

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.

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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.

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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