

payphones. Rates paid by payphone companies to local exchange carriers were to be based on costs so that there would not be a cross-subsidization of other services. During the late 1980s, consumers had begun to experience the convenience of dialing "800" numbers at payphones without having to pay for them at the payphone. As the volume of these calls increased, it became clear that, as a matter of fairness, the payphone operator should receive some compensation for them. After all, the

Unfortunately, the goals of the 1996 Act have not been fulfilled. There has been substantial confusion about the definition of "cost-based" rates. While the FCC has taken some steps toward defining "cost-based" rates, it still has not given state regulatory commissions and local exchange carriers final guidance concerning the proper standard. The FCC's Common Carrier Bureau recently ordered Wisconsin carriers to file cost-based rates so that the FCC itself could review them. However, that order was stayed after an objection was filed. My concern is that a protracted proceeding before the FCC to determine the precise definition of "cost-based" could mean that payphone companies will pay substantially above costs for months or even years.

A related issue is the problem of dial around compensation. It is a great convenience for consumers to be able to dial "800" numbers without having to put coins in a payphone. However, it's only fair—and, in fact, it is the policy of the 1996 Act—that payphone owners are fairly compensated. These companies purchase, install and maintain the equipment and pay line rates for access to the local telephone exchange. The FCC has given some guidance as to which carrier is responsible for paying compensation, but the current system has proven to have a number of serious problems. Often, several companies are involved in carrying the signal from the caller to the final destination, and it can be difficult to determine what company is responsible for paying the compensation. In many cases, all the carriers deny responsibility and payphone owners must initiate expensive litigation to receive any compensation. The FCC should move quickly to review its current approach to dial around compensation in order to resolve outstanding questions and to come up with a workable, effective system.

While these regulatory issues remain unresolved, the payphone industry and, ultimately, American consumers are being injured. Up to 300,000 payphone lines have been disconnected around the country in the last few years. Some of this may be due to the market forces from competition from wireless telephones. To the extent that market forces are reducing the number of pay telephones, that is the fair result of competition. However, it is likely that much of this reduction is due to the twin effects of payphone operators paying excessive costs for line rates and receiving inadequate compensation for dial around calls. This squeeze on payphone companies has led to the disconnection of telephones and in some cases companies dropping out of the market entirely.

In Michigan, there has been about a 25% reduction in the number of independent telephone companies in operation. The largest independent payphone company providing service in Detroit, with over 2000 phones, is in

bankruptcy. I have heard story after story of payphones being disconnected, in rural areas, in urban playgrounds, and in other areas.

One of the particularly troubling aspects of this story is that we could have substantially better payphone service. The technology exists to provide Internet access, video services, and other services to consumers at pay telephones if the economic incentives allowed these developments. Today, in Europe, many of these services exist, and in a limited number of cases, they exist in the United States. However, our policy, although well intentioned, has had the effect of discouraging technological developments in the industry while individual companies struggle to survive.

I urge the FCC to look into these issues and take action to resolve these issues. Consumers in Michigan, indeed all over the country, will benefit from the Commission's efforts.

AMERICAN HOMEOWNERSHIP AND ECONOMIC OPPORTUNITY ACT OF 2000

SPEECH OF

HON. JAMES A. LEACH

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. LEACH. Mr. Speaker, following is a section-by-section analysis of S. 1452.

S. 1452, Manufactured Housing Improvement Act of 2000 with Amendments

SECTION-BY-SECTION

Section 1. Short Title and Table of Contents. States that the act may be cited as the "American Homeownership and Economic Opportunity Act of 2000."

Section 2. Findings and purpose. Congressional findings are that expanding homeownership opportunities should be a national priority, that there is an abundance of conventional capital available, that communities possess ample will and creativity to provide opportunities uniquely designed to assist their citizens to achieve homeownership, and that consumers should have access to lending opportunities at reasonable costs with knowledge behind lending decisions. Purposes of the act are to encourage homeownership by families not otherwise able to afford homeownership, to promote the ability of the private sector to produce affordable housing without excessive government regulation, to expand homeownership through tax incentives such as the home mortgage-interest deduction, and to facilitate the availability of capital for homeownership opportunities.

TITLE I—REMOVAL OF BARRIERS TO HOUSING AFFORDABILITY

Section 101. Short title. This title may be referred to as the "Housing Affordability Barrier Removal Act of 2000."

Section 102. Grants for regulatory barrier removal strategies. Authorizes \$15 million for FY 2001 through FY 2005 for grants to States, local governments, and eligible consortia for regulatory barrier removal strategies. This is a reauthorization of the same amount under an already existing CDBG set-aside (Section 107(a)(1)(H)). Grants provided for these purposes must be used in coordination with the local comprehensive housing affordability strategy ("CHAS").

Section 103. Regulatory barriers clearinghouse. Creates within HUD's Office of Policy Development and Research a "Regulatory Barriers Clearinghouse" to collect and dis-

seminate information on, among other things, the prevalence of regulatory barriers and their effects on availability of affordable housing, and successful barrier removal strategies.

TITLE II—HOMEOWNERSHIP FOR WORKING FAMILIES

Section 201. Reduced downpayment requirements for loans for teachers and uniformed municipal employees. Allows reduced downpayment requirements for FHA-insured loans for teachers and uniformed municipal employees. Authority for the provision expires September 30, 2003.

Section 202. Home equity conversion mortgages. Allows for the refinancing of home equity conversion mortgages (HECMs) for elderly homeowners. Gives the Secretary discretion to reduce the single premium payment to an amount as determined by an actuarial study, to be conducted by the Secretary within 180 days of enactment, and to credit the premium paid on the original loan. Authorizes the Secretary to establish a limit on origination fees that may be charged (which fees may be fully financed). Waives counseling requirements if the borrower has received counseling in the prior five years and the increase in the principal limit exceeds refinancing costs by an amount set by the Department; provides a disclosure under a refinanced mortgage of the total cost of refinancing and the principal limit increase.

