

RURAL HOMEOWNERS PROTECTION  
ACT OF 2009

Mr. MOORE of Kansas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2034) to permit refinancing of certain loans under the Rural Housing Service program for guaranteed loans for rural housing, and for other purposes.

The Clerk read the title of the bill.  
The text of the bill is as follows:

H.R. 2034

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Rural Homeowners Protection Act of 2009”.

**SEC. 2. SINGLE FAMILY HOUSING LOAN GUARANTEE PROGRAM.**

Subsection (h) of section 502 of the Housing Act of 1949 (42 U.S.C. 1472(h)) is amended—

(1) in paragraph (5)(A), by striking “paragraph (13)” and inserting “paragraph (15)”;

(2) in paragraph (8), by striking “1 percent” and inserting “2 percent”;

(3) in paragraph (9), by striking “REFINANCING” and inserting “MODIFICATION OF GUARANTEED LOANS”;

(4) in paragraph (14)—

(A) by striking “GUARANTEES FOR REFINANCING LOANS” and inserting “REFINANCING OF LOANS MADE OR GUARANTEED BY SECRETARY”; and

(B) in subparagraph (E)—

(i) by striking “(10)” and inserting “(12)”; and

(ii) by striking “(13)” and inserting “(9) or of paragraphs (11) through (14)”;

(5) by redesignating paragraphs (10), (11), (12), (13), and (14) as paragraphs (12), (13), (14), (15), and (10), respectively;

(6) by transferring and inserting paragraph (10), as so redesignated by paragraph (5) of this subsection, after paragraph (9); and

(7) by inserting after paragraph (10), as so redesignated and transferred by paragraphs (5) and (6) of this subsection, the following new paragraph:

“(11) REFINANCING OF LOANS MADE BY PRIVATE SECTOR LENDERS.—

“(A) AUTHORITY.—The Secretary may, in accordance with this paragraph, guarantee a loan made to refinance a loan made by a private lender to an individual to acquire or construct a single-family residence.

“(B) ELIGIBILITY.—Except as provided in subparagraph (C), all requirements of this subsection shall apply to loans guaranteed and loan guarantees made under this paragraph.

“(C) GUARANTEE FEE.—Notwithstanding paragraph (8), the Secretary shall charge a guarantee fee with respect to loans guaranteed under this paragraph at levels necessary, but no higher than needed, to allow such class of loans to be guaranteed without resulting in a need for an appropriation for a credit subsidy.”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Kansas (Mr. MOORE) and the gentleman from West Virginia (Mrs. CAPITO) each will control 20 minutes.

The Chair recognizes the gentleman from Kansas.

GENERAL LEAVE

Mr. MOORE. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

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

There was no objection.

Mr. MOORE of Kansas. I yield 3 minutes to the chief sponsor of this important legislation, the gentleman from Missouri (Mr. CLAY).

Mr. CLAY. Mr. Speaker, as the sponsor of this measure, I am pleased to present H.R. 2034 for consideration by the House today.

The current foreclosure crisis affects rural America, as well as cities and suburbs. Many rural areas are subject to additional complicating factors, such as a shortage of housing, counseling resources, and high poverty rates. Nevertheless, homeowners with average incomes under \$19,000 per year are 98.3 percent successful when serviced through section 502 single-family housing direct or guaranteed loan programs. The foreclosure rate in both of these programs is below 2 percent, as compared to a 5 to 6 percent subprime foreclosure rate overall.

Under current law, rural families who obtain a mortgage from a private lender for the purpose of acquiring or constructing a single-family residence are not permitted to refinance such loans through the section 502 Rural Housing Guaranteed Loan program. To address this issue, the bill would provide the Secretary of Agriculture with the authority to permit the refinancing of such loans through the section 502 Rural Housing Guaranteed Loan program.

Rural families who meet current income and geographic criteria would be eligible to refinance their private loan. As such, this new authority will provide some much-needed relief to our rural housing community and complement efforts by the administration to stabilize communities by helping struggling homeowners stay in their homes.

