



Legislative Bulletin March 29, 2011

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H.R. 839 - The HAMP Termination Act (McHenry, R-NC)

Order of Business: The bill is scheduled to be considered on Tuesday, March 29, 2011, under a modified open rule and waives all points of order against consideration of the bill. The rule provides one hour of debate equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services. The rule makes in order the amendment in the nature of a substitute recommended by the Committee on Financial Services as original text for purpose of amendment, and provides that each section shall be considered as read. The rule also makes in order only those amendments that have been submitted for printing in the Congressional Record not later than the morning of March 15, 2011 or pro forma amendments for the purpose of debate. The rule provides that each amendment submitted for printing in the Congressional Record may be offered only by the Member who submitted it for printing or their designee, and that each such amendment shall be considered as read if printed.

Amendments Submitted:

1. **Rep. Hanna (R-NY)** submitted an amendment to include findings detailing the Home Affordable Modification Program’s (HAMP) flaws and state that terminating HAMP would save taxpayers approximately \$1.4 billion.
2. **Rep. Quigley (D-IL)** submitted an amendment to include congressional findings on various facts about the Home Affordable Modification Program, including that \$1.04 billion has been disbursed as of Feb. 25, 2011, there were 539,493 active permanent modifications and 145,260 active trial modifications as of Jan. 31, 2011 and that each currently active modification has cost the Treasury Department nearly \$1,518.80.
3. **Rep. Canseco (R-TX)** submitted an amendment to require that all unobligated funds saved from elimination of the Home Affordable Modification Program (HAMP) not needed to assist existing program participants be used to pay down the federal debt.

4. **Rep. Inslee (D-WA)** submitted an amendment to require the Treasury Department, upon termination of Home Affordable Modification Program (HAMP), to study and report on the use of the program by eligible homeowners and its effectiveness in assisting these homeowners; identify improvements to the program and best practices under the program; and determine the need for a mortgage modification program to replace HAMP that is based on the guidelines and standards identified by the study and available to homeowners who meet certain criteria. The Treasury Department would be required to implement the new program upon the expiration of the 90-day period beginning with submission to Congress of the report on the study, to the extent that amounts are provided in advance of appropriations laws.
5. **Rep. Waters (D-CA)** submitted an amendment to require the Treasury Department to send a letter to Home Affordable Modification Program applicants that they will not be considered for a modification due to termination of the program and that they can contact their member of Congress for assistance in negotiating with or acquiring a loan modification from their servicer.
6. **Rep. Jackson Lee (D-TX)** submitted an amendment to call for a study and report submitted to Congress on the successful and most effectively implemented aspects of Home Affordable Modification Program, as well as legislative recommendations for a replacement loan modification program.
7. **Rep. Matsui (D-CA)** submitted an amendment to require mortgage lenders and servicers participating in the Home Affordable Modification Program to continue to publicly report basic loan modification information, including the number of requests for mortgage modifications that the servicer or lender has received, processed, approved or denied.
8. **Rep. Maloney (D-NY)** submitted an amendment to include a list of the number of trial and permanent modifications started under the Home Affordable Modification Program (HAMP) in each state, as well as the number of seriously delinquent mortgages across the country that will not be eligible for HAMP modifications because Congress is terminating the program.
9. **Rep. Sanchez (D-CA)** submitted an amendment to express the sense of Congress that banks are encouraged to work with homeowners to provide loan modifications for those qualifying, and to assist homeowners and prospective homeowners with foreclosure prevention programs and information on financial credit counseling.

Summary: H.R. 839 will terminate all authority to provide new assistance for the Home Assistance Modification Program (HAMP) that was brought into law under section 120 of the Emergency Economic Stabilization Act of 2008. The bill will protect all existing obligations on behalf of the homeowners already extended an offer to participate in this program. After the date of the enactment of this legislation, the Secretary may not

provide any assistance under the Home Affordable Modification Program on behalf of any homeowner.

H.R. 839 will also require the Secretary of Housing and Urban Development conduct a study to determine the extent of usage of the Home Assistance Modification Program and the impact on covered homeowners. The covered homeowner will include members of the Armed Forces of the United States on active duty, or the spouse or parent of those members, veterans, and individuals eligible to receive a Gold Star lapel pin as a widow, parent, or next of kin of a soldier that died at war. The study is required to take place no later than the 90-days beginning on the date of the enactment of this bill, and the Secretary shall submit to Congress a report detailing the results of the study and identifying best practices, with respect to covered homeowners, that could be applied to the Home Assistance Modification Program. Lastly the legislation requires publication of Member availability for assistance no later than 5 days after enactment of the bill. The Secretary of the Treasury is required to publish to its Website in a prominent location, large point font, and boldface type the following statement: “The Home Affordable Modification Program (HAMP) has been terminated. If you are having trouble paying your mortgage and need help contacting your lender or servicer for purposes of negotiating or acquiring a loan modification, please contact your Member of Congress to assist you in contacting your lender or servicer for the purpose of negotiating or acquiring a loan modification”.

