

McClintock	Posey	Shuster
McCotter	Price (GA)	Simpson
McHenry	Putnam	Smith (NE)
McHugh	Radanovich	Smith (NJ)
McKeon	Rehberg	Smith (TX)
McMorris	Reichert	Souder
Rodgers	Roe (TN)	Stearns
Mica	Rogers (AL)	Sullivan
Michaud	Rogers (KY)	Taylor
Miller (FL)	Rogers (MI)	Teague
Miller (MI)	Rohrabacher	Terry
Minnick	Rooney	Thompson (PA)
Moran (KS)	Ros-Lehtinen	Thornberry
Murphy, Tim	Roskam	Tiahrt
Myrick	Ross	Tiberi
Neugebauer	Royce	Turner
Nunes	Ryan (WI)	Upton
Olson	Scalise	Walden
Paul	Schmidt	Wamp
Paulsen	Schock	Westmoreland
Pence	Schrader	Whitfield
Peterson	Sensenbrenner	Wilson (SC)
Petri	Sessions	Wittman
Pitts	Shadegg	Wolf
Platts	Shimkus	Young (AK)
Poe (TX)	Shuler	Young (FL)

## NOT VOTING—9

Boucher	Cassidy	Miller, Gary
Campbell	King (IA)	Perriello
Cao	Kline (MN)	Stark

□ 1213

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.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Evans, one of his secretaries.

## GENERAL LEAVE

Mr. CONYERS. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and insert extraneous material on H.R. 1106.

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

There was no objection.

## HELPING FAMILIES SAVE THEIR HOMES ACT OF 2009

The SPEAKER pro tempore. Pursuant to House Resolution 190 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. 1106.

□ 1215

## 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. 1106) to prevent mortgage foreclosures and enhance mortgage credit availability, with Mr. SERRANO in the chair.

The Clerk read the title of the bill.

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

General debate shall not exceed 1 hour equally divided and controlled by the chairman and ranking minority member of the Committee on Financial

Services and the chairman and ranking minority member of the Committee on the Judiciary.

The gentleman from Massachusetts (Mr. FRANK), the gentleman from Alabama (Mr. BACHUS), the gentleman from Michigan (Mr. CONYERS) and the gentleman from Texas (Mr. SMITH) each will control 15 minutes.

The Chair recognizes the gentleman from Michigan.

(Mr. CONYERS asked and was given permission to revise and extend his remarks.)

Mr. CONYERS. Mr. Chairman, I yield myself as much time as I may consume.

Members of the House, this very important legislation would limit an anomaly in the Bankruptcy Code which prohibits judicial modifications of principal residences, even though every other class of asset, from second homes to yachts, airplanes, investment properties, family farm, hotels, and even office buildings, is eligible for such treatment. I believe that this proposal represents a critical step that we can take to not only protect hardworking and honest Americans struggling to keep their homes in the midst of a once in a lifetime economic calamity, but to limit the downward cycle of foreclosures that are now damaging our neighborhoods, while, at the same time, protecting financial intermediaries and ensuring that judicial modification is considered only after every reasonable effort has been taken to achieve voluntary modification outside of the bankruptcy.

Mr. Chairman, on that note, I reserve the balance of my time.

Mr. SMITH of Texas. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, our country has fallen into a serious economic recession, a recession that is worsened by the foreclosure crisis. Until we address the rising number of foreclosures, it will be difficult for the economy to recover.

But some of what is in this bill we consider today will be helpful. Providing loan servicers a safe harbor from the threat of litigation if they offer borrowers meaningful loan modification will, in fact, help blunt the crisis.

But the bill also includes many counterproductive components, especially the bankruptcy provision. This bankruptcy provision not only will fail to solve the foreclosure crisis, but also will make the crisis deeper, longer and wider.

Allowing bankruptcy judges to rewrite mortgages will increase the overall cost of lending. Lenders and investors will hesitate to put up capital in the future if they fear that judges will rewrite the terms of their mortgage contracts. Less available capital and increased risk means that borrowers will pay higher interest rates in the future.

Allowing bankruptcy judges to rewrite mortgages will also encourage borrowers to file for bankruptcy. Under

this bill, a borrower will be able to reduce, for example, a \$500,000 mortgage to \$400,000. When housing prices rise in the future, that borrower has no obligation to pay back the \$100,000 amount they crammed down. Thus, the borrower receives a \$100,000 windfall. And experts predict that receiving this windfall will provide an incentive for borrowers to file for bankruptcy.

If bankruptcy filings increase as a result of this legislation, which is predicted, it is unlikely that the country's only 368 bankruptcy judges could handle the additional caseload in an effective manner. This will prolong the crisis as borrowers wait for their bankruptcy plan to be court-approved.

In fact, even Senator DURBIN, the primary sponsor of this legislation in the Senate, has stated that he is "willing to restrict" this legislation to subprime mortgages in an effort to make this proposal "reasonable."

So, the legislation we are considering today, and the "Housing Affordability and Stability Plan" announced by the President last Tuesday, really amount to another entitlement program, a program that comes at the expense of the 92 percent of the homeowners who are making their payments on time.

And it is a program that benefits lenders who wrote irresponsible loans and borrowers who borrowed more than they could afford. In other words, this legislation will punish the successful, tax the responsible, and hold no one accountable.

If we pass this legislation, what message does it send to responsible borrowers who are making their payments on time? How can we ask them to foot the bill for their neighbors' mortgages? What are homeowners to think if they pay back the full amount of principal they owe, while others receive a government-granted reduction in principal?

We need to do everything we can to help solve the foreclosure crisis, but we need to do so in a manner that doesn't bankrupt the taxpayers or our financial system and that is, in fact, fair to all.

And as we work to solve the foreclosure crisis, we need to remember how we got here. As the President said in his address to Congress on Tuesday, "It is only by understanding how we arrived at this moment that we'll be able to lift ourselves out of this predicament."

This foreclosure crisis was brought on largely by irresponsible mortgage policies. Those policies were implemented by lenders and supported by government-sponsored entities like Fannie Mae, who were all too willing to put profits ahead of prudence. Their irresponsible behavior was encouraged by Members of Congress and the Clinton administration. Too often borrowers, spurred on by cheap credit and little or nothing as a down payment, borrowed more than they could afford.

The mortgage bankruptcy provisions in this bill are not the answer. Allowing bankruptcy modification of home

mortgages will be costly, generate unintended consequences, and likely delay the resolution of the foreclosure crisis itself.

If we're going to enact this bankruptcy provision, despite all of its flaws, we should at least limit relief to subprime and non-traditional mortgages. We should provide bankruptcy judges with clear guidance on the procedure to follow in modifying the terms of home mortgages, guidance that would make lowering payments to an affordable level the paramount goal of bankruptcy modification. And we should provide much stricter provisions for allowing a lender to recapture any principal that is reduced in bankruptcy if the home is later sold at a profit.

Mr. Chairman, this bill, and the amendments we are going to consider today, provide none of these safeguards.

I urge my colleagues to vote against this bill.

I reserve the balance of my time.

Mr. CONYERS. Mr. Chairman, I just want my friend on the other side to know that the majority whip of the Senate did not make that statement. It is inaccurate.

I now yield to the distinguished gentlelady from Florida, DEBBIE WASSERMAN SCHULTZ, 2 minutes.

Ms. WASSERMAN SCHULTZ. Mr. Chairman, I rise in support of H.R. 1106, the Helping Families Save Their Homes Act.

Mortgage foreclosures lay at the very heart of our financial crisis. Until we stop this bleeding, we cannot hope to stabilize the housing market and truly rescue our economy.

This legislation is about more than just shoring up our economy, it's about helping hardworking Americans hold on to the American Dream. Foreclosures uproot families and decimate communities. Vacant homes blight our neighborhoods and depress all of our property values.

Foreclosure rates are now approaching heights not seen since the Great Depression. In my own home State of Florida, we have the second highest foreclosure rate in the Nation. Since January, more than 4,200 Florida families have lost their homes. Another 1.2 million Florida homeowners are "under water," that is, they owe more than their homes are worth.

Mr. Chairman, my constituents, our constituents need a lifeline, and we must throw it to them. Voluntary modification is just not working, and our current bankruptcy laws fail our families.

Unlike every other secured debt, including debts secured by second homes, investment properties, luxury yachts and private jets, the mortgage for a primary residence cannot be modified in bankruptcy. That is simply not fair.

The Bankruptcy Code should be a safety net of last resort for families in distress. In this recession, excluding the family home makes no sense and fans the flames of foreclosure.

This bill allows families to remain in their homes and avoid foreclosure. It will also lead to a financial recovery for the lender that would be as good or better than they could get at a foreclosure sale. This is a win-win.

I know some well-meaning opponents believe families will rush headlong into filing for bankruptcy. We all know, however, that the grave consequences of filing for bankruptcy means it will always be a last resort.

Thank you, Chairman CONYERS and Chairman FRANK, for your leadership on this issue.

Mr. JORDAN of Ohio. Mr. Chairman, I yield 2 minutes to our distinguished colleague from California (Mr. DANIEL E. LUNGREN).

Mr. DANIEL E. LUNGREN of California. Mr. Chairman, the suggestion has been made that it makes no sense to treat primary residences in the way that the current bankruptcy law does. Well, in fact, Supreme Court Justice Stevens, in the case of *Nobleman v. American Savings Bank*, explained why we have this when he said that, "At first blush it seems somewhat strange the Bankruptcy Code could provide less protection to an individual's interest in retaining possession of his or her home than of other assets. The anomaly, is, however explained by the legislative history indicating that favorable treatment of residential mortgages was intended to encourage the flow of capital into the home lending market."

In other words, it is precisely because we want to promote home ownership that it is treated in this way.

Now, we in the Judiciary Committee believe we can do a lot of things. But one thing we have been unable to do, but we're trying to do it once again is suspend the laws of economics. This suggests that this change will have no impact whatsoever.

The change will have this impact: It will include higher risk premiums on all mortgages in the future because of the uncertainty now involved with respect to all mortgages. That's what's going to happen.

I had a telephone town hall in my district with thousands of people on the line, and one person said to me, how is that fair? How is that fair to me? How is that fair to my children and my grandchildren, when this means this is going to increase the cost of home mortgages in the future across the board and maybe limit the accessibility to home mortgage notice future to those very people we say we're trying to help?

Sometimes it is more than just a sentiment that we have to act on here. It is reality. And unless we can suspend the laws of economics, this provision will actually undo what the bill is intended to do, that is, help people be able to have access to mortgages and help people get lower rates. This is one of the reasons why you have lower rates for home mortgages than you do for second homes.

The CHAIR. The time of the gentleman has expired.

Mr. JORDAN of Ohio. I yield the gentleman an additional minute.

Mr. DANIEL E. LUNGREN of California. And some people have suggested well, look, it's treated differently in all other aspects.

Interestingly enough, if you look at chapter 12, which has to do with agricultural loans, and you see the argument being made that, well, when they made that change there, it had no impact. Interestingly enough, it was during the Clinton administration that their Department of Agriculture concluded that chapter 12 may have substantially increased costs for farm businesses. That's not the Bush administration. That's not a Republican economist. That's the Clinton administration, their Department of Agriculture concluding that this type of a change in the agricultural setting actually substantially increased costs for home businesses.

If you want to substantially increase the cost for home mortgages in the future across the board for all Americans then vote for this provision. Go home and talk about how you felt good about it. But don't tell folks what it's really going to do. It's going to hurt everybody in terms of their accessibility to home mortgages.

□ 1230

Mr. CONYERS. Mr. Chairman, I yield myself 15 seconds to merely apprise my dear friend from California and distinguished member of the Judiciary that Mark Zandi, the GOP adviser to JOHN MCCAIN, said, "The total cost of foreclosures to lenders is much greater than that associated with a chapter 13 bankruptcy."

The CHAIR. The time of the gentleman has expired.

Mr. CONYERS. Mr. Chairman, I yield myself 15 more seconds.

There is no reason to believe that the cost of mortgage credit across all mortgage loan products should rise. That's a Republican economist.

I now yield 2 minutes to my good friend from Massachusetts, WILLIAM DELAHUNT, himself a distinguished member of the Attorney General's office in Massachusetts.

Mr. DELAHUNT. Mr. Chairman, last year in the United States, over 2 million homes went into foreclosure, and the rate of mortgage defaults is now accelerating. If we don't act soon, today, then our entire economy is at risk. That's how we got here to begin with.

What I find particularly disturbing is that the people who got us into this mess oppose the bill. They'd prefer to have the taxpayers cover their losses and have them continue to bail them out.

Of the most recent issue of *BusinessWeek*, not a Democratic publication, by the way, this is what it says on the cover: "Home Wreckers: How the Banks Are Making the Foreclosure Crisis Worse."

Here is their take on this issue of this kind of legislation. I'm reading:

“The bad mortgages that started the current financial crisis have produced a terrifying wave of home foreclosures. Unless this surge eases, even the most extravagant Federal stimulus spending won’t spur economic recovery . . . One reason foreclosures are so rampant is that banks and their advocates in Washington have delayed, diluted and obstructed attempts (like this) to address the problem.”

So, if we want to have taxpayers keep bailing out the banks with no end in sight, that’s one option or we can compel the banks to sit down with debtors and mitigate the losses, which would benefit the consumer, the lender in the end and the investors.

