



TO: Interested Parties
FROM: Chairman Tim Johnson
DATE: February 12, 2013
RE: Senate Banking, Housing, and Urban Affairs Committee Agenda for the 113th Congress

During the 112th Congress, the U.S. Senate Committee on Banking, Housing, and Urban Affairs unanimously approved three long-term program reauthorizations – the National Flood Insurance Program, the Export-Import Bank of the United States, and the transit title of the Surface Transportation bill. The Committee also unanimously approved the Iran Threat Reduction and Syria Human Rights Act of 2012. The Committee’s work yielded overwhelming, bipartisan approval of all four measures in the Senate, with at least 75% of Republican and Democratic Senators voting in favor of each bill. These bipartisan measures have all been signed into law. In addition, the Committee favorably reported out and cleared 35 nominees, and the full Senate confirmed 33 of those nominees. All told, the Committee held 121 public hearings and executive sessions and over 135 bipartisan staff briefings.

SUSTAINING AND STRENGTHENING THE ECONOMIC RECOVERY:

Building upon its productive efforts in the 112th Congress, the Committee’s top priorities in the 113th Congress are aimed at sustaining and strengthening our economic recovery and include:

- Continuing Wall Street Reform implementation oversight to better protect consumers and investors and strengthen financial stability;
- Stabilizing the housing market and building consensus on the future of housing finance;
- Promoting economic growth and access to capital in rural America and Indian Country;
- Reauthorizing and improving expiring programs within the Committee’s jurisdiction, specifically relating to the Terrorism Risk Insurance Act, Defense Production Act, Export-Import Bank, public transportation, and Native American housing; and
- Expeditiously considering the President’s nominees within the Committee’s jurisdiction.

Continuing Oversight of Wall Street Reform Implementation

The Committee will continue robust oversight of the final stages of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Wall Street Reform Act) implementation in the 113th Congress. The Committee will also explore taking appropriate steps to improve the effectiveness of Wall Street Reform should broad bipartisan consensus emerge. The Wall Street Reform Act provided a strong, new framework to improve financial oversight, and directed the regulators and agencies with the technical expertise and front-line understanding of the financial marketplace to finalize the details of the reforms. While a tremendous amount of that work has been completed

to date by the regulators, a number of significant rulemakings have yet to be finalized, including the Volcker Rule and the new derivatives regulatory framework.

The Committee will continue to oversee the ongoing implementation of these new regulations by the Securities and Exchange Commission (SEC), Commodity Futures Trading Commission (CFTC), the banking regulators, and the Treasury Department. The Committee will monitor U.S. efforts to coordinate regulations internationally and the effect those efforts have on market regulation and economic competitiveness. The Committee also will work with the Senate Committee on Agriculture, Nutrition, and Forestry to review the new U.S. framework for regulating derivatives. The Committee will continue to oversee the regulators' rulemaking and implementation of the Volcker Rule.

Consumer Protection continues to be a key area of interest to the Committee. The Wall Street Reform and Consumer Protection Act established the Consumer Financial Protection Bureau (CFPB) as a strong, independent agency. The Consumer Bureau has the statutory authority to implement and enforce the federal consumer financial laws to ensure that markets for consumer financial products and services are fair, transparent and competitive. As with all federal financial regulators under its jurisdiction, the Committee will continue its active oversight of the CFPB through frequent hearings and staff briefings on the agency's activities, including its rulemakings. Additional oversight includes semi-annual hearings at which the Director appears before the Committee and provides a progress report, as required by law.

The Wall Street Reform Act also established the Financial Stability Oversight Council (FSOC). Each year, FSOC is required to submit a report to Congress and the Chairperson to testify before the Committee on the report. The Committee will oversee efforts by FSOC and financial regulators to identify and address potential threats to financial stability, including those issues previously identified by FSOC including money market funds, the tri-party repo market, concentration of risks in clearinghouses, and impacts from the Eurozone sovereign debt and banking crisis. The Committee will hold hearings and briefings on these issues and FSOC's activities as needed. The Committee will also focus on the efforts by banking regulators to increase capital and liquidity requirements, implement Basel III, conduct stress tests, review financial firm's "living wills" and efforts to develop systems to safely unwind financial firm's operations. The Committee will continue to monitor efforts to harmonize financial regulations internationally and track the effect those efforts have on global economic competitiveness and in reducing regulatory gaps.