In cases where the reverse mortgage proceeds are used for long-term care insurance contracts, a portion of those proceeds may be used for up-front costs, such as initial service, appraisal and inspection fees. Requires HUD to waive the up-front mortgage insurance premium in cases where reverse mortgage proceeds are used for costs of a qualified long-term care insurance contract.

Directs the Department to conduct an actuarial study within 180 days of enactment of the effect creating a single national loan limit for HECM reverse mortgages.

Section 203. Law enforcement officer homeownership pilot program. Requires the HUD Secretary to develop a pilot program designed to assist law enforcement officers, including correctional officers, to purchase homes in locally designated high crime areas. No downpayment is required. The borrower must have served as police officer for at least 6 months. The provision is primarily targeted for high-crime areas. Provides that the Secretary shall not approve any application for assistance received under this section that is received after expiration of the 3-year period beginning when the Secretary first makes assistance available.

Section 204. Assistance for self-help housing providers. Reauthorizes the self-help housing providers through FY 2003, at such sums for FY 2001 and such sums as may be necessary for each of FY 2002 and 2003. Allows projects with 5 or more units to use their funds over a 3-year period. Allows entities to advance themselves funds prior to completion of environmental reviews for purposes of land acquisition.

TITLE III—SECTION 8 HOMEOWNERSHIP OPTION

Section 301. Downpayment assistance. Public Housing Authorities (PHAs) are authorized to provide down-payment assistance in the form of a single grant, in lieu of monthly assistance. Such down-payment assistance shall not exceed the total amount of monthly assistance received by the tenant for the first year of assistance. For FY 2000 and thereafter, assistance under this section shall be available to the extent that sums are appropriated.

Section 302. Pilot program for homeowner-ship assistance for disabled families. Adds a pilot program to demonstrate the use of tenant-based section 8 assistance (section 8 vouchers) for the purchase of a home that will be owned by 1 or more members of the disabled family and will be occupied by that family and meets certain requirements. Requirements include purchase of the property within three years of enactment of this Act; demonstrated income level from employment

Section 303. Funding for pilot program. Authorizes such sums as may be appropriated for a grant program to supplement demonstration programs approved under the Section 8 homeownership demonstration program. The program has a 50% match requirement.

TITLE IV—PRIVATE MORTGAGE INSURANCE CANCELLATION AND TERMINATION

Section 401. Short title. Provides that this title may be cited as the "Private Mortgage Insurance Technical Corrections and Clarification Act".

Section 402. Changes in amortization schedule. Clarifies that private mortgage insurance (PMI) termination/cancellation rights for adjustable rate mortgages (ARMs) are based on the amortization schedule then in effect (the most recent calculation); treats a balloon mortgage like an ARM (uses most recent amortization schedule); bases cancellation/termination rights on modified terms if loan modification occurs.

Section 403. Deletion of ambiguous references to residential mortgages. Clarifies that borrowers' PMI cancellation and termination rights apply only to mortgages created after the effective date of the legislation (one-year after the date of enactment).

Section 404. Cancellation rights after cancellation date. Clarifies that the good payment history requirement in the bill is calculated as of the later of the cancellation date or, the date on which a borrower requests cancellation. Provides that if a borrower is not current on payments as of the termination date, but later becomes current, termination shall not take place until the first day of the following month (eliminates lender need to check and cancel PMI every day of the month). Clarifies that PMI cancellation or termination does not eliminate requirement to make PMI payments legitimately accrued prior to any cancellation or termination of PMI.

Section 405. Clarification of cancellation and termination issues and lender paid mortgage insurance disclosure requirements. Adds provision clarifying cancellation and termination issues related to terms ambiguous in law, including "good payment history", "automatic termination" and "accrued obligation for premium payments". Clarifies that PMI cancellation rights exist on the cancellation date, or any later date, as long as the borrower complies with all cancellation requirements. Clarifies that borrower must be current on loan payments to exercise cancellation.

Section 406. Definitions. Sets forth definitions of: a) refinanced; b) midpoint of the amortization period; d) original value; and e) principal residence.

TITLE V—NATIVE AMERICAN HOMEOWNERSHIP

SUBTITLE A—NATIVE AMERICAN HOUSING

Section 501. Lands Title Report Commission. Subject to amounts appropriated, creates an Indian Lands Title Report Commission to develop recommended approaches to improving how the Bureau of Indian Affairs

(BIA) conducts title reviews in connection with the sale of Indian lands. Receipt of a certificate from BIA is a prerequisite to any sales transaction on Indian lands, and the current procedure is overly burdensome and presents a regulatory barrier to increasing homeownership on Indian lands.

The Commission is composed of 12 members with knowledge of Indian land title issues (4 appointed by the President, 4 by the President from recommendations made by the Chairman of the Senate Committee on Banking, Housing and Urban Affairs Committee, and 4 by President from recommendations made by the Chairman of the House Committee on Banking and Financial Services). Authorized at \$500,000.

Section 502. Loan guarantees. Permanently authorizes the section 184 Loan Guarantee Program for Indian housing.

Section 503. Native American housing assistance. Makes the following amendments to the Native American Housing and Self-Determination Act of 1996 (NAHASDA):

Restricts Secretary's authority to grant waiver of Indian housing plan requirements, upon noncompliance due to circumstances beyond the control of the Indian tribe, to a period of 90 days. Allows Secretary to waive requirement for a local cooperation agreement provided the recipient has made a good faith effort to comply and agrees to make payments in lieu of taxes to the jurisdiction.

Sets forth requirement for assistance to Indian families that are not low-income upon a showing of need. Eliminates separate Indian housing plan requirements for small Indian tribes.

Provides Secretary with authority to waive statutory requirements of environmental reviews upon a determination that failure to comply does not undermine goals of the National Environmental Policy Act, will not threaten the health or safety of the community, is the result of inadvertent error and can be corrected by the recipient of funding. The intent is to address problems resulting from procedural, rather than substantive, noncompliance.

Authorizes tribal housing entities to provide housing on Indian reservations to full-time law enforcement officers, sworn to implement the Federal, State, county, or tribal law.