Mr. JORDAN of Ohio. Mr. Chairman, I would yield 2 minutes to my friend and colleague from Texas, Congressman GOHMERT.

Mr. GOHMERT. Mr. Chairman, I’m sure most people have heard about the guy who kept beating himself in the head with a hammer, and when people said, Why are you doing that? he said, Because it feels so good when I stop.

The trouble is we keep beating the same people who are footing the bill for everything. Now, I know this bill is well-intentioned. I know the hearts of those who are pushing this, but the trouble is there’s a big difference between the investment banks that have squandered money and have gotten us into big trouble and the community banks that have been making good loans.

The trouble is, once you allow a bankruptcy judge not only to do what they can do now with mortgages—change the rate, change the terms—but to actually bring down the principal to whatever the bankruptcy judge feels like, then banks—these good, solid community banks—will be in jeopardy, and they will only be able to give loans to those who can prove for sure they will not ever file for bankruptcy. You’re going to put in jeopardy the bottom lines of the people who’ve actually been responsible and who’ve had good banks and have done the right things.

The bottom line is the people whom we’ve saddled with so much debt in just the last few months—the young people, the young couples who are trying to make it and who are hoping for a home loan—are not only going to be cussing our names 30 years from now for the debt we’ve put them in, but when they go to the bank after this passes, they won’t get a home loan because we’ve been irresponsible in trying to help but not looking at the ramifications of what we’re doing.

This adds to the hundreds of billions we’ve already spent, and now we’re going to hurt the very people we need to be relying on to get this economy going. The young people need to be able to get those loans to get homes, and this will ensure they can’t go get them, because we’ve been irresponsible in not thinking about the unforeseen conclusions.

The point is we can foresee them. We know what’s going to happen. Talk to your community banks. Don’t hurt them. Don’t hurt the young, working people any more than we already have. Give them a break. Do the right thing. Don’t cram this down on America and our young people.

Mr. CONYERS. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from Houston, Texas, SHEILA JACKSON-LEE.

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Wait a minute. Can we get a little history lesson here? Does anybody remember the \$700 billion that we gifted to the banks? When they were on their knees, they took Federal money. Many of us voted against it because we wanted to know what was going to happen to the American public.

Why is my friend talking about the young people who were hurting in the administration before us? They hurt more than young people. They told us that we needed \$700 billion of government money to give to the banks. We asked the banks to voluntarily modify the loans. We begged them to do it. We worked with them. We spoke with them. They did not do it.

Today, we vote for the little person, for the individual who has been responsible, who has been working like a constituent in my constituency for 18 years as a cafeteria worker, saving up money, who has got a small bungalow, but it was at an adjustable rate. That’s not that lady’s fault. She is still working, but she has fallen behind. She will go into court under this bill. She will be able to use the FHA and VA. They will be able to look to voluntarily modify before the court.

The only thing that this does is it allows, after all things have happened, for you to be able to go into the courthouse, stand before a judge and be assessed on your own responsibility. We have a manager’s amendment. If there’s any profit to be made, it goes back to the lender, to the bank. Mr. Bank and Mrs. Bank, why didn’t you do this on your own? We would have preferred you to have done it.

I’m looking forward to introducing legislation where, for people who’ve been responsible and who go in to redo their mortgages, their issue will not be part of their credit score, of their potential foreclosure, of their back payments, because it is not their fault. We’ve fallen into a crisis, into an abyss.

So, my friends, I don’t know how we can stand on the other side of the aisle talking about the poor little banks. We asked the banks to reorder people’s mortgages. People in my district begged for them to do so, but when they called, there was nothing but a 1-800 number.

Support this legislation. It’s the little fellow’s day today. We want people to save their homes. We’re saving America.

Mr. Chairman, I rise in strong support of H.R. 1106, “Helping Families Save Their Homes in Bankruptcy Act of 2009.” I would like to thank Chairman CONYERS of the House Judiciary Committee and Chairman BARNEY FRANK of the Financial Services Committee for their leadership on this issue. Mr. Chairman, I urge my colleagues to support this bill because it provides a viable medium for bankruptcy judges to modify the terms of mortgages held by homeowners who have little recourse but to declare bankruptcy.

This bill could not have come at a more timely moment. Just a day after the President’s address before the Joint Session of Congress where President Obama outlined his economic plan for America and discussed the current economic situation that this country is facing.

To be sure, there are many economic woes that saddle this country. The statistics are staggering.

Home foreclosures are at an all-time high and they will increase as the recession continues. In 2006, there were 1.2 million foreclosures in the United States, representing an increase of 42 percent over the prior year. During 2007 through 2008, mortgage foreclosures were estimated to result in a whopping \$400 billion worth of defaults and \$100 billion in losses to investors in mortgage securities. This means that one per 62 American households is currently approaching levels not seen since the Depression.

The current economic crisis and the foreclosure blight have affected new home sales and depressed home value generally. New home sales have fallen by about 50 percent. One in six homeowners owes more on a mortgage than the home is worth raising the possibility of default.

Home values have fallen nationwide from an average of 19% from their peak in 2006 and this price plunge has wiped out trillions of dollars in home equity. The tide of foreclosure might become self-perpetuating. The nation could be facing a housing depression—something far worse than a recession.

Obviously, there are substantial societal and economic costs of home foreclosures that adversely impact American families, their neighborhoods, communities and municipalities. A single foreclosure could impose direct costs on local government agencies totaling more than \$34,000.

I am glad that this legislation is finally on the floor of the United States House of Representatives. I have long championed in the first TARP bill that was introduced and signed late last Congress, that language be included to specifically address the issue of mortgage foreclosures. I had asked that \$100 billion be set aside to address that issue. Now, my idea has been vindicated as the TARP today has included language and we here today are continuing to engage in the dialogue to provide monies to those in mortgage foreclosure. I have also asked for modification of homeowners’ existing loans to avoid mortgage foreclosure. I believe that the rules governing these loans should be relaxed. These are indeed tough economic times that require tough measures.

Because of the pervasive home foreclosures, federal legislation is necessary to curb the fallout from the subprime mortgage crisis. For consumers facing foreclosure sale who want to retain their homes, Chapter 13 of

the Bankruptcy Code provides some modicum of protection. The Supreme Court has held that the exception to a Chapter 13's ability to modify the rights of creditors applies even if the mortgage is undersecured. Thus, if a Chapter 13 debtor owes \$300,000 on a mortgage for a home that is worth less than \$200,000, he or she must repay the entire amount in order to keep his or her home, even though the maximum that the mortgage would receive upon foreclosure is the home's value, i.e., \$200,000, less the costs of foreclosure.

Importantly, H.R. 1106 provides for a relaxation of the bankruptcy provisions and waives the mandatory requirement that a debtor must receive credit counseling prior to the filing for bankruptcy relief, under certain circumstances. The waiver applies in a Chapter 13 case where the debtor submits to the court a certification that the debtor has received notice that the holder of a claim secured by the debtor's principal residence may commence a foreclosure proceeding against such residence.

This bill also prohibits claims arising from violations of consumer protection laws. Specifically, this bill amends the Bankruptcy Code to disallow a claim that is subject to any remedy for damages or rescission as a result of the claimant's failure to comply with any applicable requirement under the Truth in Lending Act or other applicable state or federal consumer protection law in effect when the non-compliance took place, notwithstanding the prior entry of a foreclosure judgment.

H.R. 1106 also amends the Bankruptcy Code to permit modification of certain mortgages that are secured by the debtor's principal residence in specified respects. Lastly, the bill provide that the debtor, the debtor's property, and property of the bankruptcy estate are not liable for a fee, cost, or charge incurred while the Chapter 13 case is pending and that arises from a debt secured by the debtor's principal residence, unless the holder of the claim complies with certain requirements.

I have long championed the rights of homeowners, especially those facing mortgage foreclosure. I have worked with the Chairman of the House Judiciary Committee to include language that would relax the bankruptcy provisions to allow those facing mortgage foreclosure to restructure their debt to avoid foreclosure.

#### MANAGER'S AMENDMENT

Because I have long championed the rights of homeowners facing mortgage foreclosure in the recent TARP bill and before the Judiciary Committee, I have worked with Chairman CONYERS and his staff to add language that would make the bill stronger and that would help more Americans. I co-sponsored sections of the Manager's Amendment and I urge my colleagues to support the bill.

Specifically, I worked with the Chairman CONYERS to ensure that in section 2 of the amendment, section 109(h) of the Bankruptcy Code would be amended to waive the mandatory requirement, under current law, that a debtor receive credit counseling prior to filing for bankruptcy relief. Under the amended language there is now a waiver that will apply where the debtor submits to the court a certification that the debtor has received notice that the holder of a claim secured by the debtor's principal residence may commence a foreclosure proceeding against such residence.

This is important because it affords the debtor the maximum relief without having to

undergo a slow credit counseling process. This will help prevent the debtors credit situation from worsening, potentially spiraling out of control, and result in the eventual loss of his or her home.

Section 4 of the Manager's Amendment relaxes certain Bankruptcy requirements under Chapter 13 so that the debtor can modify the terms of the mortgage secured by his or her primary residence. This is an idea that I have long championed in the TARP legislation—the ability of debtors to modify their existing primary mortgages. Section 4 allows for a modification of the mortgage for a period of up to 40 years. Such modification cannot occur if the debtor fails to certify that it contacted the creditor before filing for bankruptcy. In this way, the language in the Manager's Amendment allows for the creditor to demonstrate that it undertook its “last clear” chance to work out the restructuring of the debt with its creditor before filing bankruptcy.

Importantly, the Manager's Amendment amends the bankruptcy code to provide that a debtor, the debtor's property, and property of the bankruptcy estate are not liable for fees and costs incurred while the Chapter 13 case is pending and that arises from a claim for debt secured by the debtor's principal residence.

Lastly, I worked to get language in the Manager's Amendment that would allow the debtors and creditors to get to negotiate before a declaration of bankruptcy is made. I made sure that the bill addresses present situations at the time of enactment where homeowners are in the process of mortgage foreclosure. This is done with a view toward consistency predictability and a hope that things will improve.

#### RULES COMMITTEE

During this time, debtors and average homeowners found themselves in the midst of a home mortgage foreclosure crisis of unprecedented levels. Many of the mortgage foreclosures were the result of subprime lending practices.

I have worked with my colleagues to strengthen the housing market and the economy, expand affordable mortgage loan opportunities for families at risk of foreclosure, and strengthen consumer protections against risky loans in the future. Unfortunately, problems in the subprime mortgage markets have helped push the housing market into its worst slump in 16 years.

Last night, I offered an amendment that would prevent homeowners and debtors, who were facing mortgage foreclosure as a result of the unscrupulous and unchecked lending of predatory lenders and financial institutions, from having their mortgage foreclosure count against them in the determination of their credit score. It is an equitable result given that the debtors ultimately faced mortgage foreclosure because of the bad practices of the lender.

Simply put, my amendment would prevent homeowners who have declared mortgage foreclosure as a result of subprime mortgage lending and mortgages from having the foreclosure count against the debtor/homeowner in the determination of the debtor/homeowner's credit score.

Specifically, my amendment language was the following:

#### SEC. 205. FORBEARANCE IN CREATION OF CREDIT SCORE.

(a) IN GENERAL.—Section 609 of the Fair Credit Reporting Act (15 U.S.C. 1681g) is amended by adding at the end the following new subsection:

“(h) FORECLOSURE ON SUBPRIME NOT TAKEN INTO ACCOUNT FOR CREDIT SCORES.—

“(1) IN GENERAL.—A foreclosure on a subprime mortgage of a consumer may not be taken into account by any person in preparing or calculating the credit score (as defined in subsection (f)(2)) for, or with respect to, the consumer.

“(2) SUBPRIME DEFINED.—The term ‘subprime mortgage’ means any consumer credit transaction secured by the principal dwelling of the consumer that bears or otherwise meets the terms and characteristics for such a transaction that the Board has defined as a subprime mortgage.”

(b) REGULATIONS.—The Board shall prescribe regulations defining a subprime mortgage for purposes of the amendment made by subsection (a) before the end of the 90-day period beginning on the date of the enactment of this Act.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect at the end of the 30-day period beginning on the date of the enactment of this Act and shall apply without regard to the date of the foreclosure.

The homeowners should not be required to pay for the bad acts of the lenders. It would take years for a homeowner to recover from a mortgage foreclosure. My amendment would have strengthened this already much needed and well thought out bill.

I intend to offer a bill later this Congress to address this issue.

#### HOUSING AND FORECLOSURES AND TEXAS

Despite being such a large state, Texas ranks only 17th in foreclosures, below the national average. One reason is that Texas homeowners enjoy strong constitutional protections under the state's home-equity lending law. These consumer protections include a 3% cap on lender's fees, 80% loan-to-value ratio (compared to many other states that allow borrowers to obtain 125% of their home's value), and mandatory judicial sign-off on any foreclosure proceeding involving a defaulted home-equity loan.

Nationwide, the number of home foreclosures rose nearly 60% from February 2007 to February 2008, while foreclosures in Texas actually decreased 1% during the same period. In fact, state-wide foreclosure filings in Texas dropped 17% from January to February.

Still, in the last month, in Texas alone there have been 30,720 foreclosures and sadly 15,839 bankruptcies. Much of this has to do with a lack of understanding about finance—especially personal finance.

