

# APPOINTMENT OF CONFEREES ON H.R. 4173, WALL STREET REFORM AND CONSUMER PROTECTION ACT OF 2009

THE SPEAKER pro tempore (Mr. BRIGHT). Without objection, the Chair appoints the following conferees:

From the Committee on Financial Services, for consideration of the House bill and the Senate amendment, and modifications committed to conference: Messrs. FRANK of Massachusetts, KANJORSKI, Ms. WATERS, Mrs. MALONEY, Messrs. GUTIERREZ, WATT, MEEKS of New York, MOORE of Kansas, Ms. KILROY, Messrs. PETERS, BACHUS, ROYCE, Mrs. BIGGERT, Mrs. CAPITO, Messrs. HENSARLING, and GARRETT of New Jersey.

From the Committee on Agriculture, for consideration of subtitles A and B of title I, sections 1303, 1609, 1702, 1703, title III (except sections 3301 and 3302), sections 4205(c), 4804(b)(8)(B), 5008, and 7509 of the House bill, and section 102, subtitle A of title I, sections 406, 604(h), title VII, title VIII, sections 983, 989E, 1027(j), 1088(a)(8), 1098, and 1099 of the Senate amendment, and modifications committed to conference: Messrs. PETERSON, BOSWELL, and LUCAS.

From the Committee on Energy and Commerce, for consideration of sections 3009, 3102(a)(2), 4001, 4002, 4101-4114, 4201, 4202, 4204-4210, 4301-4311, 4314, 4401-4403, 4410, 4501-4509, 4601-4606, 4815, 4901, and that portion of section 8002(a)(3) which adds a new section 313(d) to title 31, United States Code, of the House bill, and that portion of section 502(a)(3) which adds a new section 313(d) to title 31, United States Code, sections 722(e), 1001, 1002, 1011-1018, 1021-1024, 1027-1029, 1031-1034, 1036, 1037, 1041, 1042, 1048, 1051-1058, 1061-1067, 1101, and 1105 of the Senate amendment, and modifications committed to conference: Messrs. WAXMAN, RUSH, and BARTON of Texas.

From the Committee on the Judiciary, for consideration of sections 1101(e)(2), 1103(e)(2), 1104(i)(5) and (i)(6), 1105(h) and (i), 1110(c) and (d), 1601, 1605, 1607, 1609, 1610, 1612(a), 3002(c)(3) and (c)(4), 3006, 3119, 3206, 4205(n), 4306(b), 4501-4509, 4603, 4804(b)(8)(A), 4901(c)(8)(D) and (e), 6003, 7203(a), 7205, 7207, 7209, 7210, 7213-7216, 7220, 7302, 7507, 7508, 9004, 9104, 9105, 9106(a), 9110(b), 9111, 9118, 9203(c), and 9403(b) of the House bill, and sections 112(b)(5)(B), 113(h), 153(f), 201, 202, 205, 208-210, 211(a) and (b), 316, 502(a)(3), 712(c), 718(b), 723(a)(3), 724(b), 725(c), 728, 731, 733, 735(b), 744, 748, 753, 763(a), (c) and (i), 764, 767, 809(f), 922, 924, 929B, 932, 991(b)(5), (c)(2)(G) and (c)(3)(H), 1023(c)(7) and (c)(8), 1024(c)(3)(B), 1027(e), 1042, 1044(a), 1046(a), 1047, 1051-1058, 1063, 1088(a)(7)(A), 1090, 1095, 1096, 1098, 1104, 1151(b), and 1156(c) of the Senate amendment, and modifications committed to conference: Messrs. CONYERS, BERMAN, and SMITH of Texas.

From the Committee on Oversight and Government Reform, for consideration of sections 1000A, 1007, 1101(e)(3), 1203(d), 1212, 1217, 1254(c), 1609(h)(8)(B),

1611(d), 3301, 3302, 3304, 4106(b)(2) and (g)(4)(D), 4604, 4801, 4802, 5004, 7203(a), 7409, and 8002(a)(3) of the House bill, and sections 111(g), (i) and (j), 152(d)(2), (g) and (k), 210(h)(8), 319, 322, 404, 502(a)(3), 723(a)(3), 748, 763(a), 809(g), 922(a), 988, 989B, 989C, 989D, 989E, 1013(a), 1022(c)(6), 1064, 1152, and 1159(a) and (b) of the Senate amendment, and modifications committed to conference: Messrs. TOWNS, CUMMINGS, and ISSA.

