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OVERSIGHT PLAN OF THE COMMITTEE ON FINANCIAL SERVICES FOR THE ONE HUNDRED TWELFTH CONGRESS

FEBRUARY __, 2011. Approved by the Committee on Financial Services

Mr. BACHUS, from the Committee on Financial Services, submitted to the Committee on Oversight and Government Reform and the Committee on House Administration the following

R E P O R T

Clause 2(d)(1) of rule X of the Rules of the House of Representatives for the 112th Congress requires each standing committee, not later than February 15 of the first session, to adopt an oversight plan for the 112th Congress. The oversight plan must be submitted simultaneously to the Committee on Oversight and Government Reform and the Committee on House Administration.

The following agenda constitutes the oversight plan of the Committee on Financial Services for the 112th Congress. It includes areas in which the Committee and its subcommittees expect to conduct oversight during this Congress, but does not preclude oversight or investigation of additional matters or programs as they arise. Any areas mentioned in the oversight plan may be considered by the Financial Services Committee, the five subcommittees of jurisdiction or the Subcommittee on Oversight and Investigations. The Committee will consult, as appropriate, with other committees of the House that may share jurisdiction on any of the subjects listed below.

THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

Enacted in response to the financial crisis of 2008 and the bail-outs of large Wall Street firms at taxpayer expense, the Dodd-Frank Act (P.L. 111-203) represents the most extensive change in the regulation of financial institutions since the Great Depression. The Dodd-Frank Act requires federal regulators to undertake more than 240 rule-makings and to carry out over 60 studies. The implementation of the Dodd-Frank Act will affect not only every financial institution that does business in the United States but also non-financial institutions and consumers as well. The Dodd-Frank Act holds out the promise that it will “promote the financial stability of the United States by improving accountability and transparency in the financial system,” “end ‘too big to fail,’” “protect the American taxpayer by ending bailouts,” and “protect consumers from abusive financial services practices.” One of the primary tasks of the Committee in the 112th Congress will therefore be to oversee the implementation of the Dodd-Frank Act to ensure that these objectives are being met. The Committee will conduct careful oversight and monitoring of the financial regulators charged with implementing the Dodd-Frank Act to ensure that they prudently exercise the new authority conferred upon them under the Act without unduly hampering the ability of consumers and businesses to obtain credit, or the ability of capital market participants to allocate capital to productive uses, mitigate risk, and grow the economy. In particular, the Committee will seek to ensure that regulators carefully and transparently assess the costs and benefits of regulations called for by the Dodd-Frank Act in order to strike an appropriate balance between prudent regulation and economic growth. The Committee will assess the results of the implementation of the Dodd-Frank Act in order to improve those parts of the Act that work well while changing those parts that do not,

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and to identify and remedy unintended consequences, such as restrictions of access to credit by consumers and businesses, impediments to investment and job creation, or higher costs of doing business that will be passed on to consumers. The Committee will also examine the international response to the Dodd-Frank Act to determine if the law could place the United States financial services industry at a competitive disadvantage.

SPECIFIC DODD-FRANK OVERSIGHT MATTERS

Financial Stability Oversight Council (FSOC). The Dodd-Frank Act creates an interagency body — the Financial Stability Oversight Council — charged with identifying, monitoring and addressing potential threats to U.S. financial stability. The Dodd-Frank Act requires the FSOC to report annually to Congress, to be followed by testimony by the Secretary of the Treasury in his capacity as FSOC Chairman. The Committee will conduct significant oversight over the FSOC, monitoring among other things the extent to which its designation of “systemically significant” firms may create an expectation among market participants that the government will not permit these firms to fail, as well as the effectiveness of the FSOC in making financial markets more stable and resilient.

Office of Financial Research (OFR). The Dodd-Frank Act creates a new “Office of Financial Research” (OFR) housed within the Department of the Treasury and grants it broad powers to compel the production of information and data from financial market participants. The OFR is to use this information to conduct research designed to improve the quality of financial regulation, and to monitor and report on systemic risk. Section 153 of the Dodd-Frank Act requires the OFR to report annually to Congress on the state of the U.S. financial system, and requires the Director of the OFR to testify annually before the Committee on the OFR’s activities and its assessment of systemic risk. The Committee will conduct oversight of the OFR to ensure that the OFR’s requests for data are not unduly burdensome or costly and that the confidentiality of the data that it collects is strictly maintained. The Committee will also assess whether the OFR duplicates data collection efforts already being undertaken by other regulatory bodies.

Volcker Rule. On January 22, 2011, the Financial Stability Oversight Council issued recommendations on the implementation of Section 619 of the Dodd-Frank Act — the so-called Volcker Rule — which bars bank holding companies from engaging in proprietary trading and severely limits their ability to sponsor and invest in hedge funds and private equity. The Federal regulators have nine months to promulgate regulations based on the FSOC’s recommendations. The Committee will oversee the regulators’ implementation of the Volcker Rule to ensure that it does not result in unintended consequences for U.S. economic competitiveness and job creation, or for the liquidity and efficiency of U.S. capital markets.

CAPITAL MARKETS

Oversight and Restructuring of the Securities and Exchange Commission (SEC). The Committee will monitor all significant aspects of the SEC’s operations to ensure that it fulfills its Congressional mandate. The Committee will carefully examine the SEC’s budget requests to ensure that the agency deploys its resources effectively. The Committee will carefully examine the operations and organizational structure of the SEC, placing an emphasis on its supervisory and inspection functions. The Committee will also consider the impact of separating the SEC’s examination and policy functions and whether such functions should be consolidated. The Committee will review the various reports and studies of the organizational structure and management of the SEC mandated

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by the Dodd-Frank Act, including the study being conducted by the Boston Consulting Group, to determine whether legislative reforms are needed to address the SEC's organizational structure and ensure that the SEC efficiently and effectively fulfills its investor protection mission. The Committee will also monitor steps taken by the SEC in response to findings by the Government Accountability Office that the SEC failed to maintain effective internal controls over its financial reporting, due to material weaknesses involving SEC's internal control over information systems and its financial reporting and accounting processes.