Revises provisions regarding audits and reviews by the Secretary by making applicable the requirements of the Single Audit Act to tribal housing entities; allowing these housing entities to be treated as non-Federal entities; and, permitting the Secretary to conduct audits. The audits will determine whether the grant recipient has carried out eligible activities in a timely manner; has met

Prescribes formula allocation for Indian housing authorities operating fewer than 250 units by requiring the amount of assistance provided to these tribes to be based on an average of their allocations from the prior five (5) fiscal years (fiscal years 1992 through 1997).

Amends hearing requirements to allow the Secretary to take immediate remedial action if the Secretary determines that the recipient has failed to comply substantially with any material provision of NAHASDA resulting in continued federal expenditures not authorized by law.

Upon noncompliance with the law due to technical incapacity, requires a recipient to enter into a "performance agreement" with the Secretary before the Secretary can provide technical assistance.

For section 8 vouchers currently being used by an Indian tribe, requires counting

such vouchers under the NAHASDA block grant allocation formula to ensure that families currently participating in the Section 8 voucher program will continue to be funded.

Repeals requirement regarding the certification of compliance with subsidy layering requirements with respect to housing assisted with grant amounts provided under the Act.

SUBTITLE B—NATIVE HAWAIIAN HOUSING

Section 511. Short title. Provides that the subtitle may be cited as the "Hawaiian Homelands Homeownership Act of 2000."

Section 512. Findings. Finds that Native Hawaiians continue to have the greatest unmet need for housing and the highest rates of overcrowding in the United States, and that Congress finds it necessary to extend the Federal low-income housing assistance available under the Native American Housing and Self-Determination Act of 1996 to those Native Hawaiians.

Section 513. Housing assistance. Provides the Secretary of HUD with authority to establish a program for the provision of block grants for affordable housing activities for Native Hawaiians, within the Native American Housing Assistance and Self-Determination Act of 1996. The Secretary is to be guided by the program requirements of titles I, II and IV of the Native American Housing Assistance and Self-Determination Act in the implementation of housing assistance programs for Native Hawaiians under this title. The Secretary may make exceptions to, or modifications of, program requirements as necessary and appropriate to meet the unique situation and housing needs of Native Hawaiians. Sets forth definitions, the requirements associated with housing plans, and other program requirements.

Section 514. Loan guarantees. Provides for loan guarantees for Native Hawaiian Housing. Loans guaranteed by the Secretary pursuant to this title shall be in amounts not to exceed one hundred percent of the unpaid principal and interest that is due on an eligible loan. A loan is an eligible loan if that loan is made only to a borrower who is a Native Hawaiian family, the Department of Hawaiian Home Lands, the Office of Hawaiian Affairs, or a private nonprofit

TITLE VI—MANUFACTURED HOUSING IMPROVEMENT

Section 601. Short Title References. States that this title may be cited as the "Manufactured Housing Improvement Act of 2000."

Section 602. Findings and purposes. Current law provisions are replaced with a more detailed statement of the original intent of Congress when it enacted the Federal Manufactured Home Construction and Safety Standards Act. Adds a consensus standards development process to the purpose of the act. Expresses the continuing need for affordability and the need for objective, performance-based standards, while emphasizing the need for consumer protection.

Section 603. Definitions. Adds several definitions to Section 603 of current law concerning the consensus committee and the consensus standards development process (Section 4). Adds a definition for the monitoring function and related definitions for primary inspection agency, design approval inspection agency, and production inspection primary inspection agency duties, which had not been previously defined. The term "dealer" has been replaced throughout with the term "retailer."

Section 604. Federal manufactured home construction and safety standards. Section 604 of current law (P.L. 93-383) is revised to

establish a consensus committee that would submit recommendations to the Secretary of HUD for developing, amending and revising both the Federal Manufactured Home Construction and Safety Standards and the enforcement regulations. These recommendations would be published in the Federal Register for notice and comment prior to final adoption by the Secretary. The committee shall be composed of 21 voting members, appointed by the Secretary, based on recommendations of administering organizations, who shall be qualified individuals (7 producers of manufactured housing, 7 users of manufactured housing, and 7 general interest groups and/or public officials), and one additional non-voting member to represent the Secretary on the consensus committee. The committee would function in accordance with the American National Standards Institute (ANSI) procedures for the development and coordination of American National Standards.

If the Secretary fails to take final action on a proposed revised standard, the Secretary shall appear before the housing and appropriation subcommittees and committees of the House of Representatives and the Senate and state the reason for failure.

Further, if the Secretary does not appear in person as required, the Secretary will be prohibited from expending funds collected under authority of this title in any amount greater than that collected and expended in the fiscal year preceding enactment of the Manufactured Housing Improvement Act of 2000.

The revisions to section 604 would also clarify the scope of federal preemption to ensure that disparate state or local requirements do not affect the uniformity and comprehensive nature of the

Section 605. Abolishment of the National Manufactured Home Advisory Council; manufactured home installation. Section 605 of existing law (P.L. 93-383) would be repealed, abolishing the National Manufactured Home Advisory Council, which is replaced by the consensus committee formed under Section 604. A new section 605 is added, entitled "Section 605. Manufactured Home Installation," which give states five years to adopt an installation program. During this five-year period, the Secretary of the Department of Housing and Urban Development (HUD) and the Consensus Committee are charged with constructing a "model" manufactured housing installation program. In states that choose not to adopt an installation program, HUD may contract with an appropriate agent in those states to implement the "model" installation program.

Section 606. Public information. Amends current requirements governing cost information of any new standards submitted by manufacturers to the Secretary by requiring the Secretary to submit such cost information to the consensus committee for evaluation.

Section 607. Research, Testing, Development, and Training. Requires HUD Secretary to conduct research, testing, development and training necessary to carry out the purposes of facilitating manufactured housing, including encouraging GSE's to develop and implement secondary market securitization programs for FHA manufactured home loans, and reviewing the programs for FHA manufactured home loans and developing any changes to such programs to promote the affordability of manufactured homes.

Section 608. Prohibited Acts. Requires continued compliance with the requirements for the installation program required by Section 605 in any State that has not adopted and implemented a State installation program.