From the Committee on Small Business, for consideration of sections 1071 and 1104 of the Senate amendment, and modifications committed to conference: Ms. VELÁZQUEZ, Messrs. SHULER, and GRAVES.

There was no objection.

## GENERAL LEAVE

Ms. WATERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 5072 and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from California?

There was no objection.

## FHA REFORM ACT OF 2010

The SPEAKER pro tempore. Pursuant to House Resolution 1424 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. 5072.

□ 1739

### 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. 5072) to improve the financial safety and soundness of the FHA mortgage insurance program, with Mrs. HALVORSON 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.

The gentlewoman from California (Ms. WATERS) and the gentlewoman from West Virginia (Mrs. CAPITO) each will control 30 minutes.

The Chair recognizes the gentlewoman from California.

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

Madam Chairwoman, I stand in strong support of H.R. 5072, the FHA Reform Act of 2010.

This bill is the product of three hearings on FHA in the past 6 months and bipartisan work with the ranking member of the Subcommittee on Housing and Community Opportunity, Congresswoman CAPITO. In fact, this bill contains most of the provisions Congresswoman CAPITO included in her bill on FHA introduced earlier this year.

Moreover, I am proud to say that this bill passed out of the Financial Services Committee on a simple voice vote back in April.

The FHA Reform Act is critical, timely, and important for households across the country. The act will enable the FHA to respond to the current housing and economic crisis and continue its mission of providing homeownership opportunities to millions of Americans.

We know that now, more than ever, preserving this mission is critical. As the private market has contracted, FHA has stepped into the void and injected much-needed credit into our mortgage system. Increasingly, it is the only option available for American homebuyers with less than a 20 percent down payment.

FHA insurance has been particularly important for minority communities, low-income families, and first-time homebuyers. The bill would provide FHA with more flexibility to adjust their annual mortgage insurance premium.

As I understand it, if FHA limits the premium increase to 0.90 percent, as Commissioner Stevens has indicated, new borrowers will see their monthly payments rise by about \$42 a month.

Now, while I am reluctant to support providing FHA with more flexibility, I believe that this provision is needed to keep FHA financially healthy. We have also taken steps to ensure that FHA requirements are not excessively onerous for homebuyers.

Secondly, this bill provides FHA with the authority to crack down on lenders that use fraud or misrepresentation or don't originate or underwrite loans in accordance with FHA guidelines. FHA has already taken steps to increase its lender enforcement activities, and the provisions included in this bill will empower them to rout out the bad actors while reserving the program for the lenders that follow the rules.

Thirdly, this bill empowers FHA to improve their internal controls that improve data tracking, risk management, and reporting to the public and to Congress. This includes improving monitoring of early defaults and claims, tracking mortgage information by loan servicers, providing FHA with the ability to contract out for additional credit risk analyses, requiring mortgagees to report to FHA when they stop buying loans from other mortgagees, and requiring a GAO study on FHA.

The bill also creates a new Deputy Assistant Secretary at FHA for risk management and regulatory affairs.

I believe the bill in front of us today is critical for ensuring a strong future for FHA, and I request my colleagues' support.

I reserve the balance of my time.

□ 1745

Mrs. CAPITO. Madam Chair, I yield myself such time as I may consume.

I would like to thank the chairwoman, Chairwoman WATERS, and the chairman of the full committee, Chairman FRANK, and Ranking Member BACHUS for their good, hard work on this legislation.

As I am an original cosponsor of this legislation, I rise in full support of H.R. 5072, the FHA Reform Act of 2010. H.R. 5072 amends the National Housing Act to include enforcement and premium changes to the FHA single-family mortgage insurance program that will improve the insurance fund's financial condition and enhance certain enforcement tools to protect against fraudulent or poorly underwritten and insured loans.