The Rural Housing Service estimates that this new authority would significantly increase loan volume under the section 502 guaranteed loan program. To address this issue, the bill includes a provision giving the Secretary of Agriculture the authority to charge a higher guarantee fee than the 2 percent fee that is permitted under current law to help ensure that the expected increased loan volume does not require additional congressional appropriations.

The higher fee would apply to private loans and could be no higher than is necessary to ensure that no appropriation is needed. Consequently, the CBO has indicated that the bill is cost-neutral.

I commend Chairman FRANK and Subcommittee Chairwoman WATERS for bringing this legislation to the floor. I urge all of my colleagues to support the bill.

Mrs. CAPITO. Mr. Speaker, I yield such time as I may consume.

Mr. Speaker, I rise in support, strong support, of H.R. 2034, the Rural Home-

owners Protection Act of 2009. As my colleague has stated, the current foreclosure crisis affects rural America as well as cities and suburbs; and many rural areas are subject to additional complicating factors, such as high poverty rates.

The section 502 Rural Housing Guaranteed Loan program is an important source of funding in rural areas for moderate-income families wishing to purchase a home. As currently structured, the 502 program guarantees loan origination and allows refinancing on current 502 loans. However, it does not allow refinancing of loans obtained through private lenders.

H.R. 2034 amends the section 502 Single Family Housing Loan Guarantee program to allow refinancing of private rural loans through the section 502 program.

To safeguard the program, the bill authorizes the Secretary of Agriculture to charge a higher fee for refinancing private origination loans to ensure that the class of loans can be guaranteed without the need of additional cost to the government.

Mr. Speaker, this is an important change that will provide much-needed assistance in our rural communities. I urge my colleagues to support H.R. 2034, the Rural Homeowners Protection Act of 2009.

Mr. Speaker, I have no further speakers, and I yield back the balance of my time.

Mr. MOORE of Kansas. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kansas (Mr. MOORE) that the House suspend the rules and pass the bill, H.R. 2034.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

NEIGHBORHOOD PRESERVATION  
ACT

Mr. MOORE of Kansas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2529) to amend the Federal Deposit Insurance Act to authorize depository institutions and depository institution holding companies to lease foreclosed property held by such institutions and companies for up to 5 years, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2529

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Neighborhood Preservation Act”.

**SEC. 2. FINDINGS.**

The Congress finds as follows:

(1) Depository institutions and affiliates of depository institutions currently may control and lease foreclosed property for a limited period of time often subject to safety

and soundness considerations, under various Federal laws and the law of some States.

(2) Authorizing such institutions and affiliates to enter into a long-term lease with the occupant of the property or any other person would reduce the number of residential properties entering into the housing inventory, which in turn would help to stabilize home values and restore confidence in the housing markets.

(3) Allowing depository institutions and affiliates of such institutions to lease foreclosed property will allow the institution or affiliate to dispose of such property into a presumably more stable market at the end of the lease term which would reduce the loss the institution or affiliate may otherwise be required to recognize upon disposition of the property.

(4) Providing a means for foreclosed property to remain occupied during the housing downturn will preserve the property itself as well as the aesthetic and economic values of neighboring homes and even whole neighborhoods.

(5) Allowing depository institutions to lease foreclosed property gives families the opportunity to remain in the home, causing less disruption to families, until they have the means to become a homeowner again.

### SEC. 3. BANK LEASING OF FORECLOSED PROPERTIES.

(a) IN GENERAL.—Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended by adding at the end the following new subsection:

“(y) LEASING OF FORECLOSED PROPERTY.—

“(1) LEASING AUTHORIZED.—Notwithstanding any provision of Federal or State law restricting the time during which a depository institution, or any affiliate of a depository institution, may hold or lease property, or any provision of Federal or State law prohibiting a depository institution, or any affiliate of a depository institution, from leasing property and subject to this subsection and regulations prescribed under this subsection, any depository institution, and any affiliate of a depository institution, may lease to any individual, including a lease with an option to purchase, for not to exceed 5 years an interest in residential property which—

“(A) was or is security for an extension of credit by such depository institution or affiliate; and

“(B) came under the ownership or control of the depository institution or affiliate through foreclosure, or a deed in lieu of foreclosure, on the extension of credit.

