Hastings (WA)	Pryce (OH)
Boustany	Hayes	Putnam
Brady (TX)	Heller	Radanovich
Broun (GA)	Hensarling	Reynolds
Brown (SC)	Hoekstra	Rogers (AL)
Buchanan	Hulshof	Rogers (KY)
Burgess	Hunter	Rogers (MI)
Burton (IN)	Inglis (SC)	Rohrabacher
Buyer	Issa	Ros-Lehtinen
Camp (MI)	Johnson, Sam	Roskam
Campbell (CA)	Jordan	Royce
Cannon	Keller	Ryan (WI)
Cantor	King (IA)	Sali
Carter	Kingston	Schmidt
Chabot	Kirk	Sensenbrenner
Coble	Kline (MN)	Sessions
Conaway	Kuhl (NY)	Shadegg
Crenshaw	LaHood	Shays
Culberson	Lamborn	Shimkus
Davis (KY)	Latham	Shuster
Davis, David	Lewis (KY)	Smith (NE)
Davis, Tom	Linder	Smith (TX)
Deal (GA)	Lucas	Stearns
Diaz-Balart, L.	Lungren, Daniel	Sullivan
Diaz-Balart, M.	E.	Thornberry
Doolittle	Mack	Tiahrt
Drake	Manzullo	Tiberi
Dreier	Marchant	Wamp
Duncan	McCarthy (CA)	Weldon (FL)
Ehlers	McCaul (TX)	Westmoreland
Everett	McCotter	Whitfield
Fallin	McCrery	Wicker
Feeney	McHenry	Wilson (SC)
Flake	Mica	Young (AK)

## NOES—280

Abercrombie	Bordallo	Carson
Ackerman	Boren	Castle
Alexander	Boswell	Castor
Altire	Boucher	Chandler
Andrews	Boyd (FL)	Christensen
Arcuri	Boyda (KS)	Clarke
Baca	Brady (PA)	Clay
Baird	Braley (IA)	Cleaver
Baldwin	Brown, Corrine	Clyburn
Barrow	Brown-Waite,	Cohen
Bartlett (MD)	Ginny	Conyers
Bean	Butterfield	Cooper
Berkley	Calvert	Costa
Berman	Capito	Costello
Berry	Capps	Courtney
Bishop (GA)	Capuano	Cramer
Bishop (NY)	Cardoza	Crowley
Blumenauer	Carnahan	Cuellar

Cummings	King (NY)	Reyes
Davis (AL)	Klein (FL)	Richardson
Davis (CA)	Kucinich	Rodriguez
Davis (IL)	Lampson	Ross
Davis, Lincoln	Langevin	Rothman
DeFazio	Lantos	Roybal-Allard
DeGette	Larsen (WA)	Ruppersberger
Delahunt	Larson (CT)	Rush
DeLauro	LaTourette	Ryan (OH)
Dent	Lee	Salazar
Dicks	Levin	Sánchez, Linda
Dingell	Lewis (CA)	T.
Doggett	Lewis (GA)	Sanchez, Loretta
Donnelly	Lipinski	Sarbanes
Doyle	LoBiondo	Saxton
Edwards	Loebbeck	Schakowsky
Ellison	Lofgren, Zoe	Schiff
Ellsworth	Lowey	Schwartz
Emanuel	Lynch	Scott (GA)
Emerson	Mahoney (FL)	Scott (VA)
Engel	Maloney (NY)	Serrano
English (PA)	Markey	Sestak
Eshoo	Marshall	Shays
Etheridge	Matheson	Shea-Porter
Faleomavaega	Matsui	Sherman
Farr	McCarthy (NY)	Shuler
Fattah	McCollum (MN)	Simpson
Ferguson	McDermott	Sires
Filner	McGovern	Skelton
Frank (MA)	McHugh	Slaughter
Frelinghuysen	McIntyre	Smith (NJ)
Gerlach	McKeon	Smith (WA)
Giffords	McMorris	Snyder
Gilchrest	Rodgers	Solis
Gillibrand	McNerney	Souder
Gonzalez	McNulty	Space
Gordon	Meek (FL)	Spratt
Green, Al	Meeks (NY)	Stark
Green, Gene	Melancon	Stupak
Grijalva	Michaud	Sutton
Gutierrez	Miller (NC)	Tanner
Hall (NY)	Miller, Gary	Tauscher
Hare	Miller, George	Taylor
Harman	Mitchell	Terry
Hastings (FL)	Mollohan	Thompson (CA)
Herger	Moore (KS)	Thompson (MS)
Herseth Sandlin	Moore (WI)	Tierney
Higgins	Moran (VA)	Towns
Hill	Murphy (CT)	Turner
Hinchey	Murphy, Patrick	Udall (CO)
Hinojosa	Murphy, Tim	Udall (NM)
Hirono	Murtha	Upton
Hobson	Nader	Van Hollen
Hodes	Napolitano	Velázquez
Holden	Neal (MA)	Visclosky
Holt	Norton	Walberg
Honda	Oberstar	Walden (OR)
Hooley	Obey	Walsh (NY)
Hoyer	Olver	Walz (MN)
Inlee	Ortiz	Wasserman
Israel	Pallone	Schultz
Jackson (IL)	Pascrell	Waters
Jackson-Lee	Pastor	Watson
(TX)	Payne	Watt
Jefferson	Perlmutter	Waxman
Johnson (GA)	Peterson (MN)	Weiner
Johnson (IL)	Platts	Welch (VT)
Johnson, E. B.	Pomeroy	Weller
Jones (NC)	Porter	Wexler
Jones (OH)	Price (NC)	Wilson (NM)
Kagen	Rahall	Wilson (OH)
Kanjorski	Ramstad	Wolf
Kaptur	Rangel	Woolsey
Kennedy	Regula	Wu
Kildee	Rehberg	Wynn
Kilpatrick	Reichert	Yarmuth
Kind	Renzi	Young (FL)

## NOT VOTING—9

Allen	Cole (OK)	Jindal
Becerra	Cubin	Knollenberg
Carney	Davis, Jo Ann	Tancred

□ 1432

Messrs. HODES, ORTIZ, OBEY, RICHARDSON, PASTOR, ALEXANDER, REHBERG, TERRY, BISHOP of Georgia, BARTLETT of Maryland, McKEON, LEWIS of California, Ms. GINNY BROWN-WAITE of Florida and Ms. JACKSON-LEE of Texas changed their vote from “aye” to “no.”