Stabilizing the Housing Market and Building Consensus on the Future of Housing Finance

In the 113th Congress, the Committee will work to stabilize and strengthen the housing market recovery and continue to seek bipartisan consensus on various long-term housing finance policy options.

The Committee will continue to conduct oversight on the condition of the Mutual Mortgage Insurance (MMI) fund at the Federal Housing Administration (FHA) and the role the FHA plays in the housing market. The Fiscal Year 2012 actuarial report projected that the MMI fund's capital reserve ratio would be negative for the first time while projecting that the current books

of business are expected to perform at historically high levels resulting in a greater economic value of the MMI fund. While this does not indicate that the FHA is insolvent, it does require the Committee to examine the health of the FHA more closely and comprehensively and take action where necessary.

Several mortgage-related rulemakings and the Basel III capital standards regarding mortgages will also need to be examined to better understand how these provisions are interacting, protecting consumers and the economy, and affecting availability of mortgage credit. These include:

- Qualified Mortgage (QM)
- Qualified Residential Mortgage (QRM)
- Real Estate Settlement Procedures Act (RESPA) –Truth In Lending Act (TILA) Mortgage Disclosures
- Mortgage Servicing Standards

The Committee will continue to seek bipartisan consensus on a new structure for housing finance. Following up on the discussions that began in the 112th Congress, the Committee will also focus on ways to reduce the government footprint in the housing market while ensuring access, affordability, stability and fairness in the mortgage market.

The Committee will also seek ways to help families, communities, and the housing market recover from the effects of the housing downturn. Building upon efforts last Congress to expand refinancing opportunities for underwater borrowers, the Committee will work to make refinancing easier and more equitable for responsible homeowners. We will continue to engage the Federal Housing Finance Agency (FHFA), the Board of Governors of the Federal Reserve System (Federal Reserve), the U.S. Department of Housing and Urban Development (HUD), and stakeholders to explore the best solutions to help communities and responsible homeowners.

Among other housing issues, the Committee will monitor the servicing standards required as part of the consent orders issued by the Office of the Comptroller of the Currency (OCC) and the Federal Reserve, the State Attorneys General servicing settlement, and the CFPB's servicing regulations.

Promoting Economic Growth and Access to Capital in Rural America and Indian Country

For Americans living in rural areas and on Native American Indian reservations, the Committee will focus on how it can improve access to capital and increase capital formation for small businesses, ensure that small depository institutions in these areas serve the needs of their consumers, and enhance the role of Community Development Financial Institutions. It will also work to ensure that housing, transportation and infrastructure is affordable and accessible for residents in rural areas and Indian Country.

Reauthorizations

In the 113th Congress, five authorizations within the Committee's jurisdiction will expire. To promote economic growth and global competition, and to provide certainty for affected families

and businesses, the Committee will seek to enact long-term reauthorizations with appropriate improvements, as necessary. In preparation for each of these reauthorizations, the Committee will conduct briefings, hold oversight and legislative hearings, solicit input from interested stakeholders, and seek to advance legislation on each of these authorizations:

- **Native American Housing Assistance and Self-Determination Act (NAHASDA)**

The current authorization for NAHASDA expires on September 30, 2013. The Committee shares jurisdiction of this authorization with the Committee on Indian Affairs.

- **Defense Production Act (DPA)**

The current authorization for DPA expires on September 30, 2014.

- **Export Import Bank**

The current authorization for the Export-Import Bank expires on September 30, 2014. In addition to the reauthorization of the Export-Import Bank, the Committee will continue to support efforts to further promote export opportunities for American businesses and workers.

- **Public Transportation**

In the 112th Congress, the “Moving Ahead for Progress in the 21st Century Act” (MAP-21) was enacted. MAP-21 authorized public transportation and highway programs for Fiscal Years 2013 and 2014 and made significant policy reforms. The current authorization will expire September 30, 2014.

- **Terrorism Risk Insurance**

The current authorization for the Terrorism Risk Insurance Program expires on December 31, 2014.