Last year, Americans' personal income decreased \$20.7 billion, or 0.2 percent, and disposable personal income (DPI) decreased \$11.8 billion, or 0.1 percent, in November, according to the Bureau of Economic Analysis. Personal consumption expenditures (PCE) decreased \$56.1 billion, or 0.6 percent. In India, household savings are about 23 percent of their GDP.

Even though the rate of increase has showed some slowing, uncertainties remain. Foreclosures and bankruptcies are high and could still beat last year's numbers.

Home foreclosures are at an all-time high and they will increase as the recession continues. In 2006, there were 1.2 million foreclosures in the United States, representing an

increase of 42 percent over the prior year. During 2007 through 2008, mortgage foreclosures were estimated to result in a whopping \$400 billion worth of defaults and \$100 billion in losses to investors in mortgage securities. This means that one per 62 American households is currently approaching levels not seen since the Depression.

The current economic crisis and the foreclosure blight have affected new home sales and depressed home value generally. New home sales have fallen by about 50 percent.

One in six homeowners owes more on a mortgage than the home is worth raising the possibility of default. Home values have fallen nationwide from an average of 19% from their peak in 2006 and this price plunge has wiped out trillions of dollars in home equity. The tide of foreclosure might become self-perpetuating. The nation could be facing a housing depression—something far worse than a recession.

Obviously, there are substantial societal and economic costs of home foreclosures that adversely impact American families, their neighborhoods, communities and municipalities. A single foreclosure could impose direct costs on local government agencies totaling more than \$34,000.

Recently, the Congress set aside \$100 billion to address the issue of mortgage foreclosure prevention. I have long championed that money be a set aside to address this very important issue. I believe in homeownership and will do all within my power to ensure that Americans remain in their houses.

#### BANKRUPTCY

I have long championed in the first TARP bill that was introduced and signed late last Congress, that language be included to specifically address the issue of mortgage foreclosures. I had asked that \$100 billion be set aside to address that issue. Now, my idea has been vindicated as the TARP that was voted upon this week has included language that would give \$100 billion to address the issue of mortgage foreclosure. I am continuing to engage in the dialogue with Leadership to provide monies to those in mortgage foreclosure. I have also asked for modification of homeowners' existing loans to avoid mortgage foreclosure. I believe that the rules governing these loans should be relaxed. These are indeed tough economic times that require tough measures.

#### CREDIT CRUNCH

A record number of commercial real estate loans coming due in Texas and nationwide the next three years are at risk of not being renewed or refinanced, which could have dire consequences, industry leaders warn. Texas has approximately \$27 billion in commercial loans coming up for refinancing through 2011, ranking among the top five states, based on data provided by research firms Foresight Analytics LLC and Trepp LLC. Nationally, Foresight Analytics estimates that \$530 billion of commercial debt will mature through 2011. Dallas-Fort Worth has nearly \$9 billion in commercial debt maturing in that time frame.

Most of Texas' \$27 billion in loans maturing through 2011—\$18 billion—is held by financial institutions. Texas also has \$9 billion in commercial mortgage-backed securities, the third-largest amount after California and New York, according to Trepp.

Mr. Chair, my amendment would have helped alleviate these problems. Although my amendment language was included in the bill,

I believe that this bill is important and will do yeoman's work helping America get back on the right track with respect to the economy and the mortgage foreclosure crisis. I wholeheartedly urge my colleagues to support this bill.

Mr. JORDAN of Ohio. I yield 2 minutes to a colleague and friend from Iowa, Congressman KING.

Mr. KING of Iowa. Mr. Chairman, this is a bad bill, and I would echo the statement of Congressman LOUIE GOHMERT from Texas.

We have community bankers. We have independent bankers. They're good bankers. These are people who understand their communities. They understand their customers. They understand their depositors. They make these discretionary decisions at a community level.

I represent 286 towns in 32 counties in western Iowa. Some of those towns have shriveled up. Some other towns have actually shriveled up and have gone away, but when I look at what's left of the towns that are shrinking, often the last enterprise is the community bank, the independent bank, because they're investing back into the community.

When I watch these communities grow back again—and some of them have grown back again since I've been elected to Congress—it's because there's an investment locally because decisions are made at the discretion of the depositors. They are those who support the board members who hire the loan officers who make these discretionary decisions. They want mortgages. They want to invest in the community. They're invested in the community. This cramdown bill hands it over to an unelected judge.

We had an intense discussion in the Rules Committee last night about what kind of accountability there is for judges. I'd like to hear a list of the names of those judges who have been removed for incompetence, let alone for poor discretion. I'd rather give that discretion to the banker who is accountable to the depositors than to a judge who is not accountable unless Congress happens to find him.

Speaking of accountability, I do rise in frustration that an amendment that I introduced in the Judiciary Committee that succeeded by a vote of 21-3 was taken out of this bill after the fact. Even though it had the support of the chairman and of all but three Democrats and every Republican, when something like that happens out of committee, I have to trust as an elected Member of Congress that there will be a level of respect so that when the committee votes, that's the will of the committee. I would argue that the job is for the Chair or for the Speaker or for whomever it might be to bring out the will of the group.

The CHAIR. The time of the gentleman has expired.

Mr. JORDAN of Ohio. I yield an additional minute to the gentleman.

Mr. KING of Iowa. The way you find out the will of the group is you have a

vote, and there is a full expectation, when an amendment passes in committee, it is part of the bill. That's why we have the markup.

So I had an impromptu colloquy with the chairman, and he said, "I accept responsibility. I'll find out what happened. I'll report back to you. I'll get back to you right away."

I don't know the answer to that at this point. I can only draw the conclusion that, since no one knew this happened and since no member of the Judiciary Committee, no Member of Congress has said, "I'm responsible," other than responsible for its happening, I trust it was a staff act that's not been held accountable. Until I get an answer, I'm going to operate under the assumption that no other agreement that's made between gentlemen is going to be valid until we can make this one valid.

Mr. CONYERS. Mr. Chairman, it is with great pleasure that I recognize for 2 minutes the subcommittee Chair of Immigration, the head of the Ethics Committee, and a great leader in the Congress, ZOE LOFGREN.

Ms. ZOE LOFGREN of California. Mr. Chairman, there has been a lot discussed here on the floor today that this is a problem that is limited to just a few parts of our country—California, Nevada, Florida. I just think this is important:

I went and got the records for year to year on the rate of foreclosure. In Alabama, there was nearly a 73 percent increase; in Arkansas, a 127 percent increase; in Hawaii, a 139 percent increase; in Kentucky, a nearly 60 percent increase; in Maine, a 104 percent increase; in Missouri, a nearly 60 percent increase; in Nebraska, a 165 percent increase; in New Hampshire, a 356 percent increase; in New Mexico, a 270 percent increase; in North Carolina, a 126 percent increase; in North Dakota, a 150 percent increase.

This is happening all over the United States, and I'll tell you: when foreclosures hit a neighborhood, when half of the block is up for sale in a bank sale, the value of your home declines dramatically, and when the meth dealers move into those naked homes, I'll tell you that it does nothing to increase the value of the homes of the remaining homeowners.

It is essential that we interrupt this foreclosure wave. Now, this very modest bankruptcy piece is a small part of the picture. It's important to note that, contrary to some of the comments, this provision only relates to mortgages entered into before the effective date of this bill. It is not prospective. It is retroactive only. We have further narrowed the provision in the manager's amendment, which will be discussed later, but I think it's worth noting that the bad faith on the part of a debtor throws the whole thing out. We've made tremendous improvements. It's essential that we act soon.

Mr. JORDAN of Ohio. If the gentleman from Michigan has more speakers, we will reserve the balance of our time.

Mr. CONYERS. I yield 1 minute to the gentlewoman from California, LINDA SÁNCHEZ.

Ms. LINDA T. SÁNCHEZ of California. Mr. Chairman, I rise in strong support of the Helping Families Save Their Homes Act.

The mortgage meltdown affects everyone. No one is immune from the widespread effects of home foreclosures. It hurts the families who are forced out of their homes, of course, but it also hurts their neighbors, who see a drastic drop in property values and communities that have to cut back services due to losses in property values. For too many, the American dream of owning a home has quickly eroded into a nightmare. The bill's mortgage bankruptcy and loan modification provisions will provide direct help to real American families.

As the former chairwoman of the Commercial and Administrative Law Subcommittee, I held many hearings on the mortgage foreclosure crisis and its impact on families. I know that this bill fixes an inequity in the bankruptcy code by ensuring that, under limited conditions, homeowners and bankruptcy proceedings will have access to the full range of financial support and options available.

I urge my colleagues on both sides of the aisle to support homeowners and neighborhoods by supporting this vital piece of legislation.

Mr. JORDAN of Ohio. We will continue to reserve the balance of our time.

□ 1245

Mr. CONYERS. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Tennessee (Mr. COHEN).

Mr. COHEN. Mr. Chairman, Chairman CONYERS has done a wonderful job bringing this bill to the floor with others. This is a bill that shouldn't be partisan, but the other side has tried to make it such. And obviously it's not because otherwise Jack Kemp wouldn't be wholeheartedly supporting this. Besides Jack Kemp, Nobel Prize winners in economics, Joseph Stiglitz and Paul Krugman, as well as George Soros, endorse it. In fact, this is something the American people need.

President Obama just the other night spoke about doing something worthwhile, words engraved above the Speaker's rostrum. This is something worthwhile we can do to help individuals stay in their homes, help communities, help local governments.

If we lose these people's homes to foreclosure, which otherwise we would, it's no cupcake ride into the bankruptcy court. There are strict rules about income and assets that allow a person to get in there. And the judges who are there, who might be decried by some, are judges that are appointed and sit as a decider between the bor-

rowers and lenders for what's equitable and right. These people lose their homes and the neighborhoods' values will go down, home values will go down, tax revenues to local and State governments will go down, crime will go up. This is an effective way for neighborhood stabilizations and to keep families in their homes.

The fact is this law came out of a compromise in the Congress in 1978. And Justice Stevens might have been talking about that legislation, but it wasn't Justice Stevens' logic. And he talked about the flow of capital into the housing market. Well, there was too much flowing of capital into the housing market, and that's what's caused these foreclosures.

This bill will force modifications. People have to give 15 days' notice before they can go into bankruptcy, and hopefully banks will then have voluntary modifications, which they've refused to do up to this point. And remember, the key to this bill is FDIC insurance. And if we don't pass this bill, the banks and the community banks and the credit unions won't get \$250,000 of FDIC insurance to protect the banks for what has been their profligate ways that have put us in this circumstance that we are in now in this economy and in this country.

But we need to support this legislation and see that we get the FDIC insurance for the right spot, and then we need to do something for our families and our neighborhoods.

Mr. JORDAN of Ohio. Mr. Chairman, I continue to reserve.

Mr. CONYERS. Mr. Chairman, may I inquire how many speakers my friend on the other side has remaining?

Mr. JORDAN of Ohio. I will be closing.

The CHAIR. The Chair will note that both sides have 2 minutes remaining.

Mr. JORDAN of Ohio. Mr. Chairman, there is nothing in this bill that requires borrowers to attempt to work out a loan modification prior to filing for bankruptcy. There is nothing in this bill that will limit bankruptcy relief to only those borrowers that are in danger to losing their homes because they have a subprime or nontraditional loan.

In fact, I offered this very amendment to limit the scope of the provision in committee, same amendment that was actually the bill that came out of committee last session. Unfortunately, that was defeated.

There is nothing in this bill that addresses the moral hazard the bankruptcy provisions will create by incentivizing homeowners to file for bankruptcy so they can cram down their principal and receive a windfall when housing prices rise in the future. And there is nothing in this bill that will place a sunset on the bankruptcy provisions so that this relief is limited to the current crisis.

Americans want solutions to this crisis that do not abandon accountability and that do not reward those who acted

irresponsibly. But think about this: 94 percent of mortgages are being paid on time. It is wrong to tell those individuals they are now going to have to in some way compensate or not be able to get credit in the future to accommodate those individuals, that 6 percent, who have behaved in an irresponsible fashion.

Bankruptcy cramdown is not such a solution. It absolves lenders and borrowers of the responsibility, passing that responsibility off on the taxpayers, those who borrowed responsibly, and those who will seek to borrow responsibly in the future.

I urge my colleagues to vote against this bill.

I yield back the remainder of our time.

Mr. CONYERS. Mr. Chairman, it gives me pleasure to yield the remainder of our time to the gentleman from North Carolina, BRAD MILLER.

Mr. MILLER of North Carolina. Mr. Chairman, it is remarkable after all that has happened in the American economy to still hear the talking points of the banking industry and the securities industry repeated verbatim without criticism, simply parroted. That the banking industry is really all about helping folks, that's what caused the problem; that they were trying too hard to help people; that they loaned, perhaps not wisely but too well.

The reality is, this is not going to affect the availability of credit. We've got plenty to judge that by. There have been rafts of economic studies by real economists in peer review journals that show that when you compare lending practices in one place and another at the same time with different laws, there is very little, if any, difference.

Now, the minority has tried to tap into the American anger at banks by calling this a bailout. The reason that the banking industry is so virulently opposed to this, this is the only proposal to deal with the foreclosure problem that does not give them tax money. We aren't begging them, we aren't bribing them to do the right thing; we will make them do the right thing. They will modify mortgages in the way they should have, voluntarily, involuntarily in bankruptcy court if they don't do it voluntarily.

