

I strongly supported raising the loan limit in high cost areas and I strongly oppose taking this provision out.

This amendment is critical to New York and other high cost areas. But it does not come at a cost to other areas. This is not a zero sum situation.

So I urge my colleagues from these areas that are not affected by this amendment to join me in voting against it so that middle class workers across this nation will have a chance at the American Dream of owning your own home.

Ms. WOOLSEY. Madam Chairman, my district, the 6th District of California, just north of the Golden Gate Bridge is a "donor" district. We pay a lot more in taxes than we get back, in fact, the median home price is approaching \$1 million. This is almost three times the national median home price, and my constituents want their taxes to work for them.

They want middle-class families in their area to be able to secure a GSE loan.

They want teachers, firefighters, and policemen who serve and live in areas of the country where the housing market is soaring, to be eligible for an GSE loan.

Madam Chairman, we can do that. We must preserve the section of the underlying bill that allows for raising conforming loan limits in high cost areas. I urge my colleagues to oppose the Garrett amendment and allow fair home mortgage lending.

The Acting CHAIRMAN (Mrs. CAPITO). The question is on the amendment offered by the gentleman from New Jersey (Mr. GARRETT).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. GARRETT of New Jersey. Madam Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from New Jersey (Mr. GARRETT) will be postponed.

It is now in order to consider amendment No. 8 printed in House Report 109-254.

AMENDMENT NO. 8 OFFERED BY MS. LORETTA SANCHEZ OF CALIFORNIA

Ms. LORETTA SANCHEZ of California. Madam Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Ms. LORETTA SANCHEZ of California:

Page 93, line 17, before the semicolon insert ", including the use of alternative credit scoring".

The Acting CHAIRMAN. Pursuant to House Resolution 509, the gentlewoman from California (Ms. LORETTA SANCHEZ) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California (Ms. LORETTA SANCHEZ).

Ms. LORETTA SANCHEZ of California. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, my amendment is very simple and straightforward. It

merely adds alternative credit scoring as an element of the Annual Housing Report, as outlined in section 1324 of the bill.

Before I continue, however, I would first like to thank the Committee on Rules for making the amendment in order and the Committee on Financial Services for its consideration. In particular I would like to thank the gentleman from Delaware (Mr. CASTLE), who has been a leader on exploring the challenges and the opportunities of alternative credit scoring. I look forward to working with the gentleman on this issue in the future.

My amendment is a modest one, but I think its implications have far-reaching potential. It is currently estimated that there are about 50 million people in the United States who have little or no credit history. Many of these individuals make a solid income, they pay their bills, they have substantial savings and investments. However, these people face tough, if not insurmountable, conditions when they go to secure a loan. Those who do qualify often have to pay excessive fees or elevated interest rates. The irony is that you are more likely to secure credit if you have debt than if you have none.

So the question is, how can these people who are outside the traditional banking system gain access to credit and home loans if they have no traditional credit history? One of the answers may be to use alternative credit scoring and alternative sources of information, such as utility bills and other types of payment systems so that they have a history. If we use that, then we could see that they would most likely pay their mortgage every month.

Much work is being done to develop and automate the use of alternative credit information. Companies such as Fair Isaac, the originator of the FICO score, has an algorithm which it uses to help lenders gain the credit worthiness of unbanked or underbanked applicants. Nevertheless, while the private sector is taking the initiative, I think it needs the support of the Federal Government. Let me tell you why.

Recently, we had Hispanic Heritage Month here in Washington, D.C. where the Congressional Hispanic Caucus Institute does a summit. I did a particular forum on alternative credit scoring. Many of the actors, many of the first originators of loans for homes, for example, said that it would be much easier for them to approve people on alternative credit scoring if in fact the Fannie Maes, for example, of the world actually would buy these in the secondary market. Right now they do not.

So I think it is important for us as the Federal Government to step up and to have Fannie Mae and Freddie Mac and others begin to look at using alternative credit scoring on a more regular basis. It would encourage primary lenders to follow suit; and more people, who should really be eligible for these loans, would be eligible.