The bill incorporates a majority of the provisions in a bill that I introduced, H.R. 4811, the FHA Safety and Soundness and Taxpayer Protection Act. H.R. 4811, my bill, went further than the proposals put forth by the administration. My legislation included some additional enforcement, fiscal and risk-assessment tools necessary to adequately administer the program, detect fraud and abuse, strengthen underwriting standards, and protect the taxpayer. I appreciate Chairman FRANK and Chairwoman WATERS' willingness to include the additional provisions that were part of my bill which I believe made H.R. 5072 a stronger bill and one that is more able to address the pressing challenges before the FHA today.

I would also like to thank Secretary Donovan of HUD and Commissioner Stevens of the FHA for testifying before our committee, and also for working with me and my staff and the majority staff to formulate what I think is a very good bill.

The FHA was established by the National Housing Act of 1934 to broaden homeownership, protect lending institutions, and stimulate the building industry. I did not realize this, but prior to the creation of FHA, home mortgages did not exceed 50 percent of the home value and did not extend past the fifth year. At the end of 5 years, mortgages had to be either paid or renegotiated. But during the Great Depression, lenders were unable or unwilling to renegotiate many of the loans that came due. Consequently, many borrowers lost their homes and lenders lost money because property values declined significantly. The FHA program was established originally to provide stability and liquidity in the market. Its creation fostered the 30-year mortgage product and led to standardized mortgage instruments.

Once again, today, FHA has played an important role in a difficult housing market. As private sector lenders have scaled back their activities during the past 2 years, the FHA has significantly increased its share of the single-family mortgage market from less than 5 percent to more than 30 percent, but increased delinquencies and foreclosures across the Nation have had a detrimental effect on the financial health of the FHA program. An independent actuarial report which was published on November 12, 2009 showed that the capital reserve ratio for the Mutual Mortgage Insurance Fund, the MMIF, dropped below the congressionally

mandated threshold of 2 percent to a less-than-expected .53 percent, a serious red flag. The actuarial review also indicated that the economic value of the FHA declined over 75 percent from last year to \$2.73 billion. In light of these facts, it is essential that Congress and the FHA enact reforms to ensure that a bailout of FHA is not and will not be necessary.

Madam Chair, the provisions of this bill are an important step in providing HUD with the tools it needs to supervise and monitor the FHA program and adequately assess risk. As the chairwoman has said, of the many important provisions included, H.R. 5072 authorizes FHA to increase annual insurance premiums and requires indemnification by lenders for loss on loans they originate.

The program is intended to be self-funded. Proceeds from the premiums paid by the homeowners for the FHA guarantee are used to operate the program and pay losses when loans default. The ability to increase annual premiums will allow HUD the ability to raise annual premiums above the .55 percent cap, which will allow FHA to more adequately price for risk and to build up its reserve ratio which, as we know, has fallen below its congressionally mandated level. The indemnification provisions in H.R. 5072 will give HUD the ability to seek restitution against unscrupulous lenders who make loans they never should have made.

H.R. 5072 is an important and necessary bill; it gives HUD the tools it needs to raise the annual premiums so that HUD can begin the process of putting the FHA program back on the road to a program that has an adequate reserve ratio and enough capital for the program to run in a safe and sound manner.

However, let me be clear: H.R. 5072 is not a panacea. The Department and this Congress and future Congresses must be ever vigilant in our oversight of this program to make certain that the program is operated in a way that assures the taxpayer is protected.

Recent reports indicate that FHA, Fannie Mae and Freddie Mac are responsible for 100 percent of today's new mortgage originations, which means that the exposure for the taxpayer continues to grow day by day. That is why it was and still is imperative that reform of Fannie Mae and Freddie Mac be part of any attempt to fix our financial and regulatory system. Fannie and Freddie were a big part of what caused the financial collapse, and they must be part of the solution.