Mr. GOHMERT suggests this is somehow going to be wild, arbitrary, the Wild West, no one knows what a bankruptcy court will do, what a bankruptcy judge will do. Mr. Chairman, there have been thousands of bankruptcy cases. The law is very clear. The procedures are very clear. The judges do this all the time. Everyone involved in bankruptcy knows exactly what will happen, and it will be a very predictable, orderly, logical modification of mortgages in bankruptcy so that borrowers will come out with the very mortgage—with the mortgage they should have gotten, if they should have gotten a mortgage at all—and the lender will come out with a mortgage they should have made in the first place.

Do something the banks won't like to solve this problem and pass this bill.

The CHAIR. The gentleman from Massachusetts (Mr. FRANK) will be recognized for 15 minutes and the gentleman from Alabama (Mr. BACHUS) will be recognized for 15 minutes.

The Chair recognizes the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, this bill is a joint product of two committees: the Committee on the Judiciary and the Committee on Financial Services. I very much appreciate the fully cooperative relationship that the gentleman from Michigan and I and the members of the committee staffs have had. Working with him has been a pleasure as he has taken the lead in the more controversial parts of this bill. I say controversial not in denigration but in support.

I think the bankruptcy provisions—which are the product of the Judiciary Committee, not the committee I chair—are essential. I was particularly struck—and I will enter into the RECORD letters from the National Council of Life Insurers specifically approving the bankruptcy provision, and from the National Association of Realtors also approving the bill.

Obviously, there are people entitled to a variety of opinions, but I think it's relevant to note that two important groups, one involved in housing—the Realtors—and another very, very much involved in finance—the Life Insurance Council—support the bill including the bankruptcy provision.

There is another reason why bankruptcy is relevant to some of the things in the jurisdiction of our committee. Even where there are people willing to modify mortgages, there are some legal tangles. We have this form of a servicer. A servicer is an entity which has been given control or authority over packages of mortgage securities. Even in cases where the servicer has been willing, in some cases, to do a modification, that entity is facing lawsuits from investors who say you can't do it.

There are also second mortgages, that is, even in cases where there are a lot of willing parties to this on both the lender and the borrower's side, the fact that there is such a tangle of legal rights has been an obstacle. Bankruptcy is the only way to cut through that. And given the moderate way in which bankruptcy has been put into this bill, that adds to—let me put it this way, people are saying let's have voluntary modification. But some modifications that are supported by almost everybody cannot go forward because of this.

Beyond that, this bill has some things that are widely supported. For instance, the increase in the insurance deposit limits is supported by the community banks and the National Federation of Independent Business and almost every other group. It does provide to the servicers to whom I just alluded a protection that was a bipartisan pro-

duction of the gentleman from Delaware (Mr. CASTLE) and the gentleman from Pennsylvania (Mr. KANJORSKI) to say that if you as the servicer modify a loan that you hold on behalf of an investor in ways that will minimize the loss to the investor, you could not be successfully sued because you will have carried out your obligation. It authorizes the payment of a fee of up to a thousand dollars to servicers for modifications because this is a job that many of them did not expect.

It also improves the HOPE for Homeowners program which, when we passed it in July, had some hopes and they weren't realized; and I will acknowledge that we didn't do that well. We were at the time responding to pressures that said don't be too generous. As a result, particularly after the Senate got through with it, it became unworkable.

The impetus for change came in part from the Bush administration. The FHA, under the Bush administration, Secretary Preston and Commissioner Montgomery, said you've made this unworkable. So we have amendments that would make it workable. And what we hope coming together is this: no one ought to be encouraged to go bankrupt or think bankruptcy is an easy path. We do prefer voluntary modifications.

What we have is a package, along with the very good proposals enunciated last week by the President, worked on by Secretary Geithner and Secretary Donovan, who did an excellent job on it, we have a menu of ways using all the powers of the Federal Government, including authority, by the way, that we first gave the administration, the Bush administration, in the TARP bill, which they sadly refused to use. But this administration is using authorities that were given to the Bush administration through Fannie Mae and Freddie Mac, through the TARP, through other ways, through the FDIC and other bank regulators. This enhances the authority to do modifications.

So the result—and this is why it's a package. We strengthen the community banks, in particular, with this increase in the deposit insurance; we provide a set of options other than bankruptcy to modify; and we remove legal obstacles, to the extent we can constitutionally do so, to such voluntary modifications. But we then believe that in some cases, you will still need to go to bankruptcy to deal with these tangles that I mentioned, and we also believe that the fact that there is a bankruptcy looming will be an encouragement to negotiations.

On both the lender's and the borrower's side, we've heard complaints that they have tried to communicate with the other. Some people say, "I wrote to my lender. He didn't answer." Some lenders say, "I wrote to the borrower. She didn't respond."

One of the things that the Judiciary Committee did very well—and I think

they did an excellent drafting job on this bill—is to say that if you want to go bankrupt, you have to notify your lender and then there is a waiting period.

So this will promote exactly the kind of communication between lenders and borrowers that we hoped would go forward.

NATIONAL ASSOCIATION OF REALTORS,  
Washington, DC, February 24, 2009.

DEAR REPRESENTATIVE: When people lose homes to foreclosure, our communities, the housing market and our economy all suffer. The National Association of REALTORS® believes H.R. 1106, the "Helping Families Save Their Homes Act," includes provisions to minimize foreclosures, stabilize home values and move the country closer to an economic recovery.

The bill provides a safe harbor for mortgage servicers who conduct loan modifications in good faith. Currently few loan modifications are occurring because servicers face the threat of investor lawsuits. This provision will relieve servicers from liability, and allow more loans to be modified.

The bill also reforms the Hope for Homeowners program, allowing more borrowers to refinance into safe, affordable mortgages. Despite being well-intentioned, the Hope for Homeowners program has enjoyed very limited success. The program's constraints have made it very difficult for lenders and servicers to participate. H.R. 1106 eases current restrictions and makes the program more useable, while still preserving the benefits to homeowners and limiting risks to the FHA fund and the American taxpayer.

The bill strengthens oversight of FHA-approved lenders. FHA is experiencing unprecedented volume during this mortgage liquidity crisis. More and more lenders want to become involved with FHA. To ensure that predatory lenders are unable to participate, the bill provides a number of safeguards to protect the FHA fund and taxpayers from fraud and abuse.

As progress continues on the bankruptcy provisions within this bill, NAR would support reasonable and equitable requirements for judicial review of loan terms for homeowners who are forced into bankruptcy because they are unable to qualify for or obtain foreclosure prevention assistance.

The National Association of REALTORS® believes H.R. 1106 will help millions of homeowners who are at risk of losing their homes. It will also help neighborhoods avoid the ramifications of foreclosures and will help our economy on the road to recovery. We ask you to support this important bill.

Sincerely,

CHARLES MCMILLAN,  
2009 President.

FEBRUARY 24, 2009.

DEAR MEMBER OF CONGRESS: On behalf of the ACLI and its 340 member companies, I commend Congress and President Obama for considering different ways to mitigate the impact of foreclosures on homeowners. I am particularly pleased that as the House moves forward with H.R. 1106, which includes new mortgage "cram down" authority for bankruptcy courts, the effects on investors are being taken into consideration.

The policy rationale behind bankruptcy relief is laudable: providing a way for homeowners in financial distress but with sufficient means to remain in their homes. As the bill recognizes, it is equally important to ensure that there are no unintended negative consequences on those who have invested in mortgage backed securities to the benefit of millions of American homeowners.

The life insurance industry provides millions of Americans with the products that can help them attain financial and retirement security. To maintain sufficient reserves and surplus to meet obligations to policyholders, life insurance companies are required to invest in high quality financial instruments. For decades we have been the largest holder of corporate bonds in the U.S., and we also hold a significant amount of top tier mortgage backed securities. That is why language clarifying the new cram down law's effect on investors is so important to this industry.

Without clarifying language, top tier mortgage backed securities could be downgraded significantly, resulting in increased capital requirements for life insurers and a need to raise additional capital in a hostile environment. An inability to raise capital could result in unwelcome downgrades for life insurers.

This issue by itself is of extreme importance to life insurers. When coupled with the impact of other recent government actions, it could impair an otherwise strong and stable, but increasingly challenged, industry. For example, the \$3.5 billion in bonds held by life insurers were virtually erased by the fire sale of WaMu to JP Morgan. Life insurers' \$1 billion in preferred stock was virtually wiped out by the take-over of Fannie and Freddie. And we are tested daily by the SEC's failure to adjust mark to market accounting.

The cumulative impact of these actions on the life insurance industry could erode a vitally important sector of the financial services industry. Our companies can weather this economic storm, but only if lawmakers recognize the consequences of their actions on an industry that provides millions of Americans with financial protections they cannot obtain anywhere else.

That is why we endorse the inclusion of the language in Section 124 of H.R. 1106. We believe the inclusion of this language is a step in the right direction in avoiding negative, unintended consequences on investors who are vital to this nation's economic recovery. We look forward to working with the House and Senate as this legislation moves forward to make sure that all the ramifications are considered and properly addressed.

Sincerely,

FRANK KEATING,  
President & Chief Executive Officer, ACLI.

NATIONAL FEDERATION  
OF INDEPENDENT BUSINESS,  
Washington, DC, February 25, 2009.

Hon. BARNEY FRANK,  
Chairman, Financial Services Committee, House  
of Representatives, Washington, DC.

Hon. SPENCER BACHUS,  
Ranking Member, Financial Services Committee,  
House of Representatives, Washington, DC.

DEAR CHAIRMAN FRANK AND RANKING MEMBER BACHUS: On behalf of the National Federation of Independent Business, the nation's leading small business advocacy organization, I am writing in support of Section 204 of H.R. 1106, which makes permanent the deposit insurance limits enacted as part of the Emergency Economic Stabilization Act of 2008.

Specifically, we are pleased that H.R. 1106 permanently increases the FDIC insurance limits from \$100,000 to \$250,000, giving small businesses confidence that their business banking assets are secure. It also provides more assurance for banks, especially community banks, that their customers will not remove their money.

Permanently expanding deposit insurance coverage from \$100,000 per account to \$250,000 is critical for small businesses, many of whom rely on bank deposits to meet payroll and finance other business activity. Accord-

ing to the NFIB's Research Foundation, a majority of small-business owners use two or more financial institutions to conduct their firms' affairs.

America's 26 million small businesses are facing the toughest economic climate in decades. Raising FDIC deposit limits will ensure that small business owners can readily access their insured accounts, allowing them to survive and compete in today's challenging economy.

Thank you for your support of small businesses, and we appreciate your leadership on this issue.

Sincerely,

SUSAN ECKERLY,  
Senior Vice President,  
Public Policy and Political.

AARP,  
Washington, DC, February 25, 2009.

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

Hon. JOHN A. BOEHNER,  
Minority Leader, House of Representatives, The  
Capitol, Washington, DC.

DEAR SPEAKER PELOSI AND REPRESENTATIVE BOEHNER: On behalf of AARP and its 40 million members, I am writing to reiterate our strong support for legislation to permit modification of home mortgages in bankruptcy as an option to help homeowners avoid foreclosure. Bankruptcy offers an existing structure, and an impartial and trusted process that can help hundreds of thousands of families save their homes, and do so at little cost to taxpayers.

Over 1.5 million homes with subprime mortgages have already been lost to foreclosure. A December 2008 Credit Suisse report estimated that foreclosures of all types of mortgages could exceed 8 million by the end of 2012 the equivalent of one foreclosure for every 6 households with mortgages. Recent research by AARP found that Americans age 50 and older hold 41 percent of all first mortgages and represent 28 percent of all homeowners in delinquency or foreclosure. Clearly, millions of older homeowners will face the loss of their homes, and much of their retirement assets, unless more effective foreclosure relief can be provided.

The foreclosure relief plan announced by President Obama last week includes support for judicial mortgage modification as part of a coordinated set of new initiatives to address the foreclosure crisis. While these initiatives will benefit many distressed homeowners, many others will not be assisted either because they are too deeply in debt to benefit from loan refinancing, their loans exceed the GSE loan principal limits, or they lose their jobs and have too little income to pay their mortgage. Court supervised loan modification thus becomes essential to the success of the broader foreclosure relief plan, serving both as an option of last resort for these families to save their homes and as an incentive for servicers generally to offer meaningful loan modifications outside of court.

Legislation to allow for judicial modification of primary mortgages (H.R. 200) was approved last month by the Judiciary Committee and has been combined with other important measures to stabilize the housing market and prevent foreclosures in H.R. 1106, the "Helping Families Save Their Homes Act of 2009."

This legislation offers a balanced approach to bankruptcy reform that will provide relief for many distressed homeowners while limiting any adverse impact on the cost of future mortgage credit.

We urge the House to resist all weakening amendments to the bankruptcy sections of

H.R. 1106 and to immediately approve this timely and needed legislation.

Sincerely,

DAVID P. SLOANE,  
Senior Vice President,  
Government Relations and Advocacy.

I reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentleman from South Carolina (Mr. BARRETT).

Mr. BARRETT of South Carolina. Mr. Chairman, I rise in opposition to H.R. 1106 because I believe the bill is unwise, unproductive, and most of all, unfair.