Section 609. Fees. Amends current section 620 by allowing the Secretary to use industry

label fees for the administration of the consensus committee, hiring additional program staff, for additional travel funding, funding of a non-career administrator to oversee the program, and for HUD's efforts to promote the availability and affordability of manufactured housing. Prohibits the use of label fees to fund any activity not expressly authorized by the act, unless already engaged in by the Secretary, makes expenditure of label fees subject to annual Congressional appropriations review. Requires HUD to be accountable for any fee increase by requiring notice and comment rulemaking.

Section 610. Dispute Resolution. In order to address problems that may arise with manufactured homes, Section 610 gives the states five years to adopt a dispute resolution program for the timely resolution of disputes between manufacturers, retailers, and installers regarding the responsibility for the correction or repair of defects in manufactured homes that are reported during the one year period beginning on the date of installation. This also requires state issuance of appropriate orders for the correction or repair of defects in the manufactured homes that are reported during the 1-year period beginning on the date of installation under the dispute resolution program. In states that choose not to adopt their own dispute resolution program, HUD may contract with an appropriate agent in those states to implement a dispute resolution program.

Section 611. Elimination of annual report requirement. Eliminates existing annual reporting by the Secretary to Congress on manufactured housing standards.

Section 612. Effective date. Effective date of the legislation is the date of enactment, except that interpretive bulletins or orders published as a proposed rule prior to the date of enactment shall be unaffected.

Section 613. Savings provision. Existing manufactured housing standards are maintained in effect until the effective date of the Federal manufactured home construction and safety standards pursuant to the amendments made by this act.

TITLE VII—RURAL HOUSING HOMEOWNERSHIP

Section 701. Guarantees for refinancing of rural housing loans. Amends Section 502(h) of the Housing Act of 1949 to allow borrowers of Rural Housing Service single-family loans to refinance an existing direct or guarantee loan with a new guarantee loan, provided the interest rate is at least equal or lower than the current interest rate being refinanced; the same home is used as security; the principle is equal or lower than the refinanced amount plus closing costs, discount points not exceeding 2 basis points and, an origination fee prescribed by the Agriculture Secretary [HR 3834 (Andrews) Homeowners Financing Protection Act (passed the House under suspension on September 19, 2000).]

Section 702. Promissory note requirement under housing repair loan program. Increases amount of promissory note (instead of use of liens on property) amounts from \$2,500 to \$7,500 (adjusted from late 1970's amount to account for home repairs, e.g. roofing, heating systems, windows, etc.) without going through the formal loan process.

Section 703. Limited partnership eligibility for farm labor housing loans. Technical amendment that clarifies that limited partnerships are eligible for loans under Section 514 (Farm Labor Housing) in cases where the general partner is a nonprofit entity.

Section 704. Project accounting records and practices. Sets forth accounting and record keeping requirements, including maintaining accounting records in accordance with generally accepted accounting

principles for all projects that receive funds under this program; retaining records available for inspection by the USDA Secretary for not less than six years, and other requirements.

Section 705. Definition of rural area. Extends designation of rural areas, for purposes of the Rural Housing Service housing programs, for a narrow category of communities until the 2010 census.

Section 706. Operating assistance for migrant farmworkers projects. Allows Section 521 operating assistance for farm labor housing complexes where "mixed" migrant and annual workers will live.

Section 707. Multifamily rental housing loan guarantee program. Allows Native Americans to become eligible borrowers under the multifamily loan guarantee program; authorizes a "balloon payment" as a financing option; allow fees from lenders to be used to help offset program costs; and repeals existing prohibition against the transfer of property title from the lender to the federal government as well as the prohibition against the transfer of liability from one borrower to another.

Section 708. Enforcement provisions. Provides criminal penalties and civil sanctions for violations of program requirements.

Section 709. Amendments to title 18 of the United States Code. Amends Title 18 of the U.S. Code—Money Laundering—to strengthen enforcement and prosecution of program fraud and abuse.

TITLE VIII—HOUSING FOR ELDERLY AND DISABLED FAMILIES

Section 801. Short Title. This title may be cited as the "Affordable Housing for Seniors and Families Act."

Section 802. Regulations. Provides that the Secretary of HUD shall issue regulations implementing the provisions of this title only after notice and opportunity for public comment.

Section 803. Effective Date. Provides that the provisions of the title are effective upon enactment unless such provisions specifically provide for effectiveness or applicability upon another date certain.

SUBTITLE A—REFINANCING FOR SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY

Section 811. Prepayment and refinancing. Requires the Secretary to approve prepayment of mortgages for Section 202 properties if the sponsor (owner) continues the low-income use restrictions. Requires that upon refinancing, the Secretary make available at least 50% of annual savings resulting from reduced Section 8 or other rental housing assistance in a manner that is advantageous to tenants, which may include increasing supportive services, rehabilitation, modernization, and retrofitting of structures, and other specified purposes.

This allows sponsors to build equity in their project that can be used to refinance at lower interest rates. The refinancing may result in lower project based Section 8 if the sponsor elects lower debt service in addition to the lower interest rate. The savings can then be used for improvements to the facility or services for residents.

SUBTITLE B—AUTHORIZATION OF APPROPRIATIONS FOR SUPPORTIVE HOUSING FOR THE ELDERLY AND PERSONS WITH DISABILITIES

Section 821. Supportive housing for elderly persons. Authorizes such sums for the existing program of supportive housing for the elderly (section 202 housing) for FY 01 and "such sums as may be necessary" for FY 02, and FY 03.

Section 822. Supportive housing for persons with disabilities. Authorizes such sums for

the existing program of supportive housing for the disabled (section 811 housing) for FY 01 and "such sums as may be necessary" for FY 02, and FY 03.

Section 823. Service coordinators and congregate services for elderly and disabled housing. Authorizes such sums for grants for service coordinators, who link residents with supportive or medical services in the community, for certain federally assisted multifamily housing projects for FY 01 and "such sums as may be necessary" for FY 02, and FY 03.