OTHER PRIORITIES UNDER THE COMMITTEE’S JURISDICTION:

Housing, Transportation and Community Development

The Committee will continue its work to strengthen **federal public transportation programs**, oversee implementation of MAP-21 and prepare for the next surface transportation authorization. The Committee will work on a number of subjects including:

- The growing demand for public transportation as economic recovery strengthens and the benefits of transit service including congestion relief, job creation, reduced fuel consumption, environmental improvements, and better daily travel for millions of Americans;
- The role of federal transit investment and the need to ensure the long-term solvency of the Federal Highway Trust Fund and the Mass Transit Account;
- Rural public transportation needs and related issues concerning mobility in rural states and on tribal lands, including the delivery of new formula funding for tribal transit;
- Improving public transportation for seniors and individuals with disabilities by seeking new resources for specialized transportation and identifying additional strategies to promote the coordination of transportation services across federal programs.

- Public transportation safety, including implementation of the comprehensive federal transit safety framework created by MAP-21;
- The condition of public transportation assets, on-going efforts to address the significant backlog of maintenance and repairs at transit agencies, and oversight of new asset management practices required by MAP-21;
- Improving project delivery, including oversight of changes in MAP-21 to the “New Starts” program for construction of significant capital projects that expand public transportation service; and
- Public transportation emergency relief following an emergency or major disaster, including federal assistance for transit recovery in New York and New Jersey following Hurricane Sandy.

Despite being housed at the U.S. Department of Agriculture (USDA), some **USDA direct and guaranteed loan programs** fall under the Banking Committee’s jurisdiction. Similar to programs at FHA, these USDA programs saw a dramatic increase in participation during the housing crisis and additional oversight is necessary.

The Committee may also consider proposals to streamline and improve the **Section Eight and public housing rental housing assistance programs**. The Committee may also conduct hearings and consider additional legislation on issues confronting the HUD and USDA federal rental assistance programs, including the need to preserve or replace affordable assisted housing that could be lost through expiring assistance contracts or physical obsolescence.

Financial Institutions and Consumer Protection

A number of **consumer financial services markets** require monitoring and oversight by the Committee to ensure fairness and transparency. They include:

- Credit cards;
- Private student loans;
- Prepaid cards;
- Mobile payments;
- Consumer credit reporting and scoring;
- Payday loans;
- Overdraft coverage programs; and
- Deposit advance programs.

During the 112th Congress, the Committee held a series of hearings to highlight consumer financial protection issues that impact the **military community**. The Committee will continue to monitor the financial products and services that are sold to and target servicemembers, veterans and their families.

The Committee will closely monitor a number of issues related to **community banks** and **credit unions**, including mortgage origination, appraisals, interactions with the CFPB, and risk management. Specifically, the Committee will continue to review the **examination policies** of the depository institution regulators, ensuring that examinations are balanced in a manner that does not discourage prudent lending while promoting consumer protection and safety and

soundness. Financial data security will continue to be an area of focus. As consumer spending habits change, it is important to ensure that personal information is secure regardless of what payment platform an individual chooses to use.

For larger financial institutions, in addition to monitoring the implementation of stricter prudential standards required by the Wall Street Reform Act for the so-called “Systemically Important Financial Institutions,” the Committee will continue to oversee the **risk management** policies of these institutions, and the supervision by the bank regulators of these policies.

Following the 2012 settlements by the CFTC and U.S. Department of Justice with several financial firms relating to manipulation of **LIBOR and other financial benchmarks**, the Committee will continue to monitor ongoing enforcement of these issues and other violations of law, as well as efforts by regulators in the U.S. working with their international counterparts to consider alternatives to LIBOR, especially in light of the use of the benchmark in a wide variety of financial contracts in the U.S.

The Committee will continue to promote **financial education and financial literacy** as a tool for consumers to make informed financial decisions. Working with the Financial Literacy and Education Commission (FLEC), of which the CFPB Director is Vice Chair, the Committee will monitor the efforts of the FLEC, CFPB and their private sector partners.

Securities, Insurance, and Investment

Investor protection continues to be a key area of focus for the Committee. In recent years, the Committee has passed legislation updating **securities laws** in response to the failures of investment banks, poor quality of asset-backed securities, inaccurate ratings issued by credit rating agencies, undetected frauds such as the Madoff and Stanford Ponzi schemes, accounting scandals at firms such as Enron and WorldCom, and other problems. Securities law revisions in the Wall Street Reform Act dealt with a broad spectrum of securities issues affecting investors, issuers, regulators, private funds, and other market participants. While the SEC has completed some of its rulemaking and studies, other areas remain to be completed. The Committee will continue to monitor these areas and hold hearings and briefings.