There are numerous issues currently being debated as part of the regulatory reform package such as risk retention, qualified mortgages, derivatives, hedge funds—and the list goes on—that could have significant implications for the future of the mortgage market as well as the direction of reform for Fannie and Freddie. H.R. 5072, the bill we are considering today, is extremely impor-

tant because it provides the administration with the ability to increase the premiums which will improve FHA's current financial situation and prevent the need for any taxpayer bailouts.

I urge my colleagues to fully support H.R. 5072.

Madam Chair, I yield 3 minutes to a distinguished member of the Financial Services Committee and the Housing Subcommittee, my friend, Mr. LEE, from New York.

Mr. LEE of New York. I thank my friend from West Virginia for yielding.

I rise today in support of H.R. 5072, the FHA Reform Act of 2010. This legislation before us today clearly takes important steps towards restoring stability into our housing market.

I share the frustration that I hear, though, from my constituents in western New York who have been responsible homeowners but who are increasingly paying the price for the fraud and abuse throughout our mortgage system. No one—no business and no person—should be able to take risks without having to accept the consequences.

We've all seen the consequences of the actions taken by irresponsible lending practices, and Congress has rightfully looked at outdated mortgage structures to ensure responsible homeowners have access to safe and affordable mortgages without forcing them to pay for the irresponsibility of others.

Earlier this year, I joined my friend from New Jersey (Mr. ADLER) in introducing H.R. 3146, the 21st Century FHA Housing Act, which took much of what we have learned from past FHA shortages to ensure they don't happen again. I am pleased that the bill before us today does this as well and includes many of the reforms that we proposed last year. H.R. 5072 will help ensure that FHA will be a stabilizing force in the market and support responsible homeownership for first-time buyers and underserved markets.

Given that FHA is now one of the primary facilitators of mortgage financing, it is absolutely necessary that we get this reform right. FHA must have the resources it needs to effectively oversee mortgages and ensure that no bad actors are allowed to function in the marketplace.

We need a responsive, efficient, and capable FHA to help ensure that owning a home remains part of the American Dream. I believe the bill before us today will help keep that dream alive. I urge my colleagues to support its passage.

Mrs. CAPITO. Madam Chair, I would just reiterate that this bill has my support. It passed out of the committee by voice vote. I think we did a good job meeting each other halfway on certain issues that we might have had some disagreement on, and I look forward to the passage of this bill.

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

Ms. WATERS. Madam Chair, I would simply like to close by thanking Mrs. CAPITO for all of the work that she put

into this legislation and the cooperation that she gave to me and her staff to my staff.

This is a good bill. The differences have been worked out between both sides of the aisle. We worked hard to make sure that we maintained FHA, but that we keep a close watch on it; that, in fact, we give it flexibility, but at the same time ensure the continuity and the consistency of FHA that should be there to provide the guarantees for our citizens that so desperately need them.

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

The CHAIR. All time for general debate has expired.

Ms. WATERS. I move that the Committee do now rise.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. SCHIFF) having assumed the chair, Mrs. HALVORSON, 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. 5072) to improve the financial safety and soundness of the FHA mortgage insurance program, had come to no resolution thereon.

#### BP AND NOAA NEED TO BETTER MONITOR OIL BENEATH THE OCEAN'S SURFACE

(Ms. ROS-LEHTINEN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. ROS-LEHTINEN. Madam Speaker, yesterday, officials admitted that a significant amount of oil may be spreading through the deep ocean in layers of highly dissolved oil. This revelation is anything but recent, except to BP.

Last month, I sent a letter, along with my colleagues in the Florida delegation, calling on the administration to examine the amounts of oil suspended in the water column below the ocean surface; yet until yesterday, officials failed to acknowledge what many in the scientific community were already saying, that underwater oil plumes are possible and that they pose a tremendous threat.

My congressional district is home to a variety of ecosystems—coral reefs, mangroves, sea grass beds, as well as countless species of fish. NOAA and BP must do a better job of examining the impact of crude oil and chemical dispersants at all depths of the ocean's surface. My constituents who rely on fishing, diving and tourism for their livelihood demand that we utilize all available resources. Get this right before the disaster becomes even worse.

#### GENERAL LEAVE

Ms. ROS-LEHTINEN. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the motion to instruct on H.R. 4173.