Background: The Home Assistance Modification Program (HAMP) was established under Section 109 of the Troubled Assets Relief Program (TARP) enacted in 2008 (P.L. 110-343), HAMP is a federally-funded mortgage modification program that provides financial incentives to participating mortgage servicers to modify the mortgages of eligible homeowners. According to the Treasury Department, as of February 3, 2011, the Administration has obligated \$29.91 billion to HAMP, although thus far it has only disbursed \$940 million. HAMP itself, which was initially projected to modify 3 to 4 million loans, has only started 1.47 million trial modifications in its two years of existence. Of those loan trials, only 521,630 loans have been transitioned to a permanent status and remain active. Meanwhile, more than half of the trial modifications started--involving 792,529--loans have ended up being cancelled. The Special Inspector General for the Troubled Asset Relief Program (SIGTARP) has testified before Congress that HAMP is a program that “benefits only a small portion of distressed homeowners, offers others little more than false hope, and in certain cases causes more harm than good.” That harm comes from having borrowers provisionally make reduced loan payments during a trial period, only to be told that they owe back payments, interest, and fees, sometimes in one lump sum, should they be rejected from the program before attaining permanent status. For some borrowers, that reversal constitutes their last gasp, as their increased indebtedness and tarnished credit rating preclude them from qualifying for a private-sector proprietary loan modification program which might have helped them retain their home.

Committee Action: H.R.839 was introduced by Rep. Patrick McHenry (R-NC) on February 28, 2011, and referred to the Committee on Financial Services. The Committee

amended the bill on March 11, 2011, filed a supplemental report on March 14, 2011, and passed the bill by majority vote.

Administration Position: The SAP states: “The Administration strongly opposes House passage of H.R. 839, which would eliminate the Department of the Treasury’s Home Affordable Modification Program (HAMP). If the President is presented with H.R. 839, his senior advisors would recommend that he veto the bill.”

Cost to Taxpayers: CBO estimates that enacting the legislation would decrease direct spending by \$1.3 billion over the 2011-2016 period and \$1.4 billion over the 2011-2021 period.

Does the Bill Expand the Size and Scope of the Federal Government?: No, the legislation reduces the size of government.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: A committee report citing compliance with rules regarding earmarks, limited tax benefits, or limited tariff benefits is not available.

Constitutional Authority: According the author, “Congress has the power to enact this legislation pursuant to the following: Clause 3 of Section 8 of Article I of the Constitution, under which Congress has the power to regulate commerce among the States.”

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H.R. 1079 - Airport and Airway Extension Act of 2011 (Mica, R-FL)

Order of Business: The bill is scheduled to be considered on Tuesday, March 29, 2011, under suspension of the rules and requires two-thirds majority vote for passage. The rule provides for 40 minutes of debate equally divided and controlled by Chairman Mica (R-FL) or his designee and the Democratic manager Rep. Rahall (D-WV), or his designee. The bill is not subject to amendment.

Summary: H.R. 1079 will extend for two months, through May 31, 2011, certain authorities of the Federal Aviation Administration (FAA), which will expire on March 31 under current law. Aviation-related taxes that are used to finance the Airport and Airway Trust Fund currently expire on March 31. The bill extends the taxes that are used to finance the Airport and Airway Trust Fund, including taxes on aviation fuel, domestic

and international ticket taxes, and taxes on cargo shipped by air. The bill also extends the authority to use money from the Airport and Airway Trust Fund, into which revenue from those taxes are deposited for FAA programs for that same period.

The legislation will authorize \$2.5 billion in contract authority for the Airport Improvement Program and extend the authority to make grants from the Airport and Airway Trust Fund for an eight-month period beginning on Oct. 1, 2010 through May 31, 2011. The bill requires the FAA to extend, through May 31, the termination date of certain insurance policies under its aviation war-risk insurance program. The department also would be permitted to extend the termination date of such policies through Aug. 31.

Lastly, the H.R. 1079 extends a passenger facility fee pilot program at non-hub airports for an additional two months, through the end of May and it allows the FAA to approve airport development project grants for large or a medium hub airports and for the Metropolitan Washington Airports Authority for an additional two months.

Background: The last multi-year FAA reauthorization law, Vision 100--Century of Aviation Reauthorization Act (P.L. 108-176), was enacted in 2003. It was a four-year reauthorization, covering fiscal years 2004-2007. Since September 30, 2007, the FAA has been operating under a series of short-term extensions; seventeen to date.

Committee Action: H.R.1079 was introduced by Rep. John Mica (R-FL) on 3/15/2011 and the legislation was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Ways and Mean. The legislation was mark-up and passed by voice vote by the Committee on Transportation and Infrastructure on 3/16/2011.

Administration Position: No Statement of Administration Policy (SAP) is available.

Cost to Taxpayers: According to CBO, the bill will continue both aviation-related taxes and Airport Improvement Program (AIP) contract authority at levels consistent with the CBO baseline for 2011 and enacting the bill would not affect direct spending or revenues.

Does the Bill Expand the Size and Scope of the Federal Government?: No

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: A committee report citing compliance with rules regarding earmarks, limited tax benefits, or limited tariff benefits is not available.

Constitutional Authority: According the author, "Congress has the power to enact this legislation pursuant to the following: Article I, Section 8 of the United States Constitution, specifically Clause 1, Clause 3, and Clause 18."

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