My amendment does not mandate nor does it direct GSEs to use alternative credit scoring. It only asks that they report on their use of these methods in the effort to promote greater homeownership, particularly in underserved communities. By raising awareness of alternative credit scoring, we could potentially be helping thousands of qualified home buyers who have always aspired to own their own home.

Madam Chairman, I ask my colleagues for their support on this amendment.

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

Mr. OXLEY. Madam Chairman, I claim the time in opposition, although I am not opposed to the amendment. As a matter of fact, I am very much in favor of the amendment, and I congratulate the gentlewoman from California for her amendment. I know the gentleman from Delaware (Mr. CASTLE) and the gentleman from Michigan (Mr. EHLERS) and others on our side of the aisle have been very interested in this entire issue. I think it is a worthy amendment, and we have no objection on this side.

The Acting CHAIRMAN. The question is on the amendment offered by the gentlewoman from California (Ms. LORETTA SANCHEZ).

The amendment was agreed to.

Mr. OXLEY. Madam Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. BAKER) having assumed the chair, Mrs. CAPITO, Acting Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1461) to reform the regulation of certain housing-related Government-sponsored enterprises, and for other purposes, had come to no resolution thereon.

RESIGNATION AS MEMBER OF COMMITTEE ON ENERGY AND COMMERCE

The SPEAKER pro tempore laid before the House the following resignation as a member of the Committee on Energy and Commerce:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, October 26, 2005.

Hon. J. DENNIS HASTERT,
Speaker of the House, the Capitol,
Washington, DC.

DEAR MR. SPEAKER: Please accept my resignation from the House Energy and Commerce Committee.

It has been my great pleasure to serve on the committee under the fine leadership of Chairman Barton.

Thank you for your attention to this request.

Sincere regards,

ROY BLUNT,
Majority Whip.

The SPEAKER pro tempore. Without objection, the resignation is accepted. There was no objection.

ELECTION OF MEMBER TO COMMITTEE ON ENERGY AND COMMERCE

Mr. OXLEY. Mr. Speaker, I offer a resolution (H. Res. 513) and I ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 513

Resolved, That the following Member be and is hereby elected to the following standing committee of the House of Representatives:

Committee on Energy and Commerce: Mr. Barrett of South Carolina.

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

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

FEDERAL HOUSING FINANCE REFORM ACT of 2005

The SPEAKER pro tempore. Pursuant to House Resolution 509 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 1461.

□ 1557

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 further consideration of the bill (H.R. 1461) to reform the regulation of certain housing-related Government-sponsored enterprises, and for other purposes, with Mrs. CAPITO (Acting Chairman) in the chair.

The Clerk read the title of the bill.

The Acting CHAIRMAN. When the Committee of the Whole rose earlier today, amendment No. 8 printed in House Report 109-254 offered by the gentlewoman from California (Ms. LORETTA SANCHEZ) had been disposed of.

It is now in order to consider amendment No. 9 printed in House Report 109-254.

AMENDMENT NO. 9 OFFERED BY MR. KANJORSKI

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

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. KANJORSKI:

Strike line 8 on page 270 and all that follows through line 3 on page 271 and insert the following:

SEC. 181. BOARDS OF ENTERPRISES.

(a) FANNIE MAE.—

(1) IN GENERAL.—Subsection (b) of section 308 of the Federal National Mortgage Association Charter Act (12 U.S.C. 1723(b)) is amended in the first sentence by striking “eighteen persons,” and inserting “not less than 7 and not more than 15 persons.”

Strike line 10 on page 271 and all that follows through line 6 on page 272 and insert the following:

(b) FREDDIE MAC.—

(1) IN GENERAL.—Paragraph (2) of section 303(a) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1452(a)(2)) is amended in subparagraph (A) by striking “eighteen persons,” and inserting “not less than 7 and not more than 15 persons.”

Page 280, lines 1 and 2, strike “shall be elected by the members and”.

Page 280, line 3, after the period insert “All directors of a Bank who are not independent members pursuant to paragraph (3) shall be elected by the members.”