SUBTITLE C—EXPANDING HOUSING OPPORTUNITIES FOR THE ELDERLY AND PERSONS WITH DISABILITIES

PART 1—HOUSING FOR THE ELDERLY

Section 831. Eligibility of for-profit limited partnerships. Allows 202 sponsors to form limited partnerships with for-profits, but the nonprofits must be the controlling partner. Through this partnership, the sponsors could compete for the low income housing tax credit. With this change, owners could build bigger developments and achieve scale economies. The units financed under Section 202 would be governed by those rules, and the tax credit units would be governed under those rules. States would still be making the decision who gets the LIHTC, and the limited partnerships would have to compete like everybody else.

Section 832. Mixed funding sources. Allows private non-profit housing providers to use all sources of financing, including Federal funds, for amenities, relevant design features and construction of affordable housing for seniors.

Section 833. Authority to acquire structures. Removes limitation allowing private non-profit housing providers to acquire only RTC-held properties. RTC went out of business. This provision allows 202 projects to acquire properties.

Section 834. Use of project reserves. Project reserves, a set-aside account funded through rent receipts for repairs to the building's structure or infrastructure over the years (roof, elevator, etc.), may be used to reduce the number of dwelling units in the 202 project. The use of these funds is subject to the Secretary's approval to ensure the use is designed to retrofit obsolete or unmarketable units.

During the cost containment phase of the Section 202 program, many efficiencies were built. In many cases, it is preferable to convert efficiencies to 1 or 2 bedroom apartments. In other instances, the project may want to reduce units to make room for a clinic or community space.

Section 835. Commercial activities. Makes clear that commercial facilities may be located and operated, in Section 202 projects, as long as the business is not subsidized with 202 funds. These facilities can benefit residents and bring some additional revenue (rent) to the project.

PART 2—HOUSING FOR PERSONS WITH DISABILITIES

Section 841. Eligibility of for-profit limited partnerships. Provides that for-profit limited partnerships are eligible to participate in the 811 program established under this Act. The nonprofit will be the controlling partner, and the limited partnership may compete for the LIHTC.

Section 842. Mixed funding sources. Allows private non-profit housing providers to use all sources of financing, including Federal funds, for amenities, relevant design features and construction of affordable housing for the disabled.

Section 843. Tenant-based assistance for persons with disabilities. Provides that ten-

ant-based rental assistance provided under Section 811 of the Cranston-Gonzalez National Affordable Housing Act may be provided by a private nonprofit organization as well as by a public housing agency as under current law. Caps the amount of tenant-based assistance under Section 811 at 25% of the yearly appropriation for Section 811 housing to ensure that money remains available for construction of affordable housing stock for the disabled.

Section 844. Use of project reserves. Project reserves may be used to reduce the number of dwelling units in an 811 project to retrofit obsolete or unmarketable units. Allows flexibility to design the project in a way that makes it more comfortable & appealing for the residents.

Section 845. Commercial Activities. Clarifies that commercial facilities may be located and operated in Section 811 projects, as long as the business is not subsidized with 811 funds.

PART 3—OTHER PROVISIONS

Section 851. Service coordinators. Allows service coordinators to assist low-income elderly or disabled families living in the vicinity of an eligible federally assisted project. Requires HUD and HHS to develop standards for service coordinators in federally assisted housing to educate seniors about telemarketing fraud and facilitating prosecution of such fraud. This change will make the project a focal point of the community, address the isolation many seniors feel particularly in rural areas—and help seniors protect themselves against fraud.

SUBTITLE D—PRESERVATION OF AFFORDABLE HOUSING STOCK

Section 861. Section 236 Assistance. Allows owners of uninsured Section 236 projects to retain excess income. This money is needed for repairs to the aging projects. The FY 00 VA-HUD bill allowed uninsured Section 236 owners to retain excess income (which results when 30% of

To the extent a project owner has remitted excess income charges to HUD since the date of enactment of the FY 1999 appropriations Act, the Department may return to the relevant project owner any such excess charges remitted. This would put these owners on an equal footing with those owners who had retained these excess charges and whom HUD has, through notice, permitted to retain such excess income.

SUBTITLE E—MORTGAGE INSURANCE FOR HEALTH CARE FACILITIES

Section 871. Rehabilitation of existing hospitals, nursing homes, and other facilities.

Currently, Section 223(f) of National Housing Act (NHA) provides mortgage insurance for purchase or refinancing of non-FHA multifamily housing projects and for refinancing of existing debt on non-FHA hospitals. Section 223(f) insurance is also broadly used for nursing homes, assisted living facilities, etc. Amends current law to allow for purchase as well as refinancing of such hospitals and includes integrated service facilities, which are defined in Section 872. Allows repairs and minor improvements to be included in financings, consistent with protocols in non-FHA financings. Clarifies program ambiguities such that savings include refinancing of short-term balloon loans.

Section 872. New integrated service facilities. Currently, Section 232 of NHA authorizes FHA insurance for nursing homes, intermediate care, board and care, and assisted living facilities. This section introduces a concept of an integrated service facility, and then makes these facilities eligible for mort-

gage insurance. An integrated service facility is defined as providing health care to sick, injured, disabled, elderly or infirm persons or services for the treatment and prevention of illness, or any combination thereof. It also removes a barrier to use of FHA insurance for some assisted living facilities by allowing the FHA to establish alternative underwriting standards when states lack licensing requirements. Another barrier to FHA insurance is removed by making the alternative Certificate of Need (CON) test for nursing homes, intermediate care facilities, and integrated service facilities more workable. Currently, FHA insurance is conditional upon the CON; however, several states have sunset CON programs or the agencies which would issue CONS. Moreover, an existing, but no longer appropriate, requirement that residents of nursing homes A are not acutely ill is stricken.

Section 873. Hospitals and Hospital-Based Health Care Facilities. Currently, Section 242 authorizes FHA insurance for hospitals and associated facilities. This section changes the definition of an eligible hospital to eliminate the test that denies eligibility where more than 50% of patient days are non-acute in nature. The 50% rule, especially in a continuum of care environment, creates a financing void for hospitals providing significant non-acute and other essential services now subject to the 50% rule. Modifies eligibility test used as an alternative to the CON requirement under the statute so that a sponsor applicant may commission an independent study in defined circumstances. Allows integrated service facilities to be Section 242 eligible when owned by a hospital sponsor.