My heart goes out, Mr. Chairman, to anyone facing foreclosure. It's never easy to hear the stories of families losing their homes. But allowing bankruptcy judges to modify mortgages is not the right solution for our economy or for our housing market.

□ 1300

The provisions in this bill allow bankruptcy judges to cram down principal in mortgages on primary residences, and it will have long-lasting adverse and unintended consequences on our housing market. I offered an amendment that would take out these cramdown provisions, but unfortunately, Mr. Speaker, it wasn't even allowed to come to the floor.

This legislation is unfair to Americans who have made difficult decisions to cut back their spending in order to pay for their mortgages. By further tightening the credit market, this bill forces homebuyers to pay more for their mortgages.

Allowing judges to rewrite mortgage contracts will effectively increase the cost and reduce the availability of credit to homebuyers. No matter how narrow the mortgage cramdown provisions are, allowing these mortgages to be modified in bankruptcy courts will create additional uncertainty in the housing market. America needs certainty right now, Mr. Speaker, and this bill moves us in the wrong direction.

I urge my colleagues to join me in opposing H.R. 1106 to protect responsible homeowners.

Mr. FRANK of Massachusetts. I yield 1½ minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. I appreciate the gentleman's courtesy in permitting me to speak on this just as I appreciate his hard work and leadership.

We hear our Republican friends from the other side of the aisle who talk about their hearts going out to people across the country who are facing the tragedy of losing their homes. They have their home mortgage under water, in circumstances beyond their control in a system that has systematically destroyed the ability of people to be able to actually voluntarily deal with a modification of their loan as my friend, the chairman, mentioned. This legislation steps forward to restructure the relationship, to be able to have the modification. But most importantly, it is the fastest, least expensive way to cut through the thicket of these issues.

Now, I hear people talking about cramdown provisions. It's exactly the same provision that Donald Trump is going to have the next time he goes bankrupt on his fourth vacation home. I've got a situation in my community, and it's much worse on the gold coast of Florida, or in Las Vegas, or in some places in California, where we have condominiums, where there are people who bought three, four, five units as investments. Then there is somebody who has the misfortune of just buying it to live in. The investor, the speculator can have the "cramdown" provision, he can have the terms modified, with the interest rate reduced, the balance reduced, but the poor person who just is living in his or her home is stuck. Doesn't sound to me like their hearts are going out to the people who are in trouble. That's not equitable. If we had had these provision in law before, we never would have securitized goofy loans and had this pyramid scheme start in the first place.

I salute the committee's work; I'm proud to support it. It is going to make a big difference, and everybody should vote for it.

Mr. BACHUS. Mr. Chairman, I yield 1½ minutes to the gentleman from Colorado (Mr. COFFMAN).

Mr. COFFMAN. Mr. Chairman, I rise in opposition to H.R. 1106.

The poison pill in this legislation is the cramdown provision. And the cramdown provision will create uncertainty in our credit markets at the very time that we are trying to stabilize our financial system. It will significantly raise the cost of borrowing, not just for Americans who are trying to refinance their homes, but for all future American homeowners. It will significantly raise the cost of borrowing because it will create a risk premium that lenders will have to place on these loans, knowing full well that if the value of the property goes down, then they will take a loss. But the legislation also creates a fiction that if the value of the property rises, that the lenders will be able to recover some of those losses.

This cramdown provision is wrong for restoring our credit markets and it is wrong for the millions of future homeowners across this country who will be forced to pay more for those who will be able to use our court system to pay less.

I would encourage a "no" vote on this legislation.

Mr. BACHUS. At this time, Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. ROYCE).

Mr. ROYCE. Mr. Chairman, I think I want to comment here on the marked difference that I've seen between the sanctity of the mortgage contract in the United States and what I've seen around the world.

Hernando de Soto, the Peruvian economist, touches on this in his book, "The Mystery of Capital: Why Capitalism Succeeds in the West and Fails Everywhere Else." And his point is

that, long term, this private mortgage contract is essential. If we begin to undo that contract, there isn't any reason to believe that interest rates won't climb up commensurate with the kinds of interest rates that we see with respect to what you pay on your Visa card or Master Charge.

The reality really is that Supreme Court Justice John Paul Stevens was right some 15 years ago when he cited that legislative history indicating that favorable treatment of residential mortgages were intended to encourage the flow of capital into the home lending market. And his point was that, without that capital flow coming in and pushing down interest rates, that long term we were going to face a considerably higher interest on home mortgages for the next generation.

Now, to those skeptics that have been convinced this is a temporary solution, I would just say that we should all remind ourselves that here in Washington there is nothing more permanent than a temporary solution. These things have a way of becoming permanent, and that is what I'm concerned about.

I am also concerned that we haven't recognized the role we played in this. And maybe, in terms of the good intentions of many of these Members who, frankly, if you look at the erosion of standards, once 20 percent was the down payment for a house, then it went to zero. And one of the reasons it went to zero was because of political pressure, because of the perception that we would make homeownership more affordable. One of the reasons Fannie Mae and Freddie Mac were allowed to over-leverage was for this same reason. This is not the solution.

The CHAIR. The gentleman's time has expired.

Mr. BACHUS. I yield an additional minute to the gentleman from California.

Mr. ROYCE. I thank the gentleman for yielding me that time because this is not the solution. We are going to compound the problem. We are going to put in motion here a reticence on the part of those who loan. And once the principal amount is reduced in these loans, once people know that they can go through the process of bankruptcy, they will be more hesitant to work through the process that Treasury has set up with this Hope Now Alliance. There's 2.3 million loans last year that were reworked with lower interest rates. And if you think about it, it's in the borrower's interest and it's also in the lender's interest to sit down and do these reworks. That's where our focus should be.

We should be encouraging those voluntary arrangements. We should be bringing resources to bear, to contact homeowners that are having trouble right now making those payments and remind them that instead of filing for foreclosure, if they get in touch with a lending institution, you can voluntarily right now run those out to 30-

year loans now at 6 percent. And when people are contacted, we find that most of these don't go into foreclosure. That's where the focus should be.

Mr. FRANK of Massachusetts. I will yield myself such time as I may consume because the gentleman from California wants to talk about the history and who pressured people into doing this.

Yes, it's true, there is a governmental role here: it is a refusal to regulate subprime loans. In 1994—and party is relevant—the last time before the previous Congress that the Democrats were in the majority, this Congress passed a law directing the Federal Reserve to regulate home loans in the subprime category that were issued by everybody. Bank loans were regulated, nonbanks were not. Alan Greenspan, the Chairman of the Federal Reserve, refused to use the authority and acknowledged in testimony before the Committee on Government Reform late last year that he had refused to use it and that he was mistaken.

So, part of the problem was, yes, there was a lowering of standards because the Federal Reserve refused to impose them. And then, let me quote Mark Zandi, who had been an adviser to JOHN MCCAIN, is now an economist of great repute—he was then, too, obviously—who notes in his book on this crisis that in 2004, the Bush administration decided, as part of its strategy of expanding homeownership, to push for an increase here, including, in 2004, the Bush administration ordered Fannie Mae and Freddie Mac to increase the number of loans they gave to people below the median income. And I will put into the RECORD my quotation at the time from an article put out by Bloomberg in which I objected to that. Secretary Jackson made them increase by 10 percent the number of loans they had to give to people below the median. And I said I thought that would be bad for Fannie and Freddie and bad for the borrowers because helping people borrow money they can't repay does them no good. And there was then an effort to try to get legislation passed to do what the Federal Reserve refused to do under Mr. Greenspan, regulate subprime loans. But the Republican leadership of the House at the time said we don't want to do this.

There was also concern about Fannie Mae and Freddie Mac. And in 2005, I, as the ranking minority member of the Committee on Financial Services, joined the chairman, a former colleague, Mr. Oxley, in supporting a bill out of our committee to tighten the regulation of Fannie Mae and Freddie Mac. I later was opposed to what was done in the Rules Committee to weaken a housing provision, but I wanted the bill to go forward. And, in fact, that bill went to the Senate with a large majority. I opposed it on the housing ground, but I was for the regulatory part. The Bush administration rejected it. Then Secretary of the

Treasury Snow said he thought the President was wrong. Mr. Oxley said he was very disappointed that the administration wouldn't go forward.

In any case, the Republican-controlled Senate refused to take the bill up. So from 1995 until 2006, under Republican control of the Congress, no bill was passed to regulate Fannie Mae and Freddie Mac better, and nothing was done to restrain inappropriate subprime mortgages.

In 2007, the Democrats returned to the majority. Within 4 months, the Committee on Financial Services had reported on exactly the bill that the Bush administration wanted under Secretary Paulson to tighten the regulation of Fannie Mae and Freddie Mac. There was an organization called FM Watch that existed to try to tighten regulation of Fannie Mae and Freddie Mac, and they have been quoted as saying, after the House acted, "Well, we finally got what we wanted." That was in 2007.

So, yes, I regret the fact that in 2005 there was an intra-Republican split between Mr. Oxley and the President, with the Secretary of Treasury on Mr. Oxley's side and Senator SHELBY on the President's side, and we got no bill. We got it through the House in 2007. It was then delayed in the Senate, unfortunately. In 2008, I asked the Secretary of the Treasury to put it into the stimulus, the tough regulation of Fannie Mae and Freddie Mac. He couldn't do that at the time. We got it, but we got it too late. But we got it too late because 12 years of Republican rule went by and no bill became law.

Then we had subprime. When we were unable to pass a subprime bill in 2005 because the Republican leadership said no, we, in 2007, brought out a subprime bill. It passed this House. It was a bill to restrict inappropriate subprime loans. It was attacked by the Wall Street Journal—I'll put the editorial in there—it said it was "Sarbanes-Oxley for housing," that we would be depriving people of the chance to buy homes—yeah, people who shouldn't have had that chance. Once again, that was held up in the Senate. But to his credit, Chairman Bernanke, a Bush appointee, used precisely the authority that Alan Greenspan refused to use from 1994, from that statute, and imposed strict restrictions on bad subprime loans.

I think we will go further. And I expect the Committee on Financial Services once again to bring out the bill to restrict inappropriate subprime loans. And I will look for that energy that I've heard from time to time expressed by some of my Republican colleagues about keeping people from being put into homes they shouldn't have. Because last time it was a more partisan fight than it should have been, although the ranking member, who has a very good history of being concerned about this, did join us in voting for the bill.

The only other thing I would say is this—and I would agree that voluntary

modification is a good thing. But with the servicer-investor conundrum and with second mortgages, even almost entirely voluntary agreements to modify cannot go forward without bankruptcy.

FANNIE, FREDDIE TO SUFFER UNDER NEW RULE, FRANK SAYS  
(By James Tyson)

June 17 (Bloomberg)—Fannie Mae and Freddie Mac would suffer financially under a Bush administration requirement that they channel more mortgage financing to people with low incomes, said the senior Democrat on a congressional panel that sets regulations for the companies.

The new rule compels the companies to put 57 percent of their mortgage financing by 2008 toward homes for people with incomes no greater than area median income. Fannie Mae and Freddie, the two largest U.S. mortgage finance companies, must currently meet a 50 percent threshold.

The White House "could do some harm if you don't refine the goals," said Representative Barney Frank, a member from Massachusetts on the House Financial Services Committee. Frank's comments echo concerns of executives at the government-chartered companies that the new goals will undermine profits and put new homeowners into dwellings they can't afford. "At their outer edges they become counterproductive—there are not loans to make that will get repaid," Freddie Mac Chief Executive Richard Syron said Monday in an interview, referring to the new financing rule.

Frank said the administration is aiming to reduce the role of the two companies in mortgage financing, and has seized on the higher goals "as a useful stick by which to beat Fannie arid Freddie."

HUD DEFENDS RULE

Alphonso Jackson, secretary of Housing and Urban Development, said the Bush administration has no hidden motives in seeking to raise the percentage of financing for low-income homeowners.

"There is no administration more supportive of Fannie and Freddie than we are," Jackson said today in interview. "We are just actualizing what should have been done years ago." An agency within HUD, the Office of Federal Housing Enterprise Oversight, regulates Fannie Mae and Freddie Mac, which own or guarantee about half the \$7.3 trillion U.S. mortgage market.

The housing guidelines, subject to a public comment period that ends on July 2, would become law Jan. 1. Referring to both the White House plans and the coming presidential election, Frank said, "nothing can stop them except a change in November." He spoke at a news conference sponsored by the presidential campaign of Senator John Kerry of Massachusetts.

Frank and housing industry representatives such as Jerry Howard, chief executive of the National Association of Homebuilders, say the White House rules fail to focus financing on multifamily housing and other market segments. The regulations also don't address a decline in refinancing and other market changes, they said.

"We don't see how these goals in any way put Fannie Mae and Freddie Mac into specific types of affordable housing," Howard said.

The association, which represents Centex Corp., Toll Brothers Inc. and about 215,000 other companies in the housing industry, plans to ask for a 60-day extension of the public comment period, Howard said.

Referring to the housing goals and the two companies, Frank said, we want to push them further, but it doesn't make sense to push them in an undifferentiated way."

Jackson said his critics should withhold judgment until after Jan. 1. "I don't see how people can say something is not going to work when we have not had a chance to implement it."