Mr. LUCAS, Ms. PRYCE of Ohio, Mr. HOEKSTRA, Mr. BOOZMAN, Mrs. MUSGRAVE and Mr. KING of Iowa changed their vote from “no” to “aye.”

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. HERGER. Madam Chairman, on rollcall No. 873, I inadvertently voted “nay.” I meant to vote “aye.”

## AMENDMENT NO. 7 OFFERED BY MRS. BIGGERT

The CHAIRMAN. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from Illinois (Mrs. BIGGERT) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

## RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 175, noes 252, not voting 10, as follows:

[Roll No. 874]

## AYES—175

Aderholt	Fortenberry	Miller (FL)
Akin	Fortuño	Miller (MI)
Alexander	Fossella	Moran (KS)
Bachmann	Fox	Murphy, Tim
Bachus	Franks (AZ)	Musgrave
Baker	Gallely	Myrick
Barrett (SC)	Garrett (NJ)	Neugebauer
Bartlett (MD)	Gilchrest	Nunes
Barton (TX)	Gingrey	Paul
Biggert	Gohmert	Pearce
Blibray	Goode	Pence
Bilirakis	Goodlatte	Peterson (PA)
Bishop (UT)	Granger	Petri
Blackburn	Graves	Pickering
Blunt	Hall (TX)	Pitts
Boehner	Hastert	Poe
Bonner	Hastings (WA)	Price (GA)
Bono	Hayes	Pryce (OH)
Boozman	Heller	Putnam
Boustany	Hensarling	Radanovich
Brady (TX)	Herger	Regula
Broun (GA)	Hobson	Rehberg
Brown (SC)	Hoekstra	Renzi
Brown-Waite,	Hulshof	Reynolds
Ginny	Hunter	Rogers (AL)
Buchanan	Inglis (SC)	Rogers (KY)
Burgess	Issa	Rogers (MI)
Burton (IN)	Johnson (IL)	Rohrabacher
Buyer	Johnson, Sam	Ros-Lehtinen
Camp (MI)	Jones (NC)	Roskam
Campbell (CA)	Jordan	Royce
Cannon	Keller	Ryan (WI)
Cantor	King (IA)	Sali
Carter	King (NY)	Schmidt
Castle	Kingston	Sensenbrenner
Chabot	Kirk	Sessions
Coble	Kline (MN)	Shadegg
Cole (OK)	Kuhl (NY)	Shays
Conaway	LaHood	Shimkus
Crenshaw	Lamborn	Shuster
Culberson	Latham	Simpson
Davis (KY)	LaTourette	Smith (NE)
Davis, David	Lewis (KY)	Smith (TX)
Davis, Tom	Linder	Souder
Deal (GA)	Lucas	Souder
Diaz-Balart, L.	Lungren, Daniel	Stearns
Diaz-Balart, M.	E.	Sullivan
Doolittle	Mack	Terry
Drake	Manzullo	Thornberry
Dreier	Marchant	Tiahrt
Duncan	McCarthy (CA)	Tiberi
Ehlers	McCaul (TX)	Turner
Emerson	McCotter	Walberg
Everett	McCrery	Wamp
Fallin	McHenry	Weldon (FL)
Feeney	McMorris	Weller
Flake	Rodgers	Westmoreland
Forbes	Mica	

Whitfield  
Wicker

Wilson (NM)  
Wilson (SC)

Wolf  
Young (AK)

## NOES—252

Ackerman  
Altmire  
Andrews  
Arcuri  
Baca  
Baird  
Baldwin  
Barrow  
Bean  
Becerra  
Berkley  
Berman  
Berry  
Bishop (GA)  
Bishop (NY)  
Blumenauer  
Bordallo  
Boren  
Boswell  
Boucher  
Boyd (FL)  
Boyd (KS)  
Brady (PA)  
Braley (IA)  
Brown, Corrine  
Butterfield  
Calvert  
Capito  
Capps  
Capuano  
Cardoza  
Carnahan  
Carson  
Castor  
Chandler  
Christensen  
Clarke  
Clay  
Cleaver  
Clyburn  
Cohen  
Conyers  
Cooper  
Costa  
Costello  
Courtney  
Cramer  
Crowley  
Cuellar  
Cummings  
Davis (AL)  
Davis (CA)  
Davis (IL)  
Davis, Lincoln  
DeFazio  
DeGette  
Delahunt  
DeLauro  
Dent  
Dicks  
Dingell  
Doggett  
Donnelly  
Doyle  
Edwards  
Ellison  
Ellsworth  
Emanuel  
Engel  
English (PA)  
Eshoo  
Etheridge  
Faleomavaega  
Farr  
Fattah  
Ferguson  
Filner  
Frank (MA)  
Frelinghuysen  
Gerlach  
Giffords  
Gillibrand  
Gonzalez  
Gordon  
Green, Al