The Committee will continue to closely monitor the implementation of the **Jumpstart Our Business Startups Act**, overseeing the SEC’s efforts so that investor protections are robust and rules are appropriately designed to promote small business capital formation in a safe and responsible manner. The Committee will also review studies required by this Act, such as the SEC review of the transition to trading and quoting securities in one penny increments, also known as decimalization.

The Committee will continue to oversee **market structure** issues, including disruptions in the securities markets that may be caused by computerized trading, inadequate testing by market participants, or the development and use of new trading venues. The Committee will also review the impact of market structure on the capital markets, particularly as it impacts small and medium sized companies.

The Committee will continue to oversee the allocation of resources to both the SEC and CFTC. Appropriate **funding** is vital to the continued implementation of the Wall Street Reform Act, investor protection, effective market surveillance, and strong oversight of broker-dealers and investment advisors.

Following up on the Committee's due diligence in reviewing the events surrounding the collapse of MF Global and the Peregrine Financial Group, including concerns identified with respect to the protection of customer funds, the Committee will continue to review the lessons learned and policy implications of the collapse of these two financial institutions. The Committee will also continue to work with the Senate Committee on Agriculture, Nutrition, and Forestry on oversight of these issues, including considering ways to help **safeguard customer funds**, improve confidence in the financial markets, and **strengthen coordination among financial regulators and self-regulatory organizations**.

Issues impacting the regulation of **insurance** companies and policyholders will also remain a priority. The Committee will continue to monitor the work of the Federal Insurance Office (FIO).

National Security and International Trade and Finance

The Committee will continue appropriate oversight of ongoing U.S. State Department and Treasury Department rulemaking, implementation and enforcement of **Iran sanctions legislation**, including the Comprehensive Iran Sanctions and Divestment Act of 2010 (CISADA), National Defense Authorization Act (NDAA) Iran Central Bank legislation of 2011, the Iran Threat Reduction and Syria Human Rights Act of 2012, and the Iran Freedom and Counter-Proliferation Act of 2012 contained in Fiscal Year 2013 NDAA legislation. The Committee will continue to take any additional steps that may be necessary to strengthen U.S. policy in this area, including providing a range of appropriately strong sanctions tools to the Administration, depending on the state of ongoing U.S. and international negotiations on Iran's nuclear program.

In light of the growing threat to the financial sector posed by cyber attacks, the Committee will continue its oversight of the critical issue of **cyber security** and evaluate whether existing protections for the financial sector and its customers are sufficient in light of these ongoing threats.

The Committee will continue with its oversight responsibilities regarding the Committee on Foreign Investment in the United States.

In recent years, major non-U.S. banks and some of the largest U.S. banks have been the subject of a range of enforcement actions for activities that appear to involve serious, sustained violations of federal **Bank Secrecy Act, anti-money laundering, and sanctions rules**. The Committee will examine questions raised by these situations about the efficacy and operation of bank compliance efforts, government regulatory and enforcement policy, and any related statutory issues. The Committee will also continue its oversight of the Treasury's Office of Terrorism and Financial Intelligence and the Financial Crimes Enforcement Network.

The Committee will also examine issues of compliance with the **Foreign Corrupt Practices Act** raised by reports of significant violations by U.S. companies.

The Committee will continue to examine issues relating to **global competitiveness and access to capital**.

Economic Policy

The **Federal Reserve** has adopted a number of innovative policy initiatives following the financial crisis, including three rounds of large scale asset purchases. In its oversight capacity, the Committee will closely monitor the Federal Reserve's monetary policy decisions, ensuring that the Federal Reserve meets its dual mandate of low, stable inflation and maximum employment. The Committee remains supportive of the Fed's dual mandate and its ongoing efforts to enhance transparency.

The Committee will continue oversight of the winding down of the **Troubled Asset Relief Program (TARP)**, including the repayment of taxpayer funds and efforts to assist responsible homeowners.

The Committee will continue to monitor the implementation of the reforms in the Biggert-Waters Flood Insurance Modernization and Reform Act of 2012. With significant stress on the **National Flood Insurance Program** after Superstorm Sandy, Committee oversight of this program is vital.

With the confirmation of Dr. Richard Berner to be Director of the **Office of Financial Research (OFR)** at the end of the 112th Congress, the Committee will continue to monitor the progress made by OFR to compile and provide data to the financial regulators, FSOC, and industry, and to reach international consensus on **Legal Entity Identifiers**.

The Committee will also consider issues relating to **small business lending**.