TITLE IX—OTHER RELATED HOUSING PROVISIONS

Section 901. Extension of Loan Term for Manufactured Home Lots. Extends the loan terms for manufactured home lots financed by insured financial institutions from 15 years, 32 days to 20 years, 32 days.

Section 902. Use of Section 8 Vouchers for Opt-Outs. Amends the VA, HUD and Independent Agencies Appropriations Act of FY 2001 by changing the effective date when Section 8 vouchers may be used in situations where owners opt out of the program from 1996 to 1994.

Section 903. Maximum payment standard for enhanced vouchers. Amends the VA, HUD and Independent Agencies Appropriations Act of FY 2001 to require that HUD may not limit the value of enhanced vouchers as provided under the statute if such limit would adversely affect the assisted families to which enhanced vouchers are provided.

Section 904. Use of section 8 assistance by "grand-families" to rent dwelling units in assisted projects. Allows HOME funds (in rental units otherwise not eligible for HOME funds) to be used for facilities with units with low-income families having a grandparent residing with a grandchild, or in some cases, where great- and great-great grandchildren are residing in the unit, with neither of the child's parents residing in the household.

TITLE X—BANKING AND HOUSING AGENCY REPORTS

Section 1001. Short title. The title is cited as the "Federal Reporting Act of 2000."

Section 1002. Amendments to the Federal Reserve Act. Provides a new reporting requirement to replace the expired provisions relating to the semi-annual "Humphrey-Hawkins" reports requirements. Section 1002 requires the Chairman of the Federal Reserve Board to appear before Congress at

semi-annual hearings to discuss monetary policy as well as economic developments and prospects for the future. The Chairman will appear before the House Banking Committee around February 20 of even numbered years and July 20 of odd numbered years, and before the Senate Banking Committee on February 20 of odd numbered years and July 20 of even numbered years. Either Committee may request the Chairman to appear after his scheduled appearance before the other.

Requires the Federal Reserve Board to submit, concurrent with each semi-annual hearing, a written report to both Committees discussing the same subjects, taking into account developments in employment, unemployment, production, investment, real income, productivity, exchange rates, international trade and payments, and prices.

Section 1003. Preservation of certain reporting requirements. This Section reinstates certain reports which expired in May 2000 pursuant to the Federal Reports Elimination and Sunset Act of 1995.

(1) President's economic report, together with the annual report of the Council of Economic Advisors. Due: During first 20 days of each regular session.

(2) President's report on impact of offsets on the defense preparedness, industrial competitiveness, employment, and trade of the U.S. Due: Annually (to Banking and Armed Services Committees) (This report discloses impact on the U.S. economy in cases where foreign governments, to justify the purchase of U.S.-made defense systems, require technology transfers or direct in-country investments. Such concessions ensure the sale but may impair future sales or enhance the production capacity of a potential foreign competitor to the U.S.)

(3) Commerce Department report on operations under the Public Works and Economic Development Act of 1965 (by the Economic Development Administration) Due: Annually. (The EDA provides grants for public works and other assistance to alleviate unemployment in economically distressed areas.)

(4) HUD's agenda of all rules and regulations under development or review. Due: Semiannually (to Banking Committee).

(5) HUD report on early defaults on FHA-insured loans. Due: Annually. (The report includes data on lenders and the numbers of loans they make—and defaults and foreclosures thereon—by census tract.)

(6) Two HUD Reports related to civil rights: (a) Progress in eliminating discriminatory housing practices. Due: Annually. (The report reviews the nature and extent of progress in eliminating housing discrimination practices, obstacles remaining, and recommendations for legislation or executive action.) and (b) Data on applicants, participants, and beneficiaries of the programs administered by HUD. Due: Annually. (The report provides data on race, color, religion, sex, national origin, age, handicap, and family characteristics of applicants or participants in HUD programs.)

(7) Two HUD reports related to lead-based paint hazards: (a) Assessment of the progress made in implementing the various programs authorized by the Act. Due: Annually. (This report covers research/studies into lead poisoning and recommendations for legislative or other action to improve HUD's performance in combating such hazards.); and (b) Progress of the Department in implementing expanded lead-based paint hazard evaluation and reduction activities. Due: Biennially. (This report is related to the one above and provides an assessment of HUD's progress in various lead-based paint abatement programs.)

(8) FHA annual report. Due: Annually. (The report provides an analysis of income demo-

graphic borrower information, specifically related to incomes not exceeding 100% of area median income (AMI), 80% of AMI, 60% of AMI; minority, central city and rural borrowers; and, HUD activities to ensure participation by these groups.)

(9) HUD annual report. Due: Annually. (This is an annual report by the Secretary to the President for submission to the Congress on all operations and programs under HUD's jurisdiction during the previous year.)

(10) HUD annual report. Due: Annually. (This is a general requirement for an annual report from the Secretary to the President on the activities of HUD for submission to Congress.)

(11) FEMA report on operations under the National Flood Insurance Act of 1968. Due: Biennially. (This report covers operations of the national flood insurance program offered to communities which enforce flood plain management measures.)

(12) HUD report on Indians and Alaska Native housing and community development. Due: Annually. (The report covers the housing needs of Indian tribes in the U.S. and HUD's activities in meeting such needs. It includes estimates of the costs of projected activities for succeeding fiscal years, statistics on the conditions of Indian and Alaska Native housing, and recommendations for new legislation.)

(13) HUD report on actuarial soundness of the Mutual Mortgage Insurance Fund. Due: Annually. (The report describes HUD actions to ensure the Fund maintains a capital ratio of at least 1.25 percent.)

(14) Treasury Department report on progress in enhancing human rights through U.S. participation in international financial institutions. Due: Quarterly (to Banking and International Relations Committees).

(15) Treasury Department reports: (a) Financial statement and report of transactions of the Exchange Stabilization Fund (ESF). Due: Monthly (to Banking Committee); and (b) Operations of the ESF. Due: Annually.