Derivatives. The Committee will examine the operations, growth and structure of the over-the-counter (OTC) derivatives market. The Committee will explore how the Dodd-Frank Act fundamentally reforms the use of OTC derivatives and how federal regulators, such as the SEC, the Commodity Futures Trading Commission (CFTC), the Federal Reserve, and the Department of Treasury are implementing new rules required by the Dodd-Frank Act to govern the OTC marketplace. The Committee will examine all facets of the derivatives market, including clearing, exchange or swap execution facility trading; the roles of dealers, inter-dealer brokers, data repositories, clearinghouses, and end-users; trade and price reporting; and ownership and governance restrictions. The Committee will examine whether federal regulators will impose margin and capital requirements on non-financial commercial "end-users" who use swaps to hedge against or mitigate commercial risks. The Committee will also examine the Dodd-Frank Act's prohibition of federal assistance to a "swaps entity," which includes swap dealers and major swap participants (and the equivalents in security-based swaps), securities and futures exchanges, swap execution facilities ("SEFs"), and clearing organizations registered with the CFTC, the SEC, or any other federal or state agency. This prohibition will be examined against other provisions of the Dodd-Frank Act which allow for "financial market utilities" to have access to the Federal Reserve discount window in times of crisis.

Credit Rating Agencies. The Committee will examine the continuing role that credit rating agencies, also known as Nationally Recognized Statistical Ratings Organizations (NRSROs), play in the United States financial markets, the SEC's oversight of NRSROs, how rating agencies are compensated, and whether their methodologies accurately reflect the risks associated with different debt instruments. The Committee will examine the impact of the Dodd-Frank Act on competition among current NRSROs, and on new and prospective NRSRO entrants. The Committee will examine the effect of the repeal of Rule 436(g) under the Securities Act of 1933, which resulted in significant disruption in the asset-backed securities marketplace. The Committee will examine the implementation by federal regulators of provisions in the Dodd-Frank Act requiring them to establish new standards for evaluating credit-worthiness that do not include references to ratings issued by NRSROs.

Securitization and Risk Retention. The Committee will monitor the joint risk retention rule-making pursuant to Section 941 of the Dodd-Frank Act to ensure that the development and implementation of the risk retention rules protect investors from losses associated with poorly underwritten loans without constricting the flow of credit and destabilizing an already fragile housing market, and that those rules appropriately differentiate among multiple asset classes.

Regulation and Oversight of Broker-Dealers and Investment Advisers. The Committee will examine the study mandated by Section 913 of the Dodd-Frank Act, which requires the SEC to review the effectiveness of the legal and regulatory standards of care applicable to broker-dealers and

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investment advisers when providing personalized investment advice to retail customers. The Committee will also examine the study mandated by Section 914 of the Dodd-Frank Act, which requires the SEC to report on the need for enhanced examination and enforcement resources for investment advisers, and on whether self-regulatory organizations or user fees should be used to augment SEC and state oversight of investment advisers.

Advisers to Private Funds. The Committee will examine the functions served by advisers to private funds, including hedge funds, private equity funds, and venture capital funds in the United States financial marketplace. The Committee will review the role hedge funds and private pools of capital serve in the capital markets, and their interaction with investors, financial intermediaries, and public companies. The Committee will examine the Dodd-Frank Act's mandate that advisers to private funds with more than \$150 million in assets under management register with the SEC under the Investment Advisers Act of 1940.

Securities Investor Protection Corporation (SIPC). The Committee will review the operations, initiatives, and activities of the Securities Investor Protection Corporation ("SIPC"). In light of SIPC's exposure to the failures of Bernard L. Madoff Investment Securities and Lehman Brothers, the Committee will examine SIPC's existing reserves, access to private and public lines of credit, and coverage levels, as well as proposals to improve SIPC's operations and management. The Committee will also review the impact of the provisions of the Dodd-Frank Act that amend the Securities Investor Protection Act, and the work and recommendations of the SIPC Modernization Task Force.

Municipal Securities. In light of concerns over potential defaults by state, county, city, and local governments, the Committee will monitor the health of the United States municipal securities marketplace and consider reforms to increase transparency in that segment of the capital markets. The Committee will also consider the apparent trend in the municipal bond market away from the issuance of general obligation bonds toward revenue bonds, and the implications of that trend on the possibility of defaults. The Committee will also consider the possible consequences of state and municipal budget shortfalls and possible defaults on the municipal debt markets and the U.S. financial system. The Committee will also examine provisions of the Dodd-Frank Act designed to strengthen the oversight of the municipal securities industry and broaden municipal securities market protections to cover unregulated market participants and their financial transactions with municipal entities.

Municipal Securities Rulemaking Board (MSRB). The Committee will review the operations, initiatives and activities of the Municipal Securities Rulemaking Board. The Committee will review the changes imposed by the Dodd-Frank Act, which altered the MSRB's governance to include the protection of state and local government issuers, public pension plans, and others whose credit stands behind municipal bonds, in addition to protecting investors and the public interest. The Committee will also review the MSRB's regulation of municipal advisors.