Green, Gene  
Grijalva  
Gutierrez  
Hall (NY)  
Hare  
Harman  
Hastings (FL)  
Herseth Sandlin  
Higgins  
Hill  
Hinchey  
Hinojosa  
Hirono  
Hodes  
Holden  
Holt  
Honda  
Hooley  
Hoyer  
Inslee  
Israel  
Jackson (IL)  
Jackson-Lee  
(TX)  
Jefferson  
Johnson (GA)  
Johnson, E. B.  
Jones (OH)  
Kagen  
Kanjorski  
Kaptur  
Kennedy  
Kildee  
Kilpatrick  
Kind  
Klein (FL)  
Kucinich  
Lampson  
Langevin  
Lantos  
Larsen (WA)  
Larson (CT)  
Lee  
Levin  
Lewis (CA)  
Lewis (GA)  
Lipinski  
LoBiondo  
Loebuck  
Lofgren, Zoe  
Lowey  
Lynch  
Mahoney (FL)  
Maloney (NY)  
Markey  
Marshall  
Matheson  
Matsui  
McCarthy (NY)  
McCollum (MN)  
McDermott  
McGovern  
McHugh  
McIntyre  
McKeon  
McNerney  
McNulty  
Meek (FL)  
Meeks (NY)  
Melancon  
Michaud  
Miller (NC)  
Miller, Gary  
Miller, George  
Mitchell  
Mollohan  
Moore (KS)  
Moore (WI)  
Moran (VA)  
Murphy (CT)  
Murphy, Patrick  
Murtha  
Nadler  
Napolitano  
Neal (MA)

Oberstar  
Obey  
Olver  
Ortiz  
Pallone  
Pascarelli  
Pastor  
Payne  
Perlmutter  
Peterson (MN)  
Platts  
Pomeroy  
Porter  
Price (NC)  
Rahall  
Ramstad  
Rangel  
Reichert  
Reyes  
Richardson  
Rodriguez  
Ross  
Rothman  
Roybal-Allard  
Ruppersberger  
Rush  
Ryan (OH)  
Salazar  
Sánchez, Linda  
T.  
Sanchez, Loretta  
Sarbanes  
Saxton  
Schakowsky  
Schiff  
Schwartz  
Scott (GA)  
Scott (VA)  
Serrano  
Sestak  
Shea-Porter  
Sherman  
Shuler  
Sires  
Skeltson  
Slaughter  
Smith (NJ)  
Smith (WA)  
Snyder  
Solis  
Space  
Spratt  
Stark  
Stupak  
Tanner  
Tauscher  
Taylor  
Thompson (CA)  
Thompson (MS)  
Tierney  
Towns  
Udall (CO)  
Udall (NM)  
Upton  
Van Hollen  
Velázquez  
Visclosky  
Walden (OR)  
Walsh (NY)  
Walz (MN)  
Wasserman  
Schultz  
Waters  
Watson  
Watt  
Waxman  
Weiner  
Welch (VT)  
Wexler  
Wilson (OH)  
Woolsey  
Wu  
Wynn  
Yarmuth  
Young (FL)

## NOT VOTING—10

Abercrombie  
Allen  
Carney  
Cubin

Davis, Jo Ann  
Jindal  
Knollenberg  
Norton

Sutton  
Tancred

## ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN (during the vote). Members are advised that there are 2 minutes remaining in this vote.

□ 1440

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. HOLDEN) having assumed the chair, Mrs. JONES of Ohio, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having 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, pursuant to House Resolution 650, she reported the bill, as amended by that resolution, back to the House with sundry further amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any further amendment reported from the Committee of the Whole? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. PRICE  
OF GEORGIA

Mr. PRICE of Georgia. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. PRICE of Georgia. In its current form, I am.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Price of Georgia moves to recommit the bill H.R. 1852 to the Committee on Financial Services with instructions that the Committee report the same back promptly with the following amendment:

Page 64, strike line 6, and insert the following:

(4) AFFORDABLE HOUSING FUND.—

(A) IN GENERAL.—For each fis-

Page 64, after line 13, insert the following:

“(B) LIMITATION ON USE OF FUNDS.—

“(i) IN GENERAL.—Amounts made available pursuant to subparagraph (A) for affordable housing fund referred to in such subparagraph may not be used for, or on behalf of, any individual or household unless the individual provides, or, in the case of a household, all adult members of the household provide, personal identification in one of the following forms:

“(I) SOCIAL SECURITY CARD WITH PHOTO IDENTIFICATION CARD OR REAL ID ACT IDENTIFICATION.—

“(aa) A social security card accompanied by a photo identification card issued by the Federal Government or a State Government; or

“(bb) A driver's license or identification card issued by a State in the case of a State that is in compliance with title II of the REAL ID Act of 2005 (title II of division B of Public Law 109-13; 49 U.S.C. 30301 note).

“(II) PASSPORT.—A passport issued by the United States or a foreign government.

“(III) USCIS PHOTO IDENTIFICATION CARD.—A photo identification card issued by the Secretary of Homeland Security (acting through the Director of the United States Citizenship and Immigration Services).

“(ii) REGULATIONS.—The Federal official responsible for administering the affordable housing fund referred to in subparagraph (A) shall, by regulation, require that each grantee and recipient of assistance from such fund take such actions as such official considers necessary to ensure compliance with the requirements of clause (i).”.

□ 1445

The SPEAKER pro tempore. The gentleman from Georgia is recognized for 5 minutes.

Mr. PRICE of Georgia. Mr. Speaker, this is a commonsense motion to recommit that would require that any individual or household receiving money from the Affordable Housing Fund must present verification of legal residency by a secure identification document.

Americans believe that it's appropriate to ask those receiving hard-earned taxpayer dollars, taxpayer assistance, that it's right to establish that they are legal residents of the United States. It's common sense.