Page 280, lines 8 and 9, strike “one-third” and insert “two-fifths”.

Page 280, line 10, strike “as follows” and insert “, who shall be appointed by the Director of the Federal Housing Finance Agency from a list of individuals recommended made by the Housing Finance Oversight Board, and shall meet the following criteria”.

Page 280, line 20, after “housing,” insert “community development, economic development,”.

Page 281, line 5, strike “An” and insert “Notwithstanding subsection (f)(2), an”.

Page 281, strike lines 11 through 14, and insert the following new paragraph:

(2) in the first sentence of subsection (b), by striking “directorship” and inserting “member directorship pursuant to subsection (a)(2)”;

Page 281, strike lines 15 through 23.

Page 281, line 25, after the semicolon insert “and”.

Page 282, strike lines 1 through 8.

Page 282, line 9, strike “(5)” and insert “(4)”.

Page 282, line 10, strike “subsection (e)” and insert “subsections (e) and (f)”.

Page 283, strike lines 5 through 19 and insert the following:

(c) CONTINUED SERVICE OF INDEPENDENT DIRECTORS AFTER EXPIRATION OF TERM.—Section 7(f)(2) of the Federal Home Loan Bank Act (12 U.S.C. 1427(f)(2)) is amended—

(1) in the second sentence, by striking “or the term of such office expires, whichever comes first”; and

(2) by adding at the end the following new sentence: “An appointive Bank director may continue to serve as a director after the expiration of the term of such director until a successor is appointed.”

The Acting CHAIRMAN. Pursuant to House Resolution 509, the gentleman from Pennsylvania (Mr. KANJORSKI) and the gentleman from Ohio (Mr. OXLEY) each will control 5 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. KANJORSKI).

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

Madam Chairman, simply stated, the amendment would ensure a continued independent public voice in the corporate governance of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. The amendment also has had bipartisan support in the Committee on Financial Services. It additionally now has the support of the National Association of Homebuilders and the National Association of Realtors.

The bill before us would make a dramatic change in the board structures of the three government-sponsored enterprises, and this issue deserves a public debate.

The charters of Fannie Mae and Freddie Mac presently require that the boards of both enterprises shall at all

times have five members appointed by the President. Additionally, in order to represent the public interest and provide an independent voice, the charters of the Federal Home Loan Banks require at least six individuals to be appointed by the regulator to serve on each bank board.

Unfortunately, the bill before us today would eliminate the requirement for Presidential appointees on the boards of Fannie Mae and Freddie Mac. It would also abolish regulatory appointees on the boards of the Federal Home Loan Banks.

In my view, requiring Presidential and regulatory appointees to serve on the board of Fannie Mae and Freddie Mac and the Federal Home Loan Banks is entirely appropriate, given the unique nature of their charters and their important public missions.

Government-sponsored enterprises by their very nature are public-private entities, and they need to have a public voice at the highest levels of governance.

□ 1600

The Presidential and regulatory appointments, therefore, signal that each entity is not only accountable to its shareholders, but also to broader national public policy interests.

Additionally, the Presidential and regulatory appointment system gives citizens a needed voice in ensuring the viability of our Nation’s housing finance system and that the benefits of this system are widely distributed. Maintaining public representation on the GSE boards is therefore critical to ensuring continued public trust in these very important financial institutions.

This amendment would accordingly restore the Presidential and regulatory board appointment systems for GSEs while still preserving important changes made by the bill. These changes include providing flexibility in the size of corporate boards at Fannie Mae and Freddie Mac and lengthening the terms of service at the Federal home loan banks.

The amendment would also make three other minor modifications to the bill related to the boards of the Federal home loan banks. They include raising the number of independent directors, adding community and economic development expertise and allowing appointed independent directors to continue to serve until a successor is in place.

This commonsense amendment to retain an independent public voice on the GSE boards received bipartisan support during the markup of this bill. It also has the backing of those who know our housing markets best, like the National Association of Home Builders and the National Association of Realtors. In a recent letter to me about this amendment, the home builders note that “a diverse governing board of directors that is well balanced in knowledge and expertise in the full range of