Capital Formation. The Committee will survey regulatory impediments to capital formation and seek both regulatory and market-based incentives to increase access to capital, particularly for those small companies contemplating an initial public offering. The Committee will also examine the SEC's efforts to fulfill its Congressional mandate of promoting capital formation.

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Equity/Option Market Structure. The Committee will review recent developments in the United States equity and option markets and the SEC's response to those developments. The Committee will closely monitor the SEC to ensure that the Commission follows its mandate to promote fair, orderly and efficient markets, and that any new regulations foster market efficiency, competition and innovation, and are based on economic and empirical market data. The Committee will also monitor the work of the Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues, as it develops regulatory or legislative recommendations that attempt to respond to the extraordinary market movements on May 6, 2010.

Covered Bonds. The Committee will review the potential for covered bonds to increase mortgage financing, improve underwriting standards, and strengthen United States financial institutions by providing a new funding source with greater transparency, thereby fostering increased liquidity in the capital markets. The Committee will also review whether existing regulatory initiatives, including the Department of the Treasury's "Best Practices for Residential Covered Bonds" and the FDIC's covered bond policy statement to "facilitate the prudent and incremental development of the U.S. covered bond market" are sufficient to foster the creation of a covered bond market in the United States, and if not, whether additional regulatory or legislative initiatives are necessary.

Corporate Governance. The Committee will review developments and issues concerning corporate governance at public companies. The Committee will examine how the Dodd-Frank Act will impact the corporate governance practices of all issuers, particularly small public companies. The Committee will also examine the services provided by proxy advisory firms to shareholders and issuers and will consider current SEC proposals that seek to modernize corporate governance practices. The Committee will continue to monitor the effect that the Sarbanes-Oxley Act of 2002 has on the capital markets; the impact of the permanent exemption from Section 404(b) for public companies with less than \$75 million in market capitalization included in Dodd-Frank; and proposals to further modify this exemption.

Employee Compensation. The Committee will monitor the implementation of provisions in the Dodd-Frank Act governing the compensation practices at public companies and financial institutions. Among the issues to be examined are the independent compensation committee requirement; the required disclosure and compilation of data to compare the pay of the CEO with the median pay of all employees of every public company; the clawback of erroneously awarded employee compensation; and the authority given to federal regulators to prohibit incentive-based compensation structures that encourage "inappropriate risks" at financial institutions with more than \$1 billion in assets.

Securities Litigation. The Committee will examine the effectiveness of the Private Securities Litigation Act of 1995 to ensure the protection of issuers from frivolous lawsuits while ensuring that citizens have the ability to pursue legitimate actions against issuers.

Securities Arbitration. The Committee will examine developments in securities arbitration, including the impact of the arbitration-related provisions contained in the Dodd-Frank Act, specifically Section 921, which provides the SEC with the authority to restrict mandatory pre-dispute arbitration, and the impact that the exercise of that authority could have on existing arbitration agreements and on issuers and investors generally.

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Securities Fraud. The Committee will review the SEC's compliance, inspections, examinations, and enforcement functions to ensure that adequate mechanisms exist to prevent and detect securities fraud. The Committee will also monitor the SEC's implementation and adherence to the reforms recommended by the SEC's Office of Inspector General resulting from the Commission's failure to detect either the Bernard Madoff or Allen Stanford Ponzi schemes.

Mutual Funds. The Committee will examine the state and operation of the U.S. mutual fund industry. This examination will include reviewing the SEC's regulation of money market mutual funds, and any proposed changes to the calculation of a money market funds' "net asset value" (NAV). The Committee will also review any proposals by the Financial Stability Oversight Council to designate non-bank financial institutions such as mutual funds as "Systemically Important Financial Institutions."

Public Company Accounting Oversight Board (PCAOB). The Committee will review the operations, initiatives and activities of the PCAOB. The Committee will also monitor the PCAOB's exercise of its new authority to register, inspect and discipline the auditors of broker-dealers, and the impact that this increased oversight may have on the PCAOB's operations. The Committee will also review the extent to which the PCAOB's new authority to share information with its foreign counterparts is sufficient to permit PCAOB inspectors to examine non-U.S. auditors. The Committee will also monitor the PCAOB's oversight of the auditors of financial statements of Chinese companies that register and trade their securities in the United States.

Financial Accounting Standards Board (FASB). The Committee will review the initiatives of the Financial Accounting Standards Board (FASB) and its responsiveness to all segments of the capital markets; the FASB's relationship with the SEC; and proposals to enhance Congressional oversight of the FASB. The Committee will monitor and review the FASB's specific projects, including but not limited to fair value accounting for financial instruments, particularly as it affects small community banks; multi-employer pension plans; loss contingencies; and lease accounting, to ensure that any revisions provide useful information to investors without disrupting the capital markets or improperly burdening issuers and preparers.

Government Accounting Standards Board (GASB). The Committee will review the role of the Government Accounting Standards Board (GASB), which formulates accounting standards for the voluntary use of state and local governments that issue securities. The Committee will review the implementation of Section 978 of the Dodd-Frank Act, which directs the SEC to require the Financial Industry Regulatory Authority (FINRA) to collect fees from its members (broker-dealers and other securities professionals) and to remit such fees to the Financial Accounting Foundation, GASB's parent organization.

Convergence of International Accounting Standards. The Committee will review efforts by the SEC, the FASB, and the International Accounting Standards Board to achieve robust, uniform international accounting standards. The Committee will also monitor the SEC's plans to incorporate those standards as part of United States financial reporting requirements.

Business Continuity Planning. The Committee will continue its oversight of the implementation of disaster preparedness and business continuity measures by the financial services industry in order

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to minimize the disruptions of critical operations in the United States financial system in the event of natural disasters, terrorist attacks, or pandemics.