Across the country, whether it's Denver, where in 2006 there were an estimated 20,000 illegal immigrants holding FHA insured loans, or L.A. or Atlanta, where similar activity occurs, illegal immigrants are being given unprecedented access to taxpayer benefits and taxpayer money. In many of these cases of FHA loans, the documents submitted with their applications later proved to be false, resident alien numbers that were never issued, or Social Security numbers belonging to other people, or W-2 forms that were fabricated. In the case of financial institutions, minimal documents are required by their regulators to establish a new customer's identity to open accounts.

The current loopholes in Federal law are an invitation, they're an attraction, they're a magnet to illegal immigration. We must not reward those coming here illegally by allowing them the services that ought to be only afforded to American citizens and they're here legally. If we do so, this results in back-door amnesty.

This motion to recommit would require that the Federal official responsible for administering the Housing Trust Fund ensure that any assistance provided from the Affordable Housing Fund must require that all adults are legal residents of the United States. Simple common sense.

Recipients may use one of three different forms of identification. These forms are considered the most secure types of identification because they're harder to forge or to duplicate. They're all issued by a government agency



which has more checks and balances, more checks and balances preventing illegal immigrants or criminals or terrorists from obtaining these documents.

Everyone who is in the United States legally can easily obtain one of the three identification forms, but illegal immigrants, criminals, and terrorists would have to go to significant lengths to receive one.

Now, we have offered this type of amendment to bills in the past on this floor, and it's needed on this bill as well, as there appears to be no end in sight to the appetite of our friends in the majority to provide taxpayer benefits to illegals against the will and against the desire of the American people.

Now, you will hear that this MTR, this motion to recommit, provides for the committee to report back promptly and that that would "kill the bill." But we all know that's not true. In fact, the Speaker has previously ruled that any bill adopted with this language could readily be returned to the House floor with the new language.

You will hear that those already here illegally cannot get federally subsidized benefits. Then because it's clear that there are currently some loopholes in our current system, we ought not have any problem adopting more enforceable criteria for legal documentation.

You will hear that if you don't drive or you don't travel to foreign countries, that this is an undue burden. But the American people don't believe that it is inappropriate to ask those citizens receiving Federal taxpayer assistance to first establish that they are legal residents of the United States.

You will hear that this might lead us down the path to using Social Security as a universal identifier. But if you read this motion, what it does is simply provide for an array of options for secure IDs that all Americans and legal immigrants have ready access to. Simple common sense.

You may hear that it's already in the bill. Well, in fact it is, Mr. Speaker; but it doesn't cover the Affordable Housing Fund. The current regulations to establish a customer's identity do a disservice to the American people. Greater clarification in this area will help stem the tide of illegal immigrants.

The Federal Government should not be operating under obscure parameters that do not serve our Nation. We can and should strengthen these regulations to protect the American people.

This is a much more appropriate solution to the problem of back-door amnesty than simply saying that we're not going to let illegal immigrants live in government-subsidized housing. To the best of our ability, we must eliminate using hard-earned American taxpayer money to subsidize illegal activity. This motion to recommit does just that, and I urge my colleagues to support the motion.

Mr. Speaker, I yield back the balance of my time.

Mr. FRANK of Massachusetts. Mr. Speaker, I rise in opposition to the motion.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. FRANK of Massachusetts. Mr. Speaker, I ask the Members to follow closely because there are some unusual twists and turns even to this.

In the first place, the gentleman talked about people getting FHA loans who weren't here legally, and he made a big point of that. As he later acknowledged, the bill, as reported, already deals with that.

The gentleman from Georgia is so enamored of this amendment that he's offering it twice to this bill. Now, he's making up for the fact that last week he wanted to offer it and couldn't. The gentleman from Georgia had filed in the CONGRESSIONAL RECORD a version of this amendment to offer to the Native American housing bill to prevent illegal immigrant Native Americans from sneaking in. And when we pointed that out, the gentleman from Georgia for once thought better of it and didn't offer the amendment. I think he was afraid that the Indians would have said, you know, sir, that's a good idea, why didn't we think of it?

But now, in the amendment, the gentleman offered this amendment in committee, so the illustration he gave of how they are getting FHA loans when they shouldn't, that's already in the bill. What he has done now is to say that this should apply to the Affordable Housing Trust Fund, which is not created by this bill. The bill does say that if we later, on the floor of this House, created an affordable housing trust fund, funds from the FHA excess, if there are any, will go into it. So there is plenty of time when we deal with the Affordable Housing Trust Fund.

So last week he couldn't offer the amendment to keep the illegal immigrants out of the Navajo housing. This week, he's already got it in the bill that covers the bill before us, but he has now got amendment envy in the worst way, so he's going to offer it to a program that doesn't exist yet, preempting our chance to do it. Even that wouldn't be a problem except that he could have said "forthwith." He said "promptly." It doesn't kill the bill; it significantly delays it.

If this comes back to the Committee on Financial Services, it is now wide open. The committee then has a markup, and any amendment can be offered. And I will tell my colleagues that there are Members, yes, there is your indication of what will happen, this will be filibustered again. Thank you for your honesty. I appreciate it. If this bill comes back to committee, it will be wide open.

We are in the midst of a crisis. The President said last month, please pass the FHA bill promptly. Even the United States Senate is now acting on this bill. If it comes back to committee, I have 3 days to notice a mark-

up. How quickly could we do it? Well, I don't think I can have this markup on Yom Kippur. There may be a lot to atone for in this amendment, but I can't have it on Friday.

So we go over to next week. We have markups scheduled next week on HOPE VI and on flood insurance and other important issues, so we couldn't get to this for a couple of weeks. And then when we do get to it, the clappers over there are going to offer a whole bunch of amendments.