The SPEAKER pro tempore (Mrs. HALVORSON). Is there objection to the request of the gentlewoman from Florida?

There was no objection.

□ 1800

#### SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. WOOLSEY) is recognized for 5 minutes.

(Ms. WOOLSEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

#### STANDING BY ISRAEL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. SCHIFF) is recognized for 5 minutes.

Mr. SCHIFF. Last week's interdiction by the Israeli Navy of a small flotilla of ships trying to run the blockade on Hamas-controlled Gaza ignited a firestorm around the world.

Foreign commentators, who look askance at the Jewish state in the best of times, condemned the raid in the strongest of terms, attempting to cast it as another example of Israel's supposed slide toward South African-style apartheid or even fascism.

Here and in Israel, itself, the reaction reflected a deeper understanding of the broad spectrum of threats confronting Israel. The execution of the raid, itself, was criticized in some quarters, but there remains a fundamental understanding of the underlying conditions that gave rise to Israel's blockade of Gaza and a realization that those conditions persist and that, as long as Gaza remains under the control of Hamas, there can be no lasting peace between Israel and the Palestinians.

Hamas leaders and their masters in Tehran and Damascus have repeatedly refused to renounce terror, to abide by agreements signed by the Palestinian Authority and Israel and to recognize Israel's right to exist. They have used Gaza's impoverished population as human shields in their war of attrition with Israel and have subordinated their people's needs to the quest for rockets and other weapons. Two days ago, Israeli forces intercepted an armed squad of five terrorists who were wearing diving suits and who were apparently on their way to attack Israeli targets.

Madam Speaker, there can be no doubt that these are dangerous times for Israel and that America must stand by the Middle East's only democracy in its quest for peace and security.

Despite four rounds of U.N. sanctions, including today's passage of

tighter finance curbs and an expanded arms embargo, Iran has not been deterred in its quest to develop nuclear weapons. While this latest round of sanctions is a welcomed step, there is deep skepticism that President Mahmoud Ahmadinejad and the hard-line clerics who rule Iran can be dissuaded from their present course. An Iran armed with the bomb would be a catastrophe, destabilizing the Middle East and triggering an arms race in the region.

President Obama and Secretary of State Clinton have done a great service to Israel, to the greater Middle East, and to the cause of international peace and security through their efforts to forge a consensus in the Security Council, and I offer them my personal thanks. Yet, even as we applaud today's sanctions vote, we must redouble our efforts to prevent Iran from acquiring nuclear weapons, and I look forward to further diplomatic and unilateral initiatives to convince Tehran that the costs of continuing on this reckless path are greater than any perceived benefit.

Hezbollah, the Shiite militia cum political party created in Lebanon by Iran's Revolutionary Guards in 1983, has rearmed in the aftermath of the 2006 war with Israel. Its arsenal of short-range missiles has reportedly been augmented by longer range Scuds, which can reach targets throughout Israel. The Scuds, believed to be supplied by Syria, augment Hezbollah's existing stockpile of up to 40,000 rockets stored in underground bunkers in southern Lebanon.

Turkey, which has been Israel's strongest Muslim majority ally and an important mediator between Jerusalem and Arab capitals, has, in recent months, become deeply hostile to Israel. In addition to hosting the organizers of the Gaza flotilla, Turkey has said it would reduce military and trade ties, and it has put off discussions of energy projects, including natural gas and freshwater shipments. Last year, Prime Minister Erdogan accused Israel of being a greater violator of human rights than Sudan, and today, Turkey was one of only two votes against new rounds of sanctions against Iran in the Security Council.

Most worrisome in the long term is the broad-based international campaign to delegitimize Israel. University campuses have been divided by divestment campaigns. There have been academic and economic boycotts of Israel in Europe, and many Israelis are wary of traveling to several European countries.

The great majority of the world's people alive today were not born until well after World War II and did not bear witness to the Holocaust. They did not watch as thousands of Jewish refugees, desperate to start new lives in Palestine after the war, were forcibly prevented from entering the country by Britain. They did not witness the miracle of Israel's birth in 1948 and