GOVERNMENT SPONSORED ENTERPRISES

Charter Restructuring for Government Sponsored Enterprises (GSEs). On September 7, 2008, the Federal Housing Finance Agency (FHFA) placed Fannie Mae and Freddie Mac into conservatorship. To date, Fannie Mae has tapped \$88 billion and Freddie Mac has used nearly \$63 billion in taxpayer funds, making the GSE conservatorship the costliest of all the taxpayer bail-outs carried out over the past three years. The decision to bail out Fannie Mae and Freddie Mac and place them in conservatorship has raised fundamental questions about the viability of their public-private organizational structure. The Committee will examine proposals to modify or terminate Fannie Mae's and Freddie Mac's statutory charters.

GSE Regulatory Reform. The Committee will monitor the activities of the Federal Housing Finance Agency, which was established in 2008 to oversee Fannie Mae, Freddie Mac and the Federal Home Loan Banks, and will consider its effectiveness. The Committee will also consider the appropriate role, if any, for the Federal government in the secondary mortgage market.

Federal Home Loan Bank (FHLB) System. The Committee will monitor the capital requirements, financial health, and stability of the FHLB System, as well as the FHLB System's ability to fulfill its housing mission and provide liquidity to the cooperative's member banks in a safe and sound manner. The Committee will pay particular attention to recent reports that some of the Federal Home Loan Banks may fall below required capital levels.

FHLB Community and Economic Development. The Committee will review efforts to advance community and economic development within the FHLB System, including the implementation of the enhanced targeted economic development lending for small business, small farms, and small agri-businesses allowed under the Gramm-Leach-Bliley Act, and the performance of the FHLBs in implementing the community investment cash advance regulation.

GSE Appraisal Standards. The Committee will examine the implementation of the Home Valuation Code of Conduct by Fannie Mae and Freddie Mac and how it affects the appraisal industry. It will also review the implementation of a new regulation by the Federal Housing Finance Agency requiring the use of loan-level appraiser identifiers to combat fraud in mortgage lending.

Resolution Funding Corporation (REFCorp) Payments. The Committee will monitor the efforts of the housing GSEs to pay the obligations of REFCorp established to cover the costs of resolving the savings-and-loan crisis and the policy implications for the GSEs upon the satisfaction of the remaining REFCorp debts.

Legal Fees. The Committee will examine the expenditure of more than \$160 million in federal funds to defend Fannie Mae, Freddie Mac and their top executives in lawsuits since the GSE conservatorship began in September 2008. The Committee will consider ways to limit further taxpayer exposure.

GSE Contracting with Non-Profits. To ensure that the GSEs are not engaging in risky activities that undermine the conservatorships, the Committee will examine the relationships that Fannie Mae and Freddie Mac maintain with non-profit organizations that provide services, including

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housing counseling, to potential homeowners. The Committee will also examine whether the payments non-profits receive for services provided to the GSEs are appropriate; whether GSE funds provided to non-profits are used for political activities; and whether adequate procedures are in place to protect the GSEs from fraud.

GSE Foreclosure and Loan Modification Protocols. The Committee will review Fannie Mae's and Freddie Mac's guidance to mortgage servicers to ensure that this guidance does not create unnecessary costs that will ultimately be borne by the Federal government.

Mortgage Putbacks and Repurchase Agreements. The Committee will monitor Fannie Mae's and Freddie Mac's mortgage putback and repurchase agreements with loan originators to ensure that these agreements are consistent with market practice and the FHFA's conservatorship responsibilities.

FINANCIAL INSTITUTIONS AND CONSUMER CREDIT

Bureau of Consumer Financial Protection (CFPB). The Committee will oversee the establishment, operations, and activities of the new Bureau of Consumer Financial Protection established under title X of the Dodd-Frank Act. Under the Act, the CFPB is to begin operations on or before July 21, 2011, when the consumer protection functions and rule-writing authority of other Federal financial regulators will transfer to the new agency. During the "start-up" phase of the CFPB, the Committee's oversight will include examinations of White House and Treasury Department activities to ensure that the Administration does not develop rules and procedures that stifle economic growth, job creation or reasonable access to credit. The Committee will examine whether the CFPB's budget is appropriate and will ask whether the CFPB's budget should be subject to Congressional appropriations. The Committee will evaluate the powers of its presidentially-appointed director to write rules, supervise compliance, and enforce consumer protection laws. The Committee will monitor the impact of CFPB rules on small businesses and on financial institutions with fewer than \$10 billion of assets. The Committee will receive the statutorily required biennial testimony of the Director, once he or she is nominated and confirmed.

Troubled Asset Relief Program (TARP) and other Initiatives to Stabilize the Financial System. The Committee will continue to examine closely the operation of the TARP authorized by the Emergency Economic Stabilization Act (EESA). This oversight will include working with the Government Accountability Office, the Congressional Oversight Panel, and the Special Inspector General for TARP to ensure that the program adequately protects taxpayer interests and that its operations are properly transparent and accountable. The Committee will also ensure that Treasury regularly reports to the Committee on matters of lending, liquidity, and safety and soundness related to those financial institutions receiving TARP funds or guarantees. The Committee will also examine carefully whether the recipients of TARP funds are spending the money appropriately, with special attention paid to any instances of waste, fraud, and abuse. The Committee will concentrate on issues related to the distortion of TARP fund distribution caused by political pressure and interference rather than the judgment of the regulators. The Committee will carefully analyze the unwinding of TARP facilities and programs to ensure that taxpayer recoveries are maximized and remaining funds are used for deficit reduction, as contemplated by EESA.