Now, if the gentleman just wanted to put this into the program that doesn't yet exist, and that he will have a chance to do it later, he could have said "forthwith." Members are asked, when they rise on a recommit, are you opposed to the bill? The gentleman from Georgia honestly answered that he is. And he used the choice he had to substantially delay this bill. No, not kill it, but this will delay this bill by several weeks in the midst of this subprime crisis.

I would say to Members, preventing the FHA loans from going there, that's already in the bill. Read pages 54 and following. The Affordable Housing Trust Fund, it will be created later. I'm sure the gentleman will offer that amendment again and you will have a chance to vote on it.

So the sole effect of voting for this recommit is substantially to delay the bill on the FHA because the program that the bill covers, this amendment applies already from the committee. And the program that he would apply it to is not yet in existence and won't be in existence until we vote.

And for Members who worry about some cheap shot at that says, oh, well, "promptly," "forthwith," too complicated, I hope people don't vote for this amendment. Many of them will. You will have a chance to vote for it. Long before the next election, the gentleman from Georgia will have offered this amendment four more times, at least. We've got more bills in our committee, and so you will have the chance to vote for it.

Please, if you support the low-income Housing Trust Fund as a concept and want the funding available when we set it up, if you support, in particular, the President's request that we move promptly to let the FHA be available for the subprime crisis, do not vote for a recommit whose sole effect will be to delay for several weeks passage of this bill. It won't kill it, but a several-week delay. I've got to hold off and call the hearing, we have to then have a long markup, they will be offering more amendments. It will substantially delay a very important bill, and I hope Members will defeat it.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Mr. PRICE of Georgia. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes on passage of H.R. 1852, if ordered, and suspending the rules and passing H.R. 3096.

The vote was taken by electronic device, and there were—yeas 209, nays 216, not voting 8, as follows:

[Roll No. 875]

#### YEAS—209

Aderholt	Fossella	Murphy, Patrick
Akin	Fox	Murphy, Tim
Alexander	Franks (AZ)	Musgrave
Altmire	Frelinghuysen	Myrick
Bachmann	Gallegly	Neugebauer
Bachus	Garrett (NJ)	Nunes
Baker	Gerlach	Paul
Barrett (SC)	Giffords	Pearce
Barrow	Gilchrest	Pence
Bartlett (MD)	Gingrey	Peterson (PA)
Barton (TX)	Gohmert	Petri
Bean	Goode	Pickering
Biggert	Goodlatte	Pitts
Billray	Granger	Platts
Bilirakis	Graves	Poe
Bishop (UT)	Hall (TX)	Porter
Blackburn	Hastert	Price (GA)
Blunt	Hastings (WA)	Pryce (OH)
Boehner	Hayes	Putnam
Bonner	Heller	Radanovich
Bono	Hensarling	Ramstad
Boozman	Herger	Regula
Boswell	Hobson	Rehberg
Boustany	Hoekstra	Reichert
Brady (TX)	Hulshof	Reynolds
Brown (GA)	Hunter	Rogers (AL)
Brown (SC)	Inglis (SC)	Rogers (KY)
Brown-Waite,	Issa	Rogers (MI)
Ginny	Johnson (IL)	Rohrabacher
Buchanan	Johnson, Sam	Ros-Lehtinen
Burgess	Jones (NC)	Roskam
Burton (IN)	Jordan	Royce
Buyer	Keller	Ryan (WI)
Calvert	King (IA)	Saxton
Camp (MI)	King (NY)	Schmidt
Campbell (CA)	Kingston	Sensenbrenner
Cannon	Kirk	Sessions
Cantor	Kline (MN)	Shadegg
Capito	Kuhl (NY)	Shays
Carter	LaHood	Shimkus
Castle	Lamborn	Shuler
Chabot	Lampson	Shuster
Coble	Latham	Simpson
Cole (OK)	LaTourette	Smith (NE)
Conaway	Lewis (CA)	Smith (NJ)
Crenshaw	Lewis (KY)	Smith (TX)
Culberson	Linder	Souder
Davis (KY)	LoBiondo	Space
Davis, David	Lucas	Stearns
Davis, Tom	Lungren, Daniel	Sullivan
Deal (GA)	E.	Terry
DeFazio	Mack	Thornberry
Dent	Manzullo	Tiahrt
Diaz-Balart, L.	Marchant	Tiberi
Diaz-Balart, M.	Marshall	Turner
Donnelly	McCarthy (CA)	Upton
Doolittle	McCauley (TX)	Walberg
Drake	McCotter	Walsh (NY)
Dreier	McCrery	Walden (OR)
Duncan	McHenry	Walsh (NY)
Ehlers	McHugh	Wamp
Ellsworth	McIntyre	Weldon (FL)
Emerson	McKeon	Weller
English (PA)	McMorris	Westmoreland
Everett	Rodgers	Whitfield
Fallin	Mica	Wicker
Feeney	Miller (FL)	Wilson (NM)
Ferguson	Miller (MI)	Wilson (SC)
Flake	Miller, Gary	Wolf
Forbes	Mitchell	Young (AK)
Fortenberry	Moran (KS)	Young (FL)

#### NAYS—216

Abercrombie	Baldwin	Bishop (NY)
Ackerman	Becerra	Blumenauer
Andrews	Berkley	Boren
Arcuri	Berman	Boucher
Baca	Berry	Boyd (FL)
Baird	Bishop (GA)	Boyd (KS)