A SARBOX FOR HOUSING—HOW TO RESTRICT LENDING TO THE POOR FOR YEARS TO COME

Throughout the 1980s and '90s, Congress prodded, even strong-armed, banks into making more mortgage loans to low-income and minority families. Washington enacted anti-discrimination and community lending laws with penalties against lenders for failing to issue riskier mortgages to homebuyers living in poor neighborhoods or with low down payments and subpar credit ratings. And so it was that the modern subprime mortgage market was born.

Now, and for a variety of reasons, some two million of those loans have gone sour, and the same politicians are searching for villains. Leading the charge is House Financial Services Chairman Barney Frank, who is accusing banks of "predatory lending"—by which he means making loans to the very group of borrowers that Mr. Frank and his colleagues urged banks to serve.

As early as today, Mr. Frank plans to hold a committee vote on his Mortgage Reform and Anti-Predatory Lending Act of 2007, which would impose new rules and financial penalties on subprime lenders, while providing new lawsuit opportunities for distressed borrowers. "People should not be lent money that's beyond what they can be expected to pay back," Mr. Frank says. Now, there's an idea. Why didn't the bankers think of that?

Mr. Frank's proposal is a trial lawyer's dream. It would forbid banks from signing up borrowers for "overly expensive loans"; require banks to make sure that the consumer has a "reasonable ability to repay the loan"; and insist that loans must be "solely in the best interest of the consumer." This kind of murky language would invite litigation from every borrower who misses a payment. If it becomes law we can expect to see billboards reading: "Behind on your mortgage? For relief, call 1-800-Sue-Your-Banker."

Also for the first time, banks that securitize mortgages would be made "explicitly liable for violations of lending laws." This is a version of secondary liability that holds the bundlers and resellers of mortgages responsible for the sins of the original lenders. The reselling of mortgages has been a boon both to housing liquidity and risk diversification. So to the extent the Frank bill adds a new risk element to securitizing subprime loans—and it surely will—the main losers will be subprime borrowers who will pay higher rates if they can get a loan at all.

No one disputes that there were lending excesses during this decade's housing revels. The Federal Reserve's easy money policy created a subsidy for debt and fed an asset bubble that made borrowers and lenders alike think prices would rise forever. If companies or individuals committed fraud, they should be punished. Meanwhile, federal regulators have been rewriting rules to outlaw the most abusive practices, such as onerous prepayment penalties and disguised balloon interest payments.

But for all the demonizing, about 80% of even subprime loans are being repaid on time and another 10% are only 30 days behind. Most of these new homeowners are low-income families, often minorities, who would otherwise not have qualified for a mortgage. In the name of consumer protection, Mr. Frank's legislation will ensure that far fewer of these loans are issued in the future.

All of this would also hit banks when they and their shareholders are already being

punished in the marketplace. The stock values of financial companies have taken a beating and executives are losing their jobs. Lenders are fleeing the subprime market, and the pendulum has swung to the opposite extreme as banks have tightened credit, which is contributing to the mortgage meltdown.

The latest housing data indicate that new home sales are down 23% from a year ago, with the biggest retrenchment in the subprime market. The volume of subprime securities was down a whopping 70% to \$15 billion in the third quarter from \$62 billion one year ago. Originations of the controversial subprime ARMs are down by 50% so far this year compared to 2006. Mr. Frank's bill couldn't come at a worse time, as it will further shrink credit to marginal borrowers, which will mean fewer buyers and extend the housing downturn.

The Frank bill is essentially a Sarbanes-Oxley for housing, an attempt to punish business in general for the excesses of an unscrupulous few and the perverse incentives created by Washington policy.

Mr. Chairman, I reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentlelady from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. Mr. Chairman, I rise today in opposition to this bill and to express my sincere disappointment in the way it has come to the floor.

Yesterday, I brought to the Rules Committee two simple, straightforward amendments that would have made this a much better bill. They would have ensured that taxpayers are protected from others making unfair profits on their dime. They would also prevent flippers, speculators, illegals and criminals from taking advantage of a program that should be aimed at worthy borrowers who are struggling to keep their homes.

The first amendment I offered required that taxpayer-funded mortgage assistance not go to those who misstated their income to get a mortgage, aren't even living in the residence, were convicted of financial fraud, or aren't in the country legally and permanently.

The second amendment is that taxpayers get paid back first. It required that those who profit from selling a property that benefited from taxpayer support pay back some of the money through an added capital gains tax.

□ 1315

Why should the 93 to 95 percent of Americans who are paying their mortgages on time have to foot the bill for others to make a profit on their real estate? It's not fair to my constituents who acted responsibly, have worked hard, saved, and took loans they knew that they could afford.

Mr. Chair, these sound to me like principles that we can all agree on, and yet the majority in the Rules Committee has refused to allow Members of the full House to vote on these commonsense amendments. I don't think that's what the American people want, and I would urge my colleagues to oppose this bill.

The CHAIR. The Chair will note that the gentleman from Alabama has 7½

minutes remaining and the gentleman from Massachusetts has 2½ minutes remaining.

Mr. FRANK of Massachusetts. Mr. Chairman, I will now yield 1 minute to the gentleman from Pennsylvania (Mr. KANJORSKI).

Mr. KANJORSKI. I want to thank my chairman for allowing me this time.

Mr. Chairman, let me say I want to rise in favor of the Helping Families Save Their Homes Act. I have two particular areas that I am particularly interested in. One was the provision that allows a reconstitution and protection or hold harmless for those who do modify mortgages. And Mr. CASTLE and I worked on that provision in the last Congress, and substantially the same type of provision has been included in this bill. It benefits everyone other than those cranky few investors who have the weakest part of the tranches of the securitized mortgages who would like to stop those actions from being taken. But even most investors favor it and certainly the mortgage holder and the mortgage maker favor it. So I hope that provision will become law.

And, finally, we also included in this package the provision that allows the Federal Credit Union Act to be amended to allow a 5-year period of payment to rebuild the deposit insurance reserves of the Federal Credit Union. And as we all know, with these hard times and circumstances, the credit unions need the same help to rebuild their deposit reserves.

So, Mr. Chairman, I urge my colleagues to support this bill.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. I thank the gentleman for yielding.

Mr. Chairman, to state the obvious, everybody in this economy is hurting. I've got personal friends of mine who never thought they would lose their jobs who have lost their jobs.

But when we look at this piece of legislation, you have to ask the question who are you helping, why are you helping, and whom are you hurting to help the other people? We need to remember, Mr. Chairman, that, first, 94 percent of all America still is either renting their home, they own it outright, or they're current on their mortgage.

Now, I want to make sure that we help those who through no fault of their own are finding themselves in arrears. I want to help the person who lost their job or through some debilitating disease can't keep up with their mortgage.

But, Mr. Chairman, mortgage fraud has ran rampant for the last 2 years. There were people out there who speculated in real estate. There were people who turned their homes into personal ATM machines. There are people who could have made sacrifices and now they expect their neighbor to make the sacrifice. Mr. Chairman, it's just patently unfair when you're struggling to pay your mortgage to be forced to pay your neighbor's as well.

I heard from one of my constituents about this very subject. I heard from Theresa Steele in Mesquite, Texas, and she wrote me: "Congressman, I had to put off purchasing a home because of medical expenses that my family had to deal with. While paying these medical expenses, I was able to pay rent on a house. But it's really frustrating. You cannot get a break because our taxes keep going up along with the cost of groceries and gas, et cetera, and it seems no matter what you do, you cannot get ahead when others are out there throwing caution to the wind and seem able to have my tax dollars bail them out. It doesn't seem right to me."

Well, Mr. Chairman, if Theresa Steele was here, I would say it doesn't seem right to me either. To increase her taxes to pay for somebody else's mistake is patently unfair, will not help our economy. You cannot tax and borrow your way back into prosperity.

Mr. FRANK of Massachusetts. Mr. Chairman, in the absence of any correction, I have only one speaker left; so I will reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I yield 1½ minutes to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. I thank the gentleman for yielding.

I certainly applaud the committee for trying to do something about this problem, but I'm afraid that this is not the right solution. It actually seeks to help a few at the cost of all homeowners.

First of all, the government seems to be very content these days picking winners and losers. But I don't understand if Mr. BACHUS is paying his mortgage and I'm not, why am I necessarily, just because of that, deserving to renegotiate the contract? What is it that the Federal bankruptcy judge will know about me which will make me have the insider advantage over my friend from Alabama? It doesn't make sense. The judge will have to decide, well, was I laid off because of something that I did? Did I bite off more than I should have chosen, because of my irresponsibility, because of the lender's irresponsibility? I think the precedent of this is extremely scary. And why only contracts that involve real estate? What about other contracts that people get involved with in terms of debt?

The fact of this is it's going to also not just put the government in a position of picking winners and losers, but it's going to put more uncertainty in the market. And right now, as I talk to Realtors and bankers and investors, what this market needs on Main Street and Wall Street is knowledge of rules. Rules that govern, regulatory practices, whatever they are, if they're here or if they're here, what Wall Street and the investment community needs to know is what are the rules? We will adjust to them. But here we go one more time increasing uncertainty by changing the rules.

Mr. Chair, the Helping Families Save Their Homes Act (H.R. 1106) would allow bankruptcy judges to reduce the principal owed on a mortgage, a practice often referred to as a "cramdown." Judges would also be able to reduce interest rates or lengthen the term of the mortgage. This will help only a few people while raising the cost of borrowing for thousands of moderate-income and first-time homebuyers.

Although supporters claim that this is a limited provision that applies only to existing mortgages, the cramdown language can easily be amended to make it permanent at a later date—which would then be priced into future mortgages. In addition, the House bill lacks many of the targeted limitations designed to make sure that bankruptcy is a last resort. It even weakens language passed earlier by the House Judiciary Committee that was designed to keep those who filed fraudulent mortgage applications from taking advantage of cramdowns.

H.R. 1106 does contain two important provisions to correct flaws in the housing bailout plan passed last year.

**Problems with Cramdowns:** Allowing bankruptcy judges to modify mortgages would raise mortgage costs for everyone and even more for first time homebuyers. Cramdowns would add additional risk that mortgages will not be repaid as the contract requires. Lenders must charge for that added risk, and experts estimate that the additional costs would raise mortgage rates by as much as two full percentage points or substantially increase required down payments. This increase would apply to every mortgage applicant in order to ensure that the entire pool of mortgages remains profitable upon resale to the secondary market.

Mortgage companies would greatly expand "risk based pricing" of individual mortgages as well. These added costs would fall hardest on moderate-income and first-time homebuyers, who have a higher risk of defaulting on a mortgage. This will price many families out of the housing market.

Further undermine the value of mortgage-backed securities: Banks and other investors are already facing heavy losses not only because mortgage-backed securities have lost much of their value but because of uncertainties about whether the mortgages will be paid. The language in H.R. 1106 increases this uncertainty. Investors will be at risk of both foreclosure and cramdowns that reduce the earnings of these securities. Many cramdown mortgages will later go into foreclosure. Since investors have no idea what this new provision will do to the value of their securities, prices will drop further.

Fail to help many homeowners: Only one-third of all Chapter 13 filers completes the process successfully and gets the fresh start that bankruptcy promises. The other two-thirds "pay court fees, pay attorney's fees, pay fees to the bankruptcy trustee, invest time and money to restructure their financial affairs, and then wind up with nothing more than temporary relief. In fact, one third of chapter 13 filers go on to file for bankruptcy again.

**Other Provisions in H.R. 1102:** The Helping Families Save Their Homes Act also contains a mixture of other housing and financial provisions. These include:

Liability waivers for mortgage servicers that modify mortgages: Mortgage servicers receive

payments from mortgages and forward them (after fees) to the owners of the mortgages. As the main contact with homeowners, mortgage servicers should be able to refinance or alter mortgages in order to ensure that the owners get the best possible return, but many fear that unhappy mortgage owners would sue them. The legislation provides these servicers with a safe harbor so long as they act within certain specified boundaries. This is a needed change.

Making \$250,000 FDIC and MCUA deposit insurance levels permanent: Last fall, Congress increased deposit insurance coverage by FDIC and NCUA to \$250,000 until December 2009. This bill makes that change permanent and also increases the agencies' borrowing authority to cover their losses. Borrowing authority is used only if the deposit insurance fund runs out. This is a useful change but unlikely to be needed.

Keeping predatory lenders from taking advantage of FHA programs: Section 203 of H.R. 1106 makes it easier for HUD and the FHA to prevent predatory lenders from underwriting FHA-guaranteed home loans. This is a needed reform.

Trying to fix the Hope for Homeowners program: Last summer, Congress created Hope for Homeowners, an FHA-based program that it originally, FHA claimed the program which is run jointly with Treasury, would help up to 2 million homeowners. To date, according to the FHA, it has actually helped about 500. The legislation makes a number of changes that will make it more attractive to homeowners, raise the cost of it by \$2.3 billion, but is unlikely to otherwise improve it.

Making the Problem Worse: Mortgage cramdowns would further destabilize an already damaged housing market while increasing mortgage costs for future borrowers. The useful changes it makes are necessary but in no way overcome the downsides associated with the passage of this legislation.