“(2) SAFETY AND SOUNDNESS REGULATIONS.—The Federal banking agencies shall jointly prescribe regulations which—

“(A) establish criteria and minimum requirements for the leasing activity of any depository institution or affiliate of a depository institution, including minimum capital requirements, that the agency determines to be appropriate for the preservation of the safety and soundness of the institution or affiliate;

“(B) establish requirements or exceptions that the agency determines are appropriate under this subsection for any such institution or affiliate for any other purpose; and

“(C) provide for appropriate actions under section 38 with respect to any such lease if necessary to protect the capital or safety and soundness of the institution or affiliate or any other necessary enforcement action.

“(3) LENGTH OF LEASE.—If any provision of any Federal or State law, including the Bank Holding Company Act of 1956, governing the permissible activities of depository institutions or affiliates of depository institutions permits a depository institution or any such affiliate to hold property as described in paragraph (1) for a period longer than 5

years, any lease under paragraph (1) may be extended to the extent permitted by such provision of law.

“(4) SUNSET.—This section shall apply only with respect to leases entered into during the 2-year period beginning on the date of the enactment of the Neighborhood Preservation Act.”.

(b) INTENT OF THE CONGRESS.—It is the intent of the Congress that—

(1) no permanent change in policy on leasing foreclosed property is being established with respect to depository institutions and depository institution holding companies; and

(2) subsection (y) of section 18 of the Federal Deposit Insurance Act should not apply to leases entered into after the sunset date contained in such subsection.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Kansas (Mr. MOORE) and the gentleman from California (Mr. GARY G. MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from Kansas.

#### GENERAL LEAVE

Mr. MOORE of Kansas. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

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

There was no objection.

Mr. MOORE of Kansas. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. DONNELLY), a chief sponsor of this legislation.

Mr. DONNELLY of Indiana. Mr. Speaker, today I rise in strong support of H.R. 2529, the Neighborhood Preservation Act, which I joined my colleague from California, Mr. GARY G. MILLER, in introducing.

This bill would amend The Federal Deposit Insurance Act to allow depository institutions like banks to temporarily lease a foreclosed property for up to 5 years. This bill is a fiscally responsible way to help mitigate the damage of the housing crisis and does not cost the government any money. The President has recently spoken in support of this idea. We hope that banks will utilize this to mitigate damage to hard-hit communities and prioritize working with the foreclosed family first.

My home State of Indiana ranks 13th in the country for number of foreclosures. Our district has felt the pain of the economic downturn, as many have lost jobs and struggled to make ends meet. Like many Americans, we have found ourselves unable to pay our mortgages and faced with foreclosure, and that is what has happened to many families in our district.

□ 1100

When a bank is forced to foreclose on a home, many people suffer. The family suffers as they are forced to find a new place to live and new schools for their children. One foreclosure can depress an entire neighborhood by decreasing the values of surrounding properties,

and the depository institution that holds the mortgage no longer receives payments on the home. H.R. 2529 would help to minimize the impact of foreclosure by allowing depository institutions to rent a foreclosed property for up to 5 years to the previous owner or to another owner. Allowing depository institutions to lease the foreclosed property gives families a chance to stay in their home and to make payments as a renter until they have the means to become an owner again. It does so without adding any cost to our deficit. Not only does this help provide some relief to the former homeowner, it helps to preserve the economic values of surrounding homes in the neighborhood, and it provides stability in the housing market. The number of foreclosed homes on the market have contributed to an oversupply of unoccupied homes. Having a high number of unoccupied bank-owned homes negatively impacts whole communities and can even drive up crime, as these vacant homes can become havens for squatters. There are 19 million vacant homes across the United States. That's up from 15.7 million only 4 years ago. These homes present a number of safety concerns. By allowing a family to reside as a renter, they're able to care for the property and prevent further adverse consequences. This bill is a temporary measure that can serve as a useful tool to keep excess housing stock off an already saturated market.