Brady (PA)	Hooley	Peterson (MN)
Braley (IA)	Hoyer	Pomeroy
Brown, Corrine	Inslee	Price (NC)
Butterfield	Israel	Rahall
Capps	Jackson (IL)	Rangel
Capuano	Jackson-Lee	Renzi
Cardoza	(TX)	Reyes
Carnahan	Jefferson	Richardson
Carson	Johnson (GA)	Rodriguez
Castor	Johnson, E. B.	Ross
Chandler	Jones (OH)	Rothman
Clarke	Kagen	Roybal-Allard
Clay	Kanjorski	Ruppersberger
Cleaver	Kaptur	Rush
Clyburn	Kennedy	Ryan (OH)
Cohen	Kildee	Salazar
Conyers	Kilpatrick	Sali
Cooper	Kind	Sanchez, Linda
Costa	Klein (FL)	T.
Costello	Kucinich	Sanchez, Loretta
Courtney	Langevin	Sarbanes
Cramer	Lantos	Schakowsky
Crowley	Larsen (WA)	Schiff
Cuellar	Larson (CT)	Schwartz
Cummings	Lee	Scott (GA)
Davis (AL)	Levin	Scott (VA)
Davis (CA)	Lewis (GA)	Serrano
Davis (IL)	Lipinski	Sestak
Davis, Lincoln	Loeb sack	Shea-Porter
DeGette	Lofgren, Zoe	Sherman
Delahunt	Lowe	Sires
DeLauro	Lynch	Skelton
Dicks	Mahoney (FL)	Slaughter
Dingell	Maloney (NY)	Smith (WA)
Doggett	Markey	Snyder
Doyle	Matheson	Solis
Edwards	Matsui	Spratt
Ellison	McCarthy (NY)	Stark
Emanuel	McCollum (MN)	Stupak
Engel	McDermott	Sutton
Eshoo	McGovern	Tanner
Etheridge	McNulty	Tauscher
Farr	Meek (FL)	Taylor
Fattah	Meeks (NY)	Thompson (CA)
Finer	Melancon	Thompson (MS)
Frank (MA)	Michael	Tierney
Gillibrand	Miller (NC)	Towns
Gonzalez	Miller, George	Udall (CO)
Gordon	Mollohan	Udall (NM)
Green, Al	Moore (KS)	Van Hollen
Green, Gene	Moore (WI)	Velázquez
Grijalva	Moran (VA)	Visclosky
Gutierrez	Murphy (CT)	Walz (MN)
Hall (NY)	Murtha	Wasserman
Hare	Nadler	Schultz
Harman	Napolitano	Waters
Hastings (FL)	Neal (MA)	Watson
Herseth Sandlin	Oberstar	Watt
Higgins	Obey	Waxman
Hill	Oliver	Weiner
Hinche	Ortiz	Welch (VT)
Hinojosa	Pallone	Wexler
Hirono	Pascrell	Wilson (OH)
Hodes	Pastor	Woolsey
Holden	Payne	Wu
Holt	Pelosi	Wynn
Honda	Perlmutter	Yarmuth

#### NOT VOTING—8

Davis, Jo Ann	McNerney
Jindal	Tancredo
Knollenberg	

□ 1514

Messrs. LINDER, RAMSTAD and DONNELLY changed their vote from “nay” to “yea.”

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

#### RECORDED VOTE

Mr. KIRK. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 348, noes 72, not voting 12, as follows:

[Roll No. 876]

#### AYES—348

Abercrombie	Ellsworth	Loeb sack
Ackerman	Emanuel	Lofgren, Zoe
Aderholt	Emerson	Lowey
Alexander	Engel	Lungren, Daniel
Altmire	English (PA)	E.
Arcuri	Eshoo	Lynch
Baca	Etheridge	Mahoney (FL)
Baird	Everett	Maloney (NY)
Baldwin	Fallin	Marchant
Barrow	Farr	Markey
Bartlett (MD)	Fattah	Marshall
Bean	Ferguson	Matheson
Becerra	Finler	Matsui
Berkley	Fortenberry	McCarthy (CA)
Berry	Fossella	McCarthy (NY)
Biggert	Frank (MA)	McCauley (TX)
Bilirakis	Frelinghuysen	McCollum (MN)
Bishop (GA)	Gallegly	McCotter
Bishop (NY)	Gerlach	McDermott
Blumenauer	Giffords	McGovern
Blunt	Gilchrest	McHugh
Bonner	Gillibrand	McIntyre
Bono	Gohmert	McKeon
Boozman	Gonzalez	McMorris
Boren	Goodlatte	Rodgers
Boswell	Gordon	McNerney
Boucher	Granger	McNulty
Boyd (FL)	Graves	Meek (FL)
Boyda (KS)	Green, Gene	Meeks (NY)
Brady (PA)	Grijalva	Melancon
Brady (TX)	Gutierrez	Michaud
Braley (IA)	Hall (NY)	Miller (MI)
Brown (SC)	Hall (TX)	Miller (NC)
Brown, Corrine	Hare	Miller, Gary
Brown-Waite,	Harman	Miller, George
Ginny	Hastings (FL)	Mitchell
Buchanan	Hayes	Mollohan
Burton (IN)	Heller	Moore (KS)
Butterfield	Herseth Sandlin	Moore (WI)
Calvert	Higgins	Moran (KS)
Camp (MI)	Hill	Moran (VA)
Campbell (CA)	Capito	Murphy, Patrick
Cannon	Capps	Murphy, Tim
Cantor	Capuano	Murtha
Capito	Cardoza	Nadler
Carter	Carnahan	Hobson
Castle	Carson	Hodes
Chabot	Carter	Holden
Coble	Castle	Holt
Cole (OK)	Castor	Honda
Conaway	Chabot	Hookey
Crenshaw	Chandler	Hoyer
Culberson	Clarke	Hulshof
Davis (KY)	Clay	Hulshof
Davis, David	Cleaver	Hunter
Davis, Lincoln	Clyburn	Inslee
Davis, Tom	Coble	Israel
DeFazio	Cohen	Jackson (IL)
DeGette	Cole (OK)	Jackson-Lee
Delahunt	Conyers	(TX)
DeLauro	Cooper	Jefferson
Dent	Costa	Johnson (GA)
Diaz-Balart, L.	Costello	Johnson (IL)
Diaz-Balart, M.	Courtney	Johnson, E. B.
Dicks	Cramer	Jones (NC)
Dingell	Crenshaw	Jones (OH)
Doggett	Crowley	Kagen
Donnelly	Cuellar	Kanjorski
Doolittle	Cummings	Kaptur
Doyle	Davis (AL)	Keller
Drake	Davis (CA)	Kennedy
Duncan	Davis (IL)	Kildee
Edwards	Davis, David	Kilpatrick
Ellison	Davis, Lincoln	Kind
	Davis, Tom	King (NY)
	DeFazio	Kirk
	DeGette	Klein (FL)
	Delahunt	Kucinich
	DeLauro	Kuhl (NY)
	Dent	LaHood
	Diaz-Balart, L.	Lampson
	Diaz-Balart, M.	Langevin
	Dicks	Lantos
	Dingell	Larsen (WA)
	Doggett	Larson (CT)
	Donnelly	Latham
	Doolittle	LaTourette
	Doyle	Lee
	Drake	Levin
	Duncan	Lewis (CA)
	Edwards	Lewis (GA)
	Ellison	Lewis (KY)
		T.
		Sanchez, Loretta
		Sarbanes