(16) OCC, FDIC, and Federal Reserve Board reports on activities of the consumer affairs division. Due: Annually. (These reports describe actions taken by the agencies to prevent unfair or deceptive acts or practices by banks and to address consumer complaints.)

(17) OCC Annual Report. Due: Annually.

(18) OTS report on minority institutions. Due: Annually. (This report relates to OTS actions to preserve minority ownership of minority financial institutions many of which serve lower income and minority communities.)

(19) Appalachian Regional Commission report of activities. Due: Annually. (The report covers Federal-State activities to support economic development in the 13 Appalachian states.)

(20) Export-Import Bank reports: (a) Export financing competition. Due: Annually. (This report reviews how well Exim's programs compete with those of other export credit agencies, and includes other "sub-reports" which will also continue, i.e. the Trade Promotion Coordinating Committee (TPCC) Strategic Plan, Advisory Committee comments on Exim's competitiveness, and Competitive Insurance Opportunities report on Exim deals with respect to countries that deny opportunities to US insurance companies.); (b) Tied aid credits. Due: Biennially. (This report covers the tied aid credit program under which grants are made to supplement financing for a US export when it appears predatory financing will be available from another country for a competitor's product.); and (c) Operations as of the close of business each

(21) FDIC report on operations of the Corporation. Due: Annually. (The report also includes information on the BIF and SAIF.)

(22) Federal Financing Bank report on activities of the Bank. Due: Annually. (The FFB lends to federal agencies to reduce the cost of borrowing, ensure coordination of borrowings with federal fiscal and debt management, and assure minimal disruption of private markets and institutions.)

(23) Federal Housing Finance Board Annual Report. Due: Annually.

(24) Federal Reserve survey of bank fees and services. Due: Annually. (The report covers discernible changes in cost and availability of bank services.)

(25) Federal Reserve assessment of the profitability of credit card operations of depository institutions. 15 U.S.C. 1637 Due: Annually. (The report also discusses trends in credit card interest rates.)

(26) Federal Reserve report on credit card price and availability information. Due: Semiannually. (The Board provides information on a sample of 150 card issuers twice a year.)

(27) Federal Reserve activities under the Equal Credit Opportunity Act. Due: Annually. (This information is included in the Board's annual report.)

(28) Federal Reserve report on administration of and recommendations as to changes in the Truth in Lending Act. Due: Annually. (The report provides information on compliance with TILA regulations.)

(29) Federal Reserve Board of Governors report of activities. Due: Annually.

(30) Federal Reserve report on policy actions of the Federal Open Market Committee and the Board. Due: Annually. (This is included in the Fed's annual report.)

(31) Federal Trade Commission's reports on administration of the Fair Debt Collection Practices Act. Due: Annually. (The report covers elimination of abusive debt collection practices.)

(32) National Credit Union Administration's report on operations and financial information. Due: Annually.

(33) Treasury Department report on activities and audit of financial statement of the Resolution Funding Corporation. Due: Annually. (REFCORP was established by FIRREA to raise funding for RTC resolution of insolvent S&Ls. Funds are appropriated to Treasury to pay interest on obligations issued by REFCORP.)

(34) Neighborhood Reinvestment Corporation's annual report. Due: Annually. (The corporation was set up to continue the work of the Urban Reinvestment Task Force in establishing neighborhood housing services and providing grants and technical assistance to facilitate reinvestment.)

(35) Voluntary agreements under the Defense Production Act. Due: At least annually. (This report is due to the Congress and the President from any individual(s) designated by the President, describing voluntary agreements and plans of action in effect for preparedness programs and expansion of production capacity and supply.)

(36) Justice Department report on data collection re banks and banking. Due: Quarterly. (This report details civil and criminal investigations and prosecutions relating to banking law offenses.)

(37) Federal Housing Administration Advisory Board report on assessment of the activities of the Federal Housing Administration; effectiveness of the Mortgage Review Board. Due: Annually. (This report covers the soundness of FHA's underwriting procedures and other activities relating to the FHA's ability to serve nation's homebuyers and renters, as well as the effectiveness of

the Mortgagee Review Board which takes action against mortgagees in violation of the Fair Housing Act or other statutory requirements.)

Section 1004. Coordination of Reporting Requirements. Subsection (a) requires the FDIC's annual report to include the agency's annual consumer affairs report.

Subsection (b) requires the annual report of the Federal Reserve Board of Governors to include the Fed's annual report of activities under the Equal Credit Opportunity Act, the Board's annual consumer affairs report, the annual report on administration of the Truth in Lending Act, and the Fed's annual report on policy actions of the Federal Open Market Committee and the Board.

Subsection (c) requires the OCC annual report to include the agency's annual consumer affairs report.

Subsection (d) requires the Exim Bank's annual report on export financing competition to include the tied aid report, and makes the latter an annual rather than semi-annual report.

Subsection (e) requires HUD's annual report to include the Department's two annual reports required under the Civil Rights Act relating to progress in eliminating housing discrimination and data on applicants and participants in HUD programs, the Department's annual and biennial reports on lead based paint, the Department's annual report on all HUD programs and operations, and HUD's annual report on housing programs related to Indians and Alaskan Natives.

Subsection (f) requires the annual report of the Federal Housing Administration to include the annual report on early defaults on FHA-insured loans and the annual report on the actuarial soundness of the Mutual Mortgage Insurance Fund.

Subsection (g) amends the International Financial Institutions Act to change Treasury's report on promoting human rights through international financial institutions from a quarterly report to an annual report.

Section 1005. Elimination of certain reporting requirements. Provides for the repeal of certain Export-Import Bank reports. One is a report from the President requesting legislation if the amount of direct loan authority or guarantee authority available to the Export-Import Bank for the fiscal year involved exceeds the amount necessary. This report is being repealed because it is a corollary to the President's annual report on sufficiency of Exim authority which expired pursuant to the sunset. There are four "sub-reports" to Exim's annual report that are also to be repealed: (1) a report on specific Exim's programs and activities to promote nonnuclear renewable energy resources and description of Exim's actions to assist small business which is being repealed because this information is already included in other reports; (2) a report on Exim's actions on maintaining "key linkage industries" which is unnecessary because Exim's annual report covers exports for various industries; (3) a report on Exim's measures to supplement financing for agricultural commodities which was enacted 20 years ago but which is no longer needed with Exim continuing to be involved in this area; and (4) a report on Exim's programs on the export of services which is also covered in the annual report since it is part of Exim's activities.