"Too Big to Fail." The Committee also will examine the application by Federal regulators of the "too big to fail" doctrine and the designation of "systemically significant" institutions to determine if

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these are effective, fair or rational public policy distinctions. The Committee will also consider whether the Dodd-Frank Act and the “orderly resolution authority” set forth in Title II of the Act provide an effective mechanism for imposing market discipline and promoting financial stability. The Committee will ask whether government actions to prop up large, complex financial institutions imply that other institutions are “too small to save,” and if recent interventions by the Treasury Department and Federal Reserve have prejudiced local and community banks and credit unions at the expense of institutions the regulators believe are “too big to fail.” As part of that review, the Committee will study the ways that financial institutions have expanded and the incentives that drove them to grow. Attention will be given to the conversion of investment banks to bank holding companies during the financial crisis and their long-term impact on the U.S. economy and regulatory structure. The Committee will closely evaluate the government agencies and offices which are now responsible for the supervision and potential resolution of “systemically significant” financial institutions. In examining the “too big to fail” issue, the AIG bailout will be carefully reviewed to determine whether the disparate treatment of large creditors and small creditors was consistent with the American expectation of equal treatment of all by government agencies.

Financial Supervision. The Committee will continue to examine Federal regulators’ safety and soundness supervision of the banking, thrift and credit union industries, to ensure that systemic risks or other structural weaknesses in the financial sector are identified and addressed promptly. The trend toward consolidation in the banking industry requires that Federal regulators maintain the expertise and risk evaluation systems necessary to oversee the activities of the increasingly complex institutions under their supervision. As an extension of this examination, the Committee will assess the degree to which the increasing concentration of bank assets in the largest institutions may contribute to a regulatory environment which discriminates against the smaller, but much more numerous community banks. The Committee will review the “Interagency Statement on Meeting the Credit Needs of Creditworthy Small Business Borrowers” issued by the federal financial institutions regulatory agencies and the state supervisors on February 10, 2010, to ensure that the policy is being appropriately implemented by examiners in the field.

Basel III. The Committee will examine new global bank capital and liquidity rules being developed by the Basel Committee on Banking Supervision, paying particular attention to implementation, compliance burdens and global coordination.

Interchange Fees. The Committee will examine general issues involving the setting of interchange fees. In particular, the Committee will evaluate the Federal Reserve’s rulemaking under Section 1075 of the Dodd-Frank Act and its effect on merchants, banks, credit unions, consumers, and the payment processing networks. Section 1075 requires the Federal Reserve to establish, by July 2011, a price cap for debit card interchange fees, mandating that the fee be “reasonable and proportional” to the cost incurred by the issuing bank.

Financial Crisis Inquiry Commission (FCIC). The Financial Crisis Inquiry Commission was created by Congress in 2009 to “examine the causes, domestic and global, of the current financial and economic crisis in the United States” (P.L. 111-21). The Commission issued its final report on January 27, 2011, accompanied by dissenting views filed by individual Commissioners. The statute creating the FCIC requires that its chairperson appear before the Committee to present its findings not later than 120 days after the issuance of its final report.

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Mortgage Servicing. The Committee will continue its review of deficiencies in mortgage servicing practices, including procedural irregularities in the foreclosure documentation process. The Committee will assess whether comprehensive national servicing standards are necessary and appropriate, and if so, how such standards should be implemented. To the extent the regulatory agencies seek to implement national mortgage servicing standards, the Committee will review those standards to ensure that proper authority exists for such regulations and that deficient practices are adequately addressed without unduly increasing the cost of mortgage financing.

Small Business Lending Fund and the State Small Business Credit Initiative. The Committee will examine the Treasury Department's implementation of the Small Business Jobs Act of 2010, with a specific focus on the Small Business Lending Fund (SBLF). The Committee will evaluate the program's effectiveness at encouraging new lending to small business and protecting taxpayers from losses on the government's injections of capital in banks.

Deposit Insurance. The Committee will monitor the solvency of the Deposit Insurance Fund and changes to the assessments charged by the FDIC as mandated by the Dodd-Frank Act to ensure that deposit insurance continues to serve its historic function as a source of stability in the banking system and a valued safety net for depositors. Attention will be given to the possible differences in the treatment of smaller institutions in resolution policy due to their lesser impact on the Deposit Insurance Fund.

Credit Unions. The Committee will review issues relating to the safety and soundness and regulatory treatment of the credit union industry. In particular, the Committee will examine the failures in the corporate credit union system and evaluate possible reforms to the system and to the National Credit Union Administration (NCUA).

Regulatory Burden Reduction. The Committee will continue to review the current regulatory burden on banks, thrifts, and credit unions with the goal of reducing unnecessary, duplicative, or overly burdensome regulations, consistent with consumer protection and safe and sound banking practices.

Credit Scores and Credit Reports. The Committee will continue to monitor the accuracy and use of credit reports and credit scores with a specific focus on their impact on the availability of consumer credit.

Internet Gambling. The Committee will continue to oversee the implementation of the Unlawful Internet Gambling Enforcement Act (UIGEA) and whether the final regulations drafted by the Treasury Department and Federal Reserve, in consultation with the Justice Department, will effectively curtail illegal Internet gambling.

Access to Financial Services. The Committee will continue to explore ways to expand access to mainstream financial services by traditionally underserved segments of the U.S. population, particularly those without any prior banking history (commonly referred to as "the unbanked").

Credit Card Regulation. The Committee will continue its review of credit card industry practices, particularly those relating to marketing, fees and disclosures. The Committee will monitor the implementation of recent Federal Reserve regulations (i) defining unfair and deceptive credit card industry practices and (ii) making the format and content of credit card disclosures required by Truth in Lending more effective. The Committee will also continue to evaluate the impact of the

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Credit CARD Act of 2009 (Public Law 111-24) on credit availability to consumers and small businesses alike.