#### ANALYSIS OF THE HOMEOWNER AFFORDABILITY AND STABILITY PLAN

Two of the bill's three key components are designed to provide subsidies and benefits primarily to homeowners who, while still current in their payments, may not be able to take advantage of attractive refinancing opportunities at lower interest rates because the value of their home has declined beyond the loan-to-value ratio permitted by rules governing mortgage investments made by Fannie Mae and Freddie Mac. The second such provision of the plan would provide taxpayer and investor subsidies to mortgage borrowers who have taken on more debt than they could safely manage, including, in some cases, credit card and automobile debt. The third component of the plan encourages the enactment of legislation allowing bankruptcy judges to alter the terms of certain mortgage loans, a practice that to date has been prohibited by federal law.

The legislation suffers from 12 specific weaknesses and risks: The plan's Stability Initiative bestows new and costly benefits on those who took on more debt than they could handle, including credit cards, automobile loans, and mortgages (including refinancing and seconds). Worse, the value of the benefits will vary in direct proportion to the degree of borrower financial irresponsibility and the intensity of community land regulations. Homeowners with a first mortgage as large as

\$729,750 are eligible for the initiative, meaning that the well-to-do will receive more financial benefits than those of modest means. And as analysts at one nationwide financial firm noted, "The modifications would go disproportionately to borrowers who overstretched and who lied about their income." This moral hazard sends a clear message to the American people: The worse the behavior, the greater the reward.

Under this Stability Initiative, borrowers with a ratio of mortgage debt service to income greater than 31 percent can have their mortgage interest rate reduced to as little as 2 percent if that is what it takes to achieve the 31 percent ratio-with government paying half the subsidy and the investor/lender surrendering the other half. If this concession is insufficient to reach 31 percent. Eligible borrowers may also have loans that are as much as 50 percent greater than the value of the house.

It is also unlikely that, under the Stability Initiative, borrowers with a ratio of debt service payment to income as high as 55 percent—because of combined mortgage, credit card, and automobile debt—will be eligible to receive temporary payment reductions if they merely agree to HUD-approved counseling. Such borrowers may then be eligible for permanent payment reductions. This reduction scheme will be disclosed in rules that the Administration has announced it will release on March 4.

Because the investor/lenders will be responsible for a portion of the mortgage rate reduction, this program will deter private sector investment in all but the best mortgages. Combined with the proposed "cramdown" bankruptcy proposals, the net effect will be to require a substantial and permanent federal presence in the housing finance market to accommodate those many potential borrowers who are not highly qualified.

The plan also includes a formal endorsement by the President of a bankruptcy provision that allows judges to alter the terms of certain mortgages. This provision will increase the risk to lenders of all mortgages. The industry is already treating this as a permanent measure. Increased risk requires higher costs to compensate lenders, and either down payments or interest rates would have to rise, while potential borrowers with checkered credit histories would be denied access to credit. However, these costs would not rise evenly for all borrowers: Higher-risk borrowers (first-time buyers and moderate-income workers) would see costs rise more and have fewer opportunities to buy a house.

Anticipating such criticisms, the proposal contends that it will "seek careful changes to personal bankruptcy provisions." However, because any changes in bankruptcy law must be passed in legislation, this outcome may merely be wishful thinking. As the President wants to make sure that "millionaire homes don't clog bankruptcy courts," mortgages eligible for judicial "cramdown" cannot exceed \$729,750 in value. Moreover, the most recent version of the legislation weakens language adopted earlier by the House Judiciary Committee to prevent borrowers who committed fraud in their mortgage application from taking advantage of cramdown.

The plan's Refinancing Initiative creates a new right for American borrowers now current in their mortgage payments; the right to refinance their home at a lower interest rate even

if the quality of the loan—as measured by the loan-to-value ratio—would otherwise pose a risk to the lender. As such, this proposal establishes the act of being highly leveraged or slightly “underwater” (the amount that a borrower owes on his or her mortgage is more than the value of the house) as a legitimate reason to default, and as a policy problem worthy of taxpayer support and federal intervention. The creators of this new right fail to recognize that many other consumer credit markets operate comfortably, successfully, and safely despite the fact that many borrowers are underwater the minute they sign the contract—notably home improvements, mobile homes, automobiles, RVs, and HDTV’s. Though those borrowers do expect to be “underwater” for these kinds of purchases, it raises the question of whether future legislation will extend this concession to car loans and credit card debt, which are also experiencing significant levels of default.

Only borrowers with loans held or repackaged by the federally controlled and subsidized Fannie Mae and Freddie Mac will be eligible to exercise this new right to refinance. Borrowers whose loans are held by private investors are denied this right, further distorting the housing markets with government-selected winners and losers.

To date, the several, federal loan modification programs that have been put in place have had very limited success, and the rate of failures exceeds that of successes, especially for loans where one or more payments have been missed. For loans that were four months past due at time of modification, the recidivism rate is 80 percent after 12 months. For loans one month past due, the recidivism rate after 12 months is 60 percent. With the nationwide decline in house prices accelerating in recent months, the risk of recidivism under the new program could remain at high levels.

The program will cost \$275 billion (\$75 billion for problem mortgages and \$200 billion for Fannie Mae and Freddie Mac).

Obama’s plan will take a great deal of time to implement. A recent MarketWatch.com article notes that loan refinancing applications are up 47 percent at a time when a substantial portion of the loan originating infrastructure has disappeared due to bankruptcy and bank consolidation. The prospect that a shrunken mortgage lending system could expeditiously accommodate the 7–9 million borrowers expected by the Obama plan is wishful thinking. The result will be long waits for refinancing that will come too late for some borrowers and may also crowd out efforts by unsubsidized borrowers to refinance due to the generous financial incentives offered to servicers participating in the new federal program.

Perhaps the most troubling part of the plan is the increased reliance being placed on the now federally controlled Fannie Mae and Freddie Mac, whose tax and corrupt behavior over the past decade was an important contributing factor to the present economic crisis. Although nominally privately owned, both are now run by the U.S. Treasury, whose massive holdings of preferred shares in both give it a huge implicit ownership stake. As is clear from the refinancing plan—which will reduce Fannie’s and Freddie’s earnings and thus weaken them further—the two have become little more than the federal government’s captive mortgage financing banks to be used at will for any housing policy initiatives that the

President and/or Congress wish to pursue. And with the plan’s many provisions discouraging the private sector from getting involved in mortgage finance, this plan substantially advances the de facto nationalization of America’s housing finance system for all but the “jumbo” mortgages that exceed conforming limits.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself 10 seconds.

The gentleman from Georgia asked about what other contracts. This is precisely the bill to make this like other contracts. Everything else can be declared void in bankruptcy. So the gentleman has it absolutely backwards. This doesn’t create an exception to general contract law. It amends one and makes this on the same footing as, quoting the gentleman, all other contracts.

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

Mr. Chairman, I would like to introduce into the RECORD an article from the New York Times, dated September 30, 1999, and here’s what it says:

“Fannie Mae, the Nation’s biggest underwriter of home mortgages, has been under increasing pressure from the Clinton administration to expand mortgage loans among low and moderate income people . . .”

And then they quote Franklin Raines: “Fannie Mae has expanded home ownership for millions of families in the 1990s by reducing down payment requirements. Yet there remains too many borrowers whose credit is just below what our underwriting has required and who have been relegated to paying significantly higher mortgage rates . . .”

Well, I think we know the rest was history. They lowered their standards, they moved into this new risky form of lending, and then last July the American people were submitted the bill, and that bill was a half trillion dollars, and every day we’re adding billions of dollars to that tab. And there were people at that time who warned that it was risky and who warned that ultimately the taxpayers may have to step in and bail out Freddie and Fannie. Now today we are being asked to adopt legislation, the HOPE for Homeowners Program, which would require FHA to insure loans with a greater risk of default and require a higher per loan taxpayer subsidy.

In fact, the Congressional Budget Office says that this program is going to help 25,000 borrowers, but it’s going to cost up to \$579 billion. Now, coupled with the new projection that the HOPE for Homeowners is going to only help 25,000 borrowers, that’s \$23,000 per borrower that you’re going to ask the American people to pay or expose them to that risk.

I’m going to give you the same warning that was given in 1999. It’s the taxpayer that’s going to have to take up the cost of this subsidy and this risk. And for that reason, I am not willing to burden the taxpayer with another dollar.

These are terrible economic times. All taxpayers are under risk. Many taxpayers are facing loss of their job. At a time like this, an uncertain time like this, to further expose the taxpayers of this country, the American families we represent, to another half trillion dollars’ worth of exposure is not something that I’m willing to do.

I am willing, and I have said many times I was willing, to endorse the Kanjorski-Castle provision, which would allow servicers with lenders and borrowers to work out terms, and I applaud that provision in the bill. Strip out this \$23,000 per-loan program and we will all go down and vote for Castle-Kanjorski.

And let me say this: we have had one too many bailouts. We don’t need another one. It’s time that we started watching out for the taxpayer and help borrowers without submitting the bill to hardworking Americans.

[From the New York Times, Sept. 30, 1999]  
FANNIE MAE EASES CREDIT TO AID MORTGAGE LENDING

(By Steven A. Holmes)

In a move that could help increase home ownership rates among minorities and low-income consumers, the Fannie Mae Corporation is easing the credit requirements on loans that it will purchase from banks and other lenders.

The action, which will begin as a pilot program involving 24 banks in 15 markets—including the New York metropolitan region—will encourage those banks to extend home mortgages to individuals whose credit is generally not good enough to qualify for conventional loans. Fannie Mae officials say they hope to make it a nationwide program by next spring.

Fannie Mae, the nation’s biggest underwriter of home mortgages, has been under increasing pressure from the Clinton Administration to expand mortgage loans among low and moderate income people and felt pressure from stock holders to maintain its phenomenal growth in profits.

In addition, banks, thrift institutions and mortgage companies have been pressing Fannie Mae to help them make more loans to so-called subprime borrowers. These borrowers whose incomes, credit ratings and savings are not good enough to qualify for conventional loans, can only get loans from finance companies that charge much higher interest rates—anywhere from three to four percentage points higher than conventional loans.

“Fannie Mae has expanded home ownership for millions of families in the 1990s by reducing down payment requirements,” said Franklin D. Raines, Fannie Mae’s chairman and chief executive officer. “Yet there remain too many borrowers whose credit is just a notch below what our underwriting has required who have been relegated to paying significantly higher mortgage rates in the so-call subprime market.”

Demographic information on these borrowers is sketchy. But at least one study indicates that 18 percent of the loans in the subprime market went to black borrowers, compared to 5 percent of loans in the conventional loan market.

In moving, even tentatively, into this new area of lending, Fannie Mae is taking on significantly more risk, which may not pose any difficulties during flush economic times. But the government-subsidized corporation may run into trouble in an economic downturn, prompting a government rescue similar

to that of the savings and loan industry in the 1980s.

“From the perspective of many people, including me, this is another thrift industry growing up around us,” said Peter Wallison a resident fellow at the American Enterprise Institute. “If they fail, the government will have to step up and bail them out the way it stepped up and bailed out the thrift industry.”

Mr. Chair, there are elements in this legislation that I support, such as permanently increasing deposit insurance coverage limits to \$250,000 that will strengthen our banking system and help avoid destabilizing bank runs. The Kanjorski-Castle language, providing a safe harbor for mortgage servicers, is a timely and targeted solution that encourages loan modifications that benefit both homeowners and investors. It is a commonsense approach to help keep American families in their homes.

And while I do support certain provisions in this bill—and did so in Committee—I oppose the legislation as a whole, and urge my colleagues to do the same.

Enacted by Congress last July, Hope for Homeowners has been a failure by virtually every metric. And rather than cut taxpayer losses, this legislation aims to fix a fundamentally unfixable program, while abandoning key taxpayer safeguards.

Initially, proponents claimed this program would provide relief to 400,000 borrowers. They were wildly off mark. In fact, the program has received a mere 400 applications and closed on just 43 new loans.

If today’s legislation was enacted, the Hope for Homeowners program would allow FHA to insure loans with greater risk of default and require a higher per loan taxpayer subsidy. The non-partisan Congressional Budget Office (CBO) projects that even with these changes, the program will help a mere 25,000 borrowers, at best. Far from the 400,000 promised, and far from a success.

According to CBO research, taxpayers may be responsible for up to \$579 million as a result of potential defaults. This nearly billion dollar figure, coupled with the new projection that Hope for Homeowners will only assist at most 25,000 borrowers, could potentially cost the taxpayer an astounding \$23,000 per loan.

Throughout the campaign, President Obama almost daily expressed his goal of ending wasteful, underperforming and duplicative government programs. How many times do we have to attempt to change a program that has helped 43 borrowers nationwide? Under President Obama’s criteria, HOPE for Homeowners would certainly qualify as a program to be cut.

And worse, bankruptcy cram-down provisions included in this bill will further reward poor decisions made by a small amount of individuals and lenders, while adding uncertainty to the market and increasing mortgage costs for the vast majority of Americans.

Congress should be asking: who is this legislation intended to help, and is it fair? Will this bill reward irresponsible behavior and punish those who have played by the rules and lived within their means? And how will this legislation stimulate the economy?

Times are tough for American families—we all know that. But merely throwing good taxpayer money after bad is not the solution to our economic problems. We must consider the long-term consequences of our actions and how working American families and taxpayers will be affected. This legislation is not the answer. I urge my colleagues to vote “no.”

The CHAIR. The gentleman from Massachusetts has 80 seconds remaining.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield the balance of my time to one of the leaders in the effort to preserve homeownership for deserving people in America and the fight against abuses, the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Chairman and Members, I am so pleased to stand here today in support of H.R. 1106, the Helping Families Save Their Homes Act of 2009.