I want to thank the gentleman from California for his work on H.R. 2529, and I'd like to thank Chairman FRANK and Ranking Member BACHUS for their support on this important piece of legislation. I urge my colleagues to support H.R. 2529.

Mr. GARY G. MILLER of California. I yield myself as much time as I may consume.

Mr. Speaker, I rise in support of the Neighborhood Preservation Act, a bill that I introduced with my colleague from Indiana, JOE DONNELLY, who I want to thank for his support on this. This bipartisan legislation is supported by Chairman FRANK and Ranking Member BACHUS of the House Financial Services Committee, who are both cosponsors of the bill.

This bill amends the Federal Deposit Insurance Act to authorize depository institutions and their holding companies to lease foreclosed properties held by institutions for up to 5 years while ensuring the safety and soundness of such activity. H.R. 2529 would provide a tool to address the current foreclosure crisis. Today the American economy is suffering from an overburdened inventory of available houses for sale, roughly estimated at a 10-month supply. In some areas of the country, distressed sales have reached almost 90 percent of the houses being sold which are continually driving down home and neighborhood values. In my district, distressed sales represent approximately 86 percent of homes on the market in San Bernardino County, 65 percent in Los

Angeles County, and almost 50 percent in Orange County. In fact, foreclosures have caused prices to decline in California alone by 30 percent in recent months, and they continue to be a problem.

To address the inventory surplus and help stabilize the housing market, the Neighborhood Preservation Act would allow banks to temporarily—and I emphasize temporarily—lease foreclosed properties. Under the bill, the prior homeowner would have the opportunity to lease a property and could be given the option to buy back the home. By allowing a family to lease a property rather than abandon it, families would be given a chance to remain in their homes until they have the means to own again. This legislation would also enable the lender to sell the property within 5 years into a more stable market; thereby, potentially recovering all or part of the losses that could otherwise have occurred in an immediate sale in a saturated market. The Neighborhood Preservation Act would not only reduce the number of houses being sold, but it would help preserve the physical condition of foreclosed properties, which would ultimately help stabilize the aesthetics and economic value of neighborhoods and communities. This would minimize the negative impact on surrounding homes and neighborhoods that have been impacted by the unrelenting foreclosure crisis.

To ensure bank solvency, this bill would require the Federal bank agencies to establish criteria and minimum requirements for the leasing activities of any depository institution, including minimum capital requirements that the agency determines to be appropriate for the preservation of the safety and soundness of the institution. The bill explicitly states that “it is the intent of Congress that no permanent change in policy on leasing foreclosed property is being established with respect to depository institutions” and their “holding companies.” The purpose of this bill is to mitigate the impact of the oversupply of homes on the marketplace and allow individuals the chance to stay in their homes during these exigent circumstances.

Mr. Speaker, at no cost to the taxpayer, this bill will help preserve properties and communities, provide more confidence in our housing markets, and assist in stabilizing the economy.

At this point, I reserve the balance of my time.

Mr. MOORE of Kansas. Mr. Speaker, I have no further requests for time, so I will let the other side close.

Mr. GARY G. MILLER of California. In recent years, many of you recall that there have been concerns about allowing banks to get involved in the real estate marketplace, specifically being involved in housing sales and housing transactions other than for pure lending purposes.

So before I introduced this bill, I went to all the associations to make

sure the understanding was that this was clearly a temporary bill. This bill has been endorsed by the National Association of REALTORS, which mainly had a huge concern with banks being involved with real estate, the National Association of Homebuilders and the National Association of Mortgage Brokers. This bill was discharged from committee without a hearing because the ranking member and the chairman both believed this bill could really have a major impact. That’s why this bill is on the floor. I ask for an “aye” vote.

I yield back the balance of my time. Mr. MOORE of Kansas. Mr. Speaker, I have no further requests for time, I urge my colleagues to support this bill, and I yield 1 minute to the gentleman from Indiana (Mr. DONNELLY) to close.

Mr. DONNELLY of Indiana. Mr. Speaker, I urge my colleagues to support H.R. 2529. This bill is a very, very positive step for the homeowners, for our neighborhoods, as well as a way to help solve the problem of foreclosed homes in America. So I urge Members’ support.