Community Development Financial Institution Fund. The Committee will continue to oversee the operations of the Community Development Financial Institutions Fund (CDFI Fund) which was created in 1994 to promote economic revitalization and community development. The Committee will examine the CDFI Fund's contributions to community revitalization and measure its impact on efforts in rural, urban, suburban, and Native American communities. The Committee will also monitor the CDFI Fund's administration of the New Markets Tax Credit program (NMTC), including reviewing the efforts being taken by the Fund to assist minority-owned community development entities to effectively compete for allocations under the NMTC program.

Community Reinvestment Act of 1977. The Committee will continue to review developments and issues related to the Community Reinvestment Act of 1977 (CRA). The Committee will also explore recommendations for updating or eliminating CRA requirements in light of changes in the financial services sector.

Credit Counseling. The Committee will continue to review the credit counseling industry, which provides financial education and debt management services to consumers seeking to address excessive levels of personal indebtedness.

Financial Literacy. The Committee will continue its efforts to promote greater financial literacy and awareness among investors, consumers, and the general public. As part of these efforts, the Committee will monitor the operations, and evaluate the efficacy, of the Financial Literacy and Education Commission. The Commission was established to coordinate efforts of the Federal government and encourage government and private sector initiatives to promote financial literacy.

Discrimination in Lending. The Committee will examine the effectiveness of Federal fair lending oversight and enforcement efforts.

Diversity in Financial Services. The Committee will continue to explore the financial services industry's efforts to attract and retain a diverse workforce. The Committee will also review the policies, programs, and initiatives used by Federal financial regulators to promote, obtain, and report on supplier diversity, particularly with the use of asset managers, investment bankers, and other providers of professional services under any programs to assist troubled financial institutions. The Committee will continue to monitor Federal regulators' efforts to implement the diversity requirements of the Dodd-Frank Act.

Money Laundering and the Financing of Terrorism. The Committee will review the enforcement of anti-money laundering and counter-terrorist financing laws and regulations. The Committee's work in this area will include an examination of (1) the costs and benefits of ongoing regulatory and filing requirements, and (2) opportunities to decrease the burden of complying with these and similar statutes without impairing the operations of law enforcement. The Committee will also monitor the practice of data mining and examination of personal financial information conducted by government agencies, to ensure that an appropriate balance is struck between law enforcement priorities and the protection of civil liberties.

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Data Security and Identity Theft. Building on the Committee's long-standing role in developing laws governing the handling of sensitive personal financial information about consumers, including the Gramm-Leach-Bliley Act and the Fair and Accurate Credit Transactions Act (FACT Act), the Committee will continue to evaluate the need for legislation that better protects the security and confidentiality of such information from any loss, unauthorized access, or misuse. The scope of this review will encompass the data security policies and protocols of the Federal agencies within the Committee's jurisdiction. The Committee will also examine the threats of cyber crime against individuals, businesses and financial institutions to identify best practices that can protect against identify theft and related cyber crimes.

Money Services Businesses' Access to Banking Services. The Committee will examine the availability of account services to Money Services Businesses (MSBs) and assess the effectiveness of FinCEN and Internal Revenue Service regulation of MSBs, and of FinCEN regulatory guidance to both MSBs and financial institutions. The Committee will review steps that could be taken to provide MSBs with appropriate access to the banking system.

Appraisals. The Committee will examine reports of appraisal fraud and the effectiveness of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council in overseeing State-based appraisal enforcement and licensing programs, and the need for appraisal regulatory reform. The Committee will also explore the implementation of the appraisal independence standards adopted by the Federal Reserve in its 2008 rulemaking under the Home Ownership and Equity Protection Act.

INSURANCE

National Flood Insurance Program (NFIP). The Committee will review and consider proposed reforms to the National Flood Insurance Program, which has been designated as a high-risk program since 2006 by the Government Accountability Office because of the potential for the program to incur billions of dollars in losses and because the program faces a number of financial and managerial challenges. Due to extraordinary losses incurred following Hurricane Katrina and other storms in 2005, the program carries a debt in excess of \$18 billion.

Federal Insurance Office (FIO). The Committee will monitor the establishment of the new Federal Insurance Office created under Title V of the Dodd-Frank Act, with particular attention to its limited scope of authority and specific functions, to ensure that the new office is focused on developing expertise on insurance matters and does not impose unwarranted or excessive data collection burdens on the insurance sector or on small insurers in particular.

State-Based Insurance Reforms. The Committee will monitor the implementation of provisions included in Title V of the Dodd-Frank Act to streamline the regulation of non-admitted (surplus lines) insurance and reinsurance. In monitoring these and other state-based insurance regulatory reform efforts, the Committee will seek to assess whether they are sufficient to achieve uniform standards and enhance the efficiency and effectiveness of state insurance and reinsurance regulation.

Impact of Dodd-Frank Act Implementation on the Insurance Sector. The Committee will monitor implementation of various provisions in the Dodd-Frank Act for their potential impact on the insurance sector — including but not limited to the new Financial Stability Oversight Council, the

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new Orderly Liquidation Authority, the new Office of Federal Research, and the new Consumer Financial Protection Bureau, as well as new restrictions on proprietary trading and investments (Volcker Rule), revised capital standards for bank and thrift holding companies (the Collins Amendment), and new rules for swaps and derivatives that affect end users — to ensure that new regulations do not impose unwarranted or excessive burdens on the insurance sector that might result in higher costs for individuals or small business owners who purchase insurance products and services.