I work on both of these committees, the Financial Services Committee, the Judiciary Committee. I want to thank Mr. FRANK, I want to thank Mr. CONYERS, and all those Members who have been working so hard to try to assist our homeowners with loan modifications. We knew that we’d never be able to get this done without judicial modifications of home mortgages during bankruptcy for borrowers who have run out of options. That’s in the bill.

The other thing in this bill, the safe harbor for servicers that would allow them to move forward now and do these modifications, the strengthening of HOPE for Homeowners, which Mr. FRANK has worked so hard on, and a piece that I wrote in on FHA approval that would ensure that predatory lending entities are not allowed to participate in the program because they have been ripping off our homeowners.

I want to thank JACKIE SPEIER and Mr. DRIEHAUS for working with me on this part of the legislation. Now I think we are finally putting all the pieces together that can truly do loan modification for so many deserving citizens. I believe that we don’t have to deal with this one-by-one effort where homeowners are trying to call banks and servicers, not being able to get in touch with anybody, not being able to be serviced, but, rather, they can now depend on the law that we are putting out here today.

I would urge everyone to vote for this bill.

Mr. DINGELL. Mr. Chair, I rise today in support of H.R. 1106, the “Helping Families Save Their Homes Act of 2009.” We are in the midst of the gravest recession in recent memory and hear daily of countless foreclosures across the Nation, particularly in my home state of Michigan. As President Obama mentioned during his address to the Congress two days ago, the Federal government can and must pursue measures to mitigate the effects of this terrible economic blight upon the Nation’s citizens.

With the painful memories of the Great Depression still clearly in mind, I offer my wholehearted praise and support for the President’s call to action. Additionally, as the representative of a congressional district with one of the Nation’s highest foreclosure rates and most dramatic decline in housing values, I feel it imperative that we move swiftly to stabilize the housing market to keep people in their homes.

H.R. 1106 is a good first step toward achieving this goal. Its improvements to the Hope for Homeowners program and provision

for a safe harbor to mortgage servicers that elect to participate in mortgage modifications will help stem the tide of foreclosures sweeping across the country. The bill’s provision to make permanent the increase in Federal deposit insurance from \$100,000 to \$250,000 will give Americans greater faith in the safety of their savings at a time of continued bank failures.

Nevertheless, I am troubled by the broad authority afforded to bankruptcy judges in Title I of H.R. 1106 to modify the terms of a loan for primary residences. It is my view that this authority should be limited to apply only to those homeowners subject to the ill effects of deceptive lending practices that gave rise to the recent mortgage crisis. Further, I am concerned that the aptly named “cramdown” authority in Title I of the bill will encourage people to seek bankruptcy as a matter of course, and not of last resort, in addressing their indebtedness.

This aside, I cannot in all good conscience oppose passage of H.R. 1106. I will vote in favor of this well-intentioned legislation but in so doing, call upon my colleagues to narrow the applicability of the H.R. 1106’s loan term modification provisions in conference.

Mr. BLUMENAUER. Mr. Chair, this bill is a significant step in the right direction for all Americans struggling to pay their mortgages.

Today, our economy is facing a real and growing crisis, threatening the longest period of economic stagnation since the Great Depression. Nowhere is that problem more evident than in the wave of home foreclosures. In my state, the foreclosure rate is below the national average but continues to rise. According to the Center for Responsible Lending, more than 20,000 new foreclosures will be initiated in Oregon in 2009.

These foreclosures affect neighbors who may have paid off their mortgages long ago and communities whose tax bases are eroding quickly, creating a vicious cycle of house price declines, defaults, and foreclosures.

I would like to highlight the bankruptcy provisions in this bill. Providing the bankruptcy courts with the authority to reduce the principal owed on mortgages, reduce interest rates, and reduce fees is a crucial victory for consumers.

Under those provisions, the bill provides bankruptcy courts with the same options for the treatment of primary residences that are already available to the courts for second homes, vacation homes, and investment property.

It makes absolutely no sense that Donald Trump can have the mortgage of his fourth vacation home modified to more acceptable terms if he goes bankrupt, but that John and Jane Doe living in their primary residence of Anywhere, USA, are not afforded this help.

Another key set of provisions are the improvements to the Hope for Homeowners program. Under the Bush Administration, that program—while touted as a lifeline for struggling homeowners—did not insure a single loan.

This bill opens the door to participation by homeowners by reducing insurance premiums, easing requirements for lenders to participate, and defraying some of the costs of refinancing mortgages.

Overall, this legislation is a good step in the right direction, but we cannot take our eye off the ball, and I will continue working with my colleagues to addressing these challenges.

□ 1330

The CHAIR. All time for general debate has expired.

Mr. FRANK of Massachusetts. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. TONKO) having assumed the chair, Mr. SERRANO, Chair 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. 1106) to prevent mortgage foreclosures and enhance mortgage credit availability, had come to no resolution thereon.

#### EXPRESSING CONDOLENCES TO FAMILIES OF VICTIMS OF CRASH OF CONTINENTAL CONNECTION FLIGHT 3407

The SPEAKER pro tempore. The unfinished business is the question on suspending the rules and agreeing to the resolution, H. Res. 183.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. ARCURI) that the House suspend the rules and agree to the resolution, H. Res. 183.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. CLEAVER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 399, nays 0, not voting 32, as follows:

[Roll No. 90]

YEAS—399

Abercrombie	Boren	Clyburn
Ackerman	Boswell	Coble
Aderholt	Boustany	Coffman (CO)
Adler (NJ)	Boyd	Cohen
Akin	Brady (PA)	Cole
Alexander	Brady (TX)	Conaway
Altmire	Braley (IA)	Connolly (VA)
Andrews	Bright	Cooper
Arcuri	Broun (GA)	Costa
Austria	Brown (SC)	Costello
Baca	Brown, Corrine	Courtney
Bachmann	Brown-Waite,	Crenshaw
Bachus	Ginny	Crowley
Baird	Buchanan	Cuellar
Baldwin	Burgess	Culberson
Barrett (SC)	Burton (IN)	Cummings
Barrow	Butterfield	Dahlkemper
Bartlett	Buyer	Davis (AL)
Barton (TX)	Calvert	Davis (CA)
Bean	Camp	Davis (IL)
Berkley	Cantor	Davis (KY)
Berry	Capito	Davis (TN)
Biggert	Capps	DeFazio
Bilbray	Capuano	DeGette
Bilirakis	Cardoza	DeLahunt
Bishop (GA)	Carnahan	DeLauro
Bishop (NY)	Carney	Dent
Bishop (UT)	Carson (IN)	Diaz-Balart, L.
Blackburn	Castle	Diaz-Balart, M.
Blumenauer	Castor (FL)	Dicks
Blunt	Chaffetz	Dingell
Bocciari	Chandler	Doggett
Boehner	Childers	Donnelly (IN)
Bonner	Bonner	Dreier
Bono Mack	Clay	Driehaus
Boozman	Cleaver	Edwards (MD)

Edwards (TX)	Latham	Reichert
Ehlers	LaTourette	Reyes
Ellison	Latta	Richardson
Ellsworth	Lee (CA)	Rodriguez
Emerson	Lee (NY)	Roe (TN)
Engel	Levin	Rogers (AL)
Eshoo	Lewis (CA)	Rogers (KY)
Etheridge	Lewis (GA)	Rogers (MI)
Fallin	Lipinski	Rohrabacher
Farr	LoBiondo	Rooney
Fattah	Loebsock	Ros-Lehtinen
Filner	Lofgren, Zoe	Roskam
Flake	Lowey	Ross
Fleming	Luetkemeyer	Rothman (NJ)
Forbes	Lujan	Roybal-Allard
Fortenberry	Lummis	Royce
Foster	Lungren, Daniel E.	Ruppelberger
Fox	Lynch	Rush
Frank (MA)	Mack	Ryan (OH)
Franks (AZ)	Maffei	Ryan (WI)
Frelinghuysen	Maloney	Salazar
Fudge	Manzullo	Sanchez, Linda T.
Gallely	Marchant	Sarbanes
Garrett (NJ)	Markey (CO)	Scalise
Gerlach	Markey (MA)	Schakowsky
Giffords	Marshall	Schauer
Gingrey (GA)	Matheson	Schiff
Gohmert	Matsui	Schmidt
Gonzalez	McCarthy (CA)	Schock
Goodlatte	McCarthy (NY)	Schrader
Gordon (TN)	McCaul	Schwartz
Granger	McClintock	Scott (GA)
Graves	McCollum	Scott (VA)
Grayson	McCotter	Sensenbrenner
Green, Al	McDermott	Serrano
Green, Gene	McGovern	Sessions
Griffith	McHenry	Sestak
Guthrie	McHugh	Shadegg
Gutiérrez	McIntyre	Shea-Porter
Hall (NY)	McKeon	Sherman
Hall (TX)	McMahon	Shimkus
Halvorson	McMorris	Shuler
Hare	Rodgers	Shuster
Harman	McNerney	Simpson
Harper	Meek (FL)	Sires
Hastings (FL)	Meeks (NY)	Skelton
Hastings (WA)	Melancon	Slaughter
Heinrich	Mica	Smith (NE)
Heller	Michaud	Smith (NJ)
Hensarling	Miller (FL)	Smith (TX)
Herger	Miller (NC)	Smith (WA)
Herseth Sandlin	Miller, George	Souder
Higgins	Minnick	Space
Himes	Mitchell	Speier
Hinchee	Mollohan	Spratt
Hinojosa	Moore (KS)	Stearns
Hirono	Moore (WI)	Stupak
Hodes	Moran (KS)	Sutton
Hoekstra	Moran (VA)	Tanner
Holden	Murphy (CT)	Tauscher
Holt	Murphy, Tim	Taylor
Honda	Murtha	Teague
Hoyer	Myrick	Thompson (CA)
Hunter	Nadler (NY)	Thompson (MS)
Inglis	Napolitano	Thompson (PA)
Inslee	Neal (MA)	Thornberry
Israel	Neugebauer	Tiaht
Issa	Nunes	Tierney
Jackson (IL)	Nye	Titus
Jackson-Lee	Oberstar	Tonko
(TX)	Obey	Towns
Jenkins	Olson	Tsongas
Johnson (GA)	Olver	Turner
Johnson (IL)	Ortiz	Upton
Johnson, E. B.	Pallone	Van Hollen
Johnson, Sam	Pascrell	Visclosky
Jones	Pastor (AZ)	Walden
Jordan (OH)	Paul	Walz
Kagen	Paulsen	Wasserman
Kanjorski	Payne	Schultz
Kaptur	Perlmutter	Waters
Kennedy	Peters	Watson
Kildee	Peterson	Watt
Kilpatrick (MI)	Petri	Waxman
Kilroy	Pingree (ME)	Weiner
Kind	Pitts	Welch
King (IA)	Platts	Westmoreland
King (NY)	Poe (TX)	Wexler
Kingston	Polis (CO)	Whitfield
Kirkpatrick (AZ)	Pomeroy	Wilson (OH)
Kissell	Posey	Wilson (SC)
Klein (FL)	Price (GA)	Wittman
Kosmas	Price (NC)	Wolf
Kratovil	Putnam	Woolsey
Kucinich	Radanovich	Wu
Lamborn	Rahall	Yarmuth
Lance	Rangel	Young (AK)
Langevin	Rehberg	Young (FL)
Larsen (WA)		

NOT VOTING—32

Becerra	Grijalva	Pence
Berman	Hill	Perriello
Boucher	Kirk	Sanchez, Loretta
Campbell	Klaine (MN)	Snyder
Cao	Larson (CT)	Stark
Carter	Linder	Sullivan
Cassidy	Lucas	Terry
Conyers	Massa	Tiberi
Deal (GA)	Miller (MI)	Velázquez
Doyle	Miller, Gary	Wamp
Duncan	Murphy, Patrick	

□ 1404

So (two-thirds being in the affirmative) the rules were suspended and the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

#### AUTHORIZING THE SPEAKER TO DECLARE A RECESS ON WEDNESDAY, MARCH 4, 2009, FOR THE PURPOSE OF RECEIVING IN JOINT MEETING THE RIGHT HONORABLE GORDON BROWN, PRIME MINISTER OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

Ms. WASSERMAN SCHULTZ. Mr. Speaker, I ask unanimous consent that it may be in order at any time on Wednesday, March 4, 2009, for the Speaker to declare a recess, subject to the call of the Chair, for the purpose of receiving in joint meeting the Right Honorable Gordon Brown, Prime Minister of the United Kingdom of Great Britain and Northern Ireland.

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

There was no objection.

#### ADJOURNMENT TO MONDAY, MARCH 2, 2009

Ms. WASSERMAN SCHULTZ. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 12:30 p.m. on Monday next for morning-hour debate.

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

There was no objection.

#### HONORING JOHN MAYES

(Mr. GINGREY of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GINGREY of Georgia. Mr. Speaker, in celebration of Black History Month, I want to continue recognizing African Americans from throughout Georgia's 11th Congressional District who have a major impact on their community.

Today, I rise to recognize John Mayes of Rome, Georgia. John has been a dedicated public servant for the people of Rome and Floyd County, Georgia for the majority of his adult life. John is a three-term member of the Floyd County Board of Commissioners, and