Mr. AL GREEN of Texas. Mr. Speaker, I am pleased to submit my support of H.R. 2529, the Neighborhood Preservation Act. This Act will allow depository institutions and their affiliate entities to lease foreclosed properties for up to five years— it also has a provision which would allow for people to sign leases with the intent to purchase.

The Neighborhood Preservation Act is a commendable approach to utilizing the growing inventory of foreclosed properties and putting American families back into homes. Allowing foreclosed homes to be leased is a win-win situation. This allows people who may not be financially positioned to buy a house an opportunity to live in and potentially purchase a home while also allowing the bank to get some of the money back from the foreclosed property.

Additionally, by allowing depository institutions to lease foreclosed properties, we will put people in homes and begin to reduce the housing inventory overhang that is currently causing downward pressure on home values. This will help stabilize the housing market and will help facilitate the recovery of the greater economy.

Communities throughout the nation will benefit from this legislation, and it could not have come at a more opportune time.

Mr. MOORE of Kansas. I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kansas (Mr. MOORE) that the House suspend the rules and pass the bill, H.R. 2529, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

#### NATIONAL FLOOD INSURANCE PROGRAM EXTENSION ACT OF 2009

Mr. FRANK of Massachusetts. Mr. Speaker, I move to suspend the rules

and pass the bill (H.R. 3139) to extend the authorization of the National Flood Insurance Program, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3139

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

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “National Flood Insurance Program Extension Act of 2009”.

#### SEC. 2. EXTENSION OF NATIONAL FLOOD INSURANCE PROGRAM.

(a) PROGRAM EXTENSION.—Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended by striking “September 30, 2008” and inserting “March 31, 2010”.

(b) FINANCING.—Section 1309(a) of such Act (42 U.S.C. 4016(a)) is amended by striking “September 30, 2008” and inserting “March 31, 2010”.

#### SEC. 3. EXTENSION OF PILOT PROGRAM FOR MITIGATION OF SEVERE REPETITIVE LOSS PROPERTIES.

Section 1361A of the National Flood Insurance Act of 1968 (42 U.S.C. 4102a) is amended—

(1) in subsection (k)(1), by striking “2005, 2006, 2007, 2008, and 2009” and inserting “2009 and 2010”; and

(2) by striking subsection (l).

#### SEC. 4. CONSIDERATION OF RECONSTRUCTION AND IMPROVEMENT OF FLOOD PROTECTION SYSTEMS IN DETERMINATION OF FLOOD INSURANCE RATES.

(a) IN GENERAL.—Section 1307 of the National Flood Insurance Act of 1968 (42 U.S.C. 4014) is amended—

(1) in subsection (e)—

(A) in the first sentence, by striking “construction of a flood protection system” and inserting “construction, reconstruction, or improvement of a flood protection system (without respect to the level of Federal investment or participation)”; and

(B) in the second sentence—

(i) by striking “construction of a flood protection system” and inserting “construction, reconstruction, or improvement of a flood protection system”; and

(ii) by inserting “based on the present value of the completed system” after “has been expended”; and

(2) in subsection (f)—

(A) in the first sentence in the matter preceding paragraph (1), by inserting “(without respect to the level of Federal investment or participation)” after “no longer does”; and

(B) in the third sentence in the matter preceding paragraph (1), by inserting “, whether coastal or riverine,” after “special flood hazard”; and

(C) in paragraph (1), by striking “a Federal agency in consultation with the local project sponsor” and inserting “the entity or entities that own, operate, maintain, or repair such system”.

(b) REGULATIONS.—Not later than 30 days after the date of the enactment of this Act, the Administrator of the Federal Emergency Management Agency shall promulgate regulations to carry out the amendments made by subsection (a). Section 5 may not be construed to annul, alter, affect, authorize any waiver of, or establish any exception to, the requirement under the preceding sentence.

#### SEC. 5. IMPLEMENTATION.

The Administrator of the Federal Emergency Management Agency shall implement this Act and the amendments made by this Act in a manner that will not materially weaken the financial position of the National Flood Insurance Program or increase