State Insurance Guaranty Funds. The Committee will monitor the capacity and effectiveness of State Insurance Guaranty Funds to enhance stability in the insurance sector and to ensure that the financial interests of insurance policyholders are sufficiently protected in cases where insurance companies become insolvent, with a particular focus on their effectiveness during the recent financial crisis.

HOUSING

Housing and Urban Development, Rural Housing Service, National Reinvestment Corporation. The Committee will review the Department of Housing and Urban Development (HUD) budget. The Department's budget has increased steadily in recent years, from \$31.92 billion in fiscal year 2005 to \$46.998 billion in fiscal year 2010. The Committee will also review current HUD programs with the goal of identifying program spending cuts or eliminating inefficient and duplicative programs. Given the continued rise in HUD discretionary spending levels, the Committee will review unauthorized programs to determine whether they should continue to receive funding. The Committee will review and hear testimony from the Administration on those budgets under its jurisdiction. Testimony is expected from HUD, the Rural Housing Service, and the National Reinvestment Corporation.

HUD Inspector General Reports. The Committee has received multiple reports from the HUD Inspector General outlining improper implementation, poor oversight, and misuse of funds in several of HUD's programs. For example, according to the HUD IG, the District of Columbia mismanaged \$2.5 million in funds under the HOME program, and the city of Scranton, Pennsylvania was found to have failed to adequately administer its Community Development Block Grant (CDBG) funds and could not demonstrate that it used \$11.7 million of CDBG funds in accordance with HUD requirements. The Committee will conduct a hearing with the HUD Inspector General in an effort to better understand the program shortfalls outlined in these reports.

Federal Housing Administration (FHA) – Single Family. Increased delinquencies and foreclosures across the nation have had a detrimental effect on the financial health of the FHA program. The most recent annual actuarial report for fiscal year 2010, released in November, found that the capital reserve ratio for the Mutual Mortgage Insurance Fund (MMIF) was 0.50 percent, well below the statutorily mandated level of 2 percent. This is particularly troubling at a time when FHA's share of the single family mortgage market continues to increase. The Committee will examine the appropriate role for the FHA program in the mortgage finance system, the impact of the current loan limits on the private market, and the ability of the FHA to manage its mortgage portfolio and mitigate its risk.

Federal Housing Administration (FHA) – Multi-Family. The FHA Multi-family program offers loan guarantees to address specialized mortgage financing needs, such as mortgage insurance for rehabilitating, developing, and refinancing of apartment buildings, nursing home facilities, and

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nonprofit hospitals. The Committee will exercise oversight of the FHA's General Risk and Special Risk Insurance fund to ensure that losses to the fund will not expose taxpayers to loss.

Government Foreclosure Mitigation Programs. The Committee will review the Obama Administration's well-intentioned but unsuccessful foreclosure mitigation initiatives, including the Making Home Affordable Program (HAMP). When it announced HAMP, the Administration predicted that it would keep some 3 to 4 million families at risk of foreclosure in their homes. Nearly two years after the program's inception, it has fallen far short of those goals: last December, the Congressional Oversight Panel estimated that HAMP would ultimately prevent only 700,000 to 800,000 foreclosures. The hundreds of thousands of homeowners who have failed trial modifications are often left worse off than if they had never participated in the program. Though the Administration has attempted to fix its foreclosure mitigation initiatives — making hundreds of programmatic changes over the course of the last two years — the Committee will look at why they remain a failure; whether they can ever be successful; and whether there are better ways to spend the public's money. The Committee will also consider possible unintended consequences of foreclosure mitigation programs, including delays in the foreclosure process caused by strategic defaulters who seek mortgage modifications with no intention of complying with the modified terms; losses resulting from such strategic defaults that are borne by neighborhoods, investors, and taxpayers; and the impediments such strategic defaults pose to the stabilization of home prices.

Section 8 Housing Choice Voucher Program. The Committee will continue its effort to reform HUD's largest rental assistance program. The Committee will review the rising costs of the Section 8 program. Funding for the Section 8 program in fiscal year 2009 was \$16.817 billion and rose to \$18.184 in fiscal year 2010. The Committee will review changes that can be made to the voucher program and assess the needs of the administrators of the voucher program as well as the voucher recipients.

Housing Counseling. Between HUD and Neighborworks, housing counseling programs have received \$475 million since 2008. This is a substantial commitment of Federal dollars, and many of these counseling programs receive funding with little oversight or accountability. Accordingly, the Committee will conduct a comprehensive review of current housing counseling programs within HUD and Neighborworks. The review will encompass Federal, State, private and non-profit efforts to use housing counseling funds with the goal of reducing or eliminating funding that is duplicative or ineffective.

Government National Mortgage Association (GNMA). The Committee will conduct a comprehensive review of GNMA to determine whether its mission and/or authority meets contemporary housing needs that promote affordable housing. The Committee has requested that the Government Accountability Office review GNMA, focusing on the agency's solvency and its capacity to handle its increased market share.

HOPE VI. The HOPE VI program provides grants to public housing authorities (PHAs) to demolish severely distressed public housing units and replace them with mixed-income developments. Previous Administrations have proposed eliminating funding for HOPE VI in their budget proposals because of delays and inefficiencies in the program. The Committee will review the effectiveness of HOPE VI, the reasons for the backlog of unspent funds, and whether the program has met its initial objectives.

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Public Housing. The Committee will review HUD's public housing programs. The spend-out rate for public housing funds continues to be slow and inefficient, and billions of dollars that have been committed remain unspent.