Saxton Souder Walsh (NY)  
Schakowsky Space Walz (MN)  
Schiff Spratt Wamp  
Schmidt Stark Wasserman  
Schwartz Stupak Schultz  
Scott (GA) Sutton Waters  
Scott (VA) Tanner Watson  
Serrano Tauscher Watt  
Sessions Taylor Waxman  
Sestak Terry Weiner  
Shays Thompson (CA) Welch (VT)  
Shea-Porter Thompson (MS) Weldon (FL)  
Sherman Thornberry Weller  
Shinkus Tiahrt Westmoreland  
Shuler Tiberi Wexler  
Shuster Tierney Whitfield  
Simpson Towns Wicker  
Sires Turner Wilson (NM)  
Skelton Udall (CO) Wilson (OH)  
Slaughter Udall (NM) Wolf  
Smith (NE) Upton Woolsey  
Smith (NJ) Van Hollen Wu  
Smith (TX) Velázquez Wynn  
Smith (WA) Visclosky Yarmuth  
Snyder Walberg Young (AK)  
Solis Walden (OR) Young (FL)

## NOES—72

Akin Flake McCreery  
Bachmann Forbes McHenry  
Bachus Foss Mica  
Baker Franks (AZ) Miller (FL)  
Barrett (SC) Garrett (NJ) Musgrave  
Barton (TX) Gingrey Myrick  
Bilbray Goode Neugebauer  
Bishop (UT) Hastert Paul  
Blackburn Hastings (WA) Pearce  
Boehner Hensarling Pence  
Boustany Herger Petri  
Broun (GA) Hoekstra Price (GA)  
Burgess Inglis (SC) Putnam  
Buyer Issa Radanovich  
Campbell (CA) Johnson, Sam Roskam  
Cannon Jordan Royce  
Cantor King (IA) Ryan (WI)  
Conaway Kingston Sali  
Culberson Kline (MN) Sensenbrenner  
Davis (KY) Lamborn Shadegg  
Deal (GA) Linder Stearns  
Dreier Lucas Sullivan  
Ehlers Mack Tancredo  
Feeney Manzullo Wilson (SC)

## NOT VOTING—12

Allen Cubin Knollenberg  
Andrews Davis, Jo Ann Murphy (CT)  
Berman Green, Al Nunes  
Carney Jindal Pickering

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised 2 minutes remain in this vote.

□ 1521

Mr. POE changed his vote from “no” to “aye.”

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. NUNES. Mr. Speaker, on rollcall No. 876 I was inadvertently detained. Had I been present, I would have voted “aye.”

Mr. BERMAN. Mr. Speaker, I inadvertently missed the vote on rollcall 876. I had intended to vote “aye.”

## VIETNAM HUMAN RIGHTS ACT OF 2007

The SPEAKER pro tempore. The unfinished business is the vote on the motion to suspend the rules and pass the bill, H.R. 3096, as amended, on which the yeas and nays were ordered.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by

the gentleman from American Samoa (Mr. FALEOMAVAEGA) that the House suspend the rules and pass the bill, H.R. 3096, as amended.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 414, nays 3, not voting 15 as follows:

[Roll No. 877]