This section also provides for the repeal of a semi-annual FDIC report on the agency's efforts to maximize the efficient use of private sector contractors to manage assets held by the agency. There is little need for the report today since assets have declined significantly since 1991. The 1999 report showed the agency had only about 3% of the assets in liquidation it had 7 years earlier.

TITLE XI—NUMISMATIC COINS

Section 1101. Short Title. Specifies that the Section be known as the "United States Mint Numismatic Coin Clarification Act of 2000."

Section 1102. Clarification of Mint's Authority. Specifies that the United States Mint ("Mint") need not issue silver "proof" collector versions of the new golden-colored one-dollar coin, and adds the word "platinum" before the word "bullion" in law elaborating Mint authority to strike platinum bullion coins.

Section 1103. Additional Report Requirements. Adds a supplemental requirement to the Mint's annual audited financial statements to show the actual cost of producing and distributing circulating coins.

TITLE XII—FINANCIAL REGULATORY RELIEF

Section 1200. Short Title. This title may be cited as the "Financial Regulatory Relief and Economic Efficiency Act of 2000."

Section 1201. Repeal of Savings Association Liquidity Provision. Repeals unnecessary provisions relating to savings association liquidity requirements.

Section 1202. Non-controlling Investments by Savings Association Holding Companies. Allows a savings and loan holding company to acquire a five to twenty-five percent non-controlling interest of another SLHC or savings association, subject to the approval of the Director of the OTS.

Section 1203. Repeal of Deposit Broker Notification and Record Keeping Requirement. Repeals requirement that brokers file a written notice with the FDIC before soliciting or placing deposits with an insured depository institution.

Section 1204. Expedited Procedures for Certain Reorganizations. Simplifies procedures for a national bank reorganizing into a bank holding company.

Section 1205. National Bank Directors. Permits national banks to elect directors to terms of up to 3 years on a staggered basis. Permits Comptroller to remove the limitation on the number of board members.

Section 1206. Amendment to Bank Consolidation and Merger Act. Permits national bank, upon approval of Comptroller, to merge or consolidate with its subsidiaries or nonbank affiliates with no increase in powers for the national bank.

Section 1207. Loans on or Purchases by Institutions of their own Stock. Repeals prohibition on a bank owning or holding its stock, but retains prohibition on making loans or discounts on the security of its own stock.

Section 1208. Purchased Mortgage Servicing Rights. Authorizes the appropriate Federal banking agencies to jointly simplify capital calculations by not requiring banks or thrifts to distinguish between types of mortgage servicing rights. This would allow regulators to value marketable mortgage servicing assets in capital determinations up to 100% of their fair market value rather than the current level which is limited to 90% of fair market value.

Section 1211. Call Report Simplifications. Provides for the modernization of the call report filing and disclosure system.

Section 1221. Elimination of Duplicative Disclosure of Fair Market Value of Assets and Liabilities. Clarifies that banking agencies need no longer pursue further development of the supplemental disclosure method. Even so, Section 36 of FDIA and its supporting regulations provide agencies with discretion to seek additional information in regulatory reports and annual reports regarding fair market value.

Section 1222. Payment of Interest in Receiverships With Surplus Funds. Gives the FDIC the authority to establish a uniform interest rate with regard to receiverships.

Section 1223. Repeal of Reporting Requirement on Differences in Accounting Standards. Amends the requirement for each agency to produce an Annual Report on "Agency Differences in

Section 1224. Agency Review of Competitive Factors in Bank Mergers Act Filings. Eliminates the requirement that each federal banking agency request a competitive factors report from the other three federal banking agencies as well as the Attorney General. The proposed provision would decrease that number to two, with the AG continuing to be required to consider the competitive factors of each merger transaction. The provision also requires the responsible banking agency to take into account appropriate competitive measures when considering the competitive effect of mergers.

Section 1231. Federal Reserve Board Buildings. Allows the Federal Reserve Board to have more than one building.

Section 1232. Positions of Board of Governors of Federal Reserve System on the Executive Schedule. Raises the pay of the Chairman of the Federal Reserve Board from Level II of the Executive Schedule to Level I (approx. \$14,800) and the Board Members from Level III to Level II (approx. \$10,500).

Section 1233. Extension of Time. Extends deadline for new FHLB capital rules from 12 months to 18 months.

Section 1241. Technical Correction Relating to Deposit Insurance Funds. Makes technical correction to FDIA.

Section 1242. Rules For Continuation of Deposit Insurance For Member Banks Converting Charters. Makes technical changes with regard to a cross-reference cite.

Section 1243. Amendments to the Revised Statutes.

503(a) Provides that the Comptroller may waive the U.S. citizenship requirement for up to a minority of a national bank's directors. The Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) inadvertently deleted the long-standing authority of the Comptroller to waive the citizenship requirement for up to a minority of directors of national banks that are subsidiaries or affiliates of foreign banks.

503(b) Updates Section II to reflect that national banks no longer issue national currency, while maintaining the provision that prohibits the Comptroller from owning interest in the national banks they regulate.

503(c) Repeals Section 5138 of the Revised Statutes (first enacted in 1864), which imposes minimum capital requirements for national banks. This minimum capital requirement (ranging from \$50,000 to \$200,000) is obsolete, since Congress granted the Federal banking agencies the regulatory authority to establish minimum capital requirements in 1983.

Section 1244. Conforming Change to the International Banking Act of 1978. Allows branches and agencies of foreign banks that satisfy the asset test imposed on domestic banks to be examined on an 18-month cycle instead of the 12-month cycle.

TRIBUTE TO THE HONORABLE TOM EWING ON HIS RETIREMENT FROM CONGRESS

SPEECH OF

HON. J. DENNIS HASTERT

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. HASTERT. Mr. Speaker, it's sad to part ways with TOM. He's an old friend who I've