YEAS—414

Abercrombie Culberson Hoekstra  
Ackerman Cummings Holden  
Aderholt Davis (AL) Holt  
Akin Davis (CA) Honda  
Alexander Davis (IL) Hooley  
Altmire Davis (KY) Hoyer  
Andrews Davis, David Hunter  
Arcuri Davis, Lincoln Inglis (SC)  
Baca Davis, Tom Inslee  
Bachmann Deal (GA) Israel  
Bachus DeFazio Issa  
Baird DeGette Jackson (IL)  
Baker Delahunt Jackson-Lee  
Baldwin DeLauro (TX)  
Barrett (SC) Jefferson  
Barrow Diaz-Balart, L. Johnson (GA)  
Bartlett (MD) Johnson (IL)  
Barton (TX) Dicks Johnson, E. B.  
Bean Dingell Johnson, Sam  
Becerra Doggett Jones (NC)  
Berkley Donnelly Jones (OH)  
Berman Doolittle Jordan  
Berry Doyle Kagen  
Biggert Drake Kanjorski  
Bilbray Dreier Kaptur  
Bilirakis Duncan Keller  
Bishop (GA) Ehlers Kennedy  
Bishop (NY) Ellison Kildee  
Bishop (UT) Ellsworth Kilpatrick  
Blackburn Emanuel Kind  
Blumenauer Emerson King (IA)  
Blunt Engel King (NY)  
Boehner English (PA) Kingston  
Bonner Eshoo Klein (FL)  
Bono Etheridge Kline (MN)  
Boozman Everett Kuhl (NY)  
Boren Fallin LaHood  
Boswell Farr Lamborn  
Boucher Fattah Lampson  
Boustany Feeney Langevin  
Boyd (FL) Ferguson Lantos  
Boyda (KS) Filner Larsen (WA)  
Brady (PA) Forbes Larson (CT)  
Brady (TX) Fortenberry Latham  
Braley (IA) Fossella LaTourette  
Broun (GA) Lee  
Brown (SC) Frank (MA) Levin  
Brown, Corrine Franks (AZ) Lewis (CA)  
Brown-Waite, Frelinghuysen Lewis (GA)  
Ginny Gallegly Lewis (KY)  
Burgess Garrett (NJ) Linder  
Burton (IN) Gerlach Lipinski  
Butterfield Giffords LoBiondo  
Buyer Gilchrest Loeb sack  
Calvert Gillibrand Lofgren, Zoe  
Camp (MI) Gingrey Lowey  
Campbell (CA) Gohmert Lucas  
Cannon Gonzalez Lungren, Daniel  
Cantor Goode E.  
Capito Goodlatte Lynch  
Capps Gordon Mack  
Capuano Granger Mahoney (FL)  
Cardoza Graves Maloney (NY)  
Carnahan Green, Al Manzullo  
Carson Green, Gene Marchant  
Carter Grijalva Markey  
Castle Gutierrez Marshall  
Castor Hall (NY) Matheson  
Chabot Hall (TX) Matsui  
Chandler Hare McCarthy (CA)  
Clarke Harman McCarthy (NY)  
Clay Hastert McCaul (TX)  
Cleaver Hastings (FL) McCollum (MN)  
Clyburn Hastings (WA) McCotter  
Coble Hayes McCrery  
Cohen Heller McDermott  
Cole (OK) Hensarling McGovern  
Conaway Herger McHenry  
Conyers Hersheth Sandlin McHugh  
Cooper Higgins McIntyre  
Costa Hill McKeon  
Costello Hinchey McMorris  
Courtney Hinojosa Rodgers  
Cramer Hirono McNerney  
Crenshaw Hobson McNulty  
Crowley Hodes Meek (FL)

Meeks (NY) Reichert Souder  
Melancon Renzi Space  
Mica Reyes Spratt  
Michaud Reynolds Stark  
Miller (FL) Richardson Stearns  
Miller (MI) Rodriguez Stupak  
Miller (NC) Rogers (AL) Sullivan  
Miller, Gary Rogers (KY) Sutton  
Miller, George Rogers (MI) Tanner  
Mitchell Rohrabacher Tauscher  
Mollohan Ros-Lehtinen Taylor  
Moore (KS) Roskam Terry  
Moore (WI) Ross Thompson (CA)  
Moran (KS) Rothman Thompson (MS)  
Moran (VA) Roybal-Allard Thornberry  
Murphy (CT) Royce Tiahrt  
Murphy, Patrick Rumpersberger Tiberi  
Murphy, Tim Rush Tierney  
Murtha Ryan (OH) Turner  
Myrick Ryan (WI) Udall (CO)  
Nadler Salazar Udall (NM)  
Napolitano Sali Upton  
Neal (MA) Sánchez, Linda Van Hollen  
Neugebauer T. Velázquez  
Nunes Sanchez, Loretta Visclosky  
Oberstar Sarbanes Walberg  
Obey Saxton Walden (OR)  
Olver Schakowsky Walsh (NY)  
Ortiz Schiff Walz (MN)  
Pallone Schmidt Wamp  
Pascarell Schwartz Wasserman  
Pastor Scott (GA) Schultz  
Payne Scott (VA) Waters  
Pearce Sensenbrenner Watson  
Pence Serrano Watt  
Perlmutter Sessions Waxman  
Peterson (MN) Sestak Weiner  
Peterson (PA) Shadegg Welch (VT)  
Petri Shays Weldon (FL)  
Pickering Shea-Porter Weller  
Pitts Sherman Westmoreland  
Platts Shimkus Wexler  
Poe Shuler Whitfield  
Pomeroy Shuster Wicker  
Porter Simpson Wilson (NM)  
Price (GA) Sires Wilson (OH)  
Price (NC) Skelton Wilson (SC)  
Putnam Slaughter Wolf  
Radanovich Smith (NE) Woolsey  
Rahall Smith (NJ) Wu  
Ramstad Smith (TX) Wynn  
Rangel Smith (WA) Yarmuth  
Regula Snyder Young (AK)  
Rehberg Solis Young (FL)

## NAYS—3

Flake Paul Tancredo

## NOT VOTING—15

Allen Davis, Jo Ann Knollenberg  
Buchanan Edwards Kucinich  
Carney Hulshof Musgrave  
Cubin Jindal Pryce (OH)  
Cuellar Kirk Towns

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised 2 minutes remain in this vote.

□ 1528

So (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 1852, EXPANDING AMERICAN HOMEOWNERSHIP ACT OF 2007

Mr. FRANK of Massachusetts. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to make technical corrections in the engrossment of H.R. 1852, to include corrections in spelling, punctuation, section numbering and cross-referencing, and the insertion of appropriate headings.