Mortgage Broker Licensing and Oversight. The Committee will monitor implementation of the S.A.F.E. Mortgage Licensing Act of 2008, which established a mortgage originator licensing system and registry to better protect homebuyers.

Homelessness. There are programs at seven different Federal agencies addressing homelessness currently, including the Department of Veterans Affairs (VA), the Department of Homeland Security (DHS), the Department of Labor (DOL), and the Department of Housing and Urban Development (HUD). The Committee will consider alternatives to this fragmented structure, including consolidating Federal homelessness programs under HUD in order to reduce costs and improve oversight and transparency. The Committee will review HUD programs and services for veterans who are homeless or at risk of becoming homeless, as well as the impact of homelessness programs on families and children.

INTERNATIONAL MONETARY POLICY AND TRADE

Job Creation and U.S. Competitiveness. The Committee will examine United States international monetary and trade policies with an eye toward ensuring that those policies support the ability of U.S. companies to be competitive in the international marketplace, thereby promoting domestic job creation and economic opportunity.

China. The Committee will monitor the implications of China's economic growth and policies on the U.S. and global economy. As China's economy and footprint expands, the degree to which it adopts responsible policies and practices that do not distort global markets or unfairly disadvantage its trading partners will be examined. Principal areas that the Committee will assess are currency exchange rates, China's role in multilateral bodies, and foreign access to China's domestic market.

Export-Import Bank of the United States. The Export-Import Bank (Ex-Im Bank) is chartered by Congress to contribute to the employment of U.S. workers through financing exports of U.S. manufactured goods and services. The charter under which the Ex-Im Bank operates expires on September 30, 2011, and the Committee will therefore consider the Bank's reauthorization. The Ex-Im Bank has been a self-sustaining agency funded by the income it receives through its financing programs, and does not currently require annual appropriations. The Committee will examine the Bank's policies and programs to ensure the continued fiscal soundness of the Bank. In addition, as part of the reauthorization process, the Committee plans to review the effectiveness of the Bank's financing programs in supporting the global competitiveness of U.S. companies, particularly given the liquidity challenges American businesses currently face. The Committee will also consider how the Bank can better compete with foreign credit export agencies to ensure that U.S. firms are not operating at a disadvantage against their foreign counterparts.

International Trade. The Committee recognizes that American jobs are supported by U.S. exports, U.S. companies operating abroad, and foreign firms operating in the United States. The Committee will oversee existing trade programs, and consider policies within the Committee's jurisdiction to promote U.S. international trade so that American companies are globally competitive. The Committee will oversee the progress of the National Export Initiative and other Administration

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proposals to increase U.S. exports and create jobs in the United States. The Committee will remain active in the oversight of trade negotiations as they relate to the global competitiveness of the American financial services sector, to ensure such agreements improve access to foreign markets, increase trade opportunities for American businesses, and create jobs domestically. The Committee will consider the impacts of the recently agreed to U.S.–South Korea Free Trade Agreement and the pending U.S. Free Trade Agreements with Panama and Colombia and other agreements.

Market Access. The Committee will assess opportunities to expand market access for U.S. companies and the financial services sector, and to promote policies that can bring about reciprocal market access with developing nations that currently limit or prevent U.S. firms from entering and operating within their national borders. In particular, the Committee will examine market access issues with regard to nations with which the U.S. has entered into free trade agreements.

Extractive Industries and Conflict Materials. The Committee will monitor the implementation of provisions in title XV of the Dodd-Frank Act imposing new disclosure requirements relating to so-called conflict minerals and extractive industries, to ensure that the underlying objectives of the provisions are met but that unnecessary compliance burdens for U.S. firms are minimized.

Annual Report and Testimony by the Secretary of the Treasury on International Monetary Fund Reform and the State of the International Financial System. The Committee will review and assess the annual report to Congress from the Secretary of the Treasury on the state of the international financial system and the International Monetary Fund (IMF). Pursuant to Section 613 of Public Law 105-277, the Committee will hear annual testimony from the Secretary of the Treasury on (1) progress made in reforming the IMF; (2) the status of efforts to reform the international financial system; (3) compliance by borrower countries with the terms and conditions of IMF assistance; and (4) the status of implementation of anti-money laundering and counterterrorism financing standards by the IMF, the multilateral development banks, and other multilateral financial policymaking bodies. The Committee is interested in hearing from the Secretary of the Treasury on international exchange rate policies and practices; the U.S. trade deficit; the implications of the accumulation of U.S. debt instruments in the accounts of its largest trading partners; and how U.S. international monetary policies and programs are promoting U.S. global competitiveness and contributing to the success of American businesses.

Conduct of the International Financial Institutions (IFIs) and Possible U.S. Contributions. The Committee will consider any Administration request that the U.S. contribute to the replenishment of the concessional lending windows at the World Bank, the African Development Bank, and the Asian Development Bank. Concessional windows provide grants and below market-rate financing to the world's poorest nations; because the financing terms are discounted, the lending vehicles are not self-sustaining and require contributions from wealthier member nations. During consideration of any such request, the Committee will assess the effectiveness of these lending facilities in achieving economic development and promoting global economic stability. In addition, the Committee will consider the policies of the IFIs to ensure effective use of resources and appropriate alignment with U.S. interests in promoting economic growth and stability. Additionally, the Administration is expected to request that the Committee authorize funding for the U.S. share of the general capital increase (GCI) for the World Bank (International Bank for Reconstruction and Development), the Inter-American Development Bank, the African Development Bank, the European Bank for Reconstruction and Development, and the International Finance Corporation. In examining such

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authorization requests, the Committee will consider the reforms each institution has agreed to make, as well as the missions and comparative strengths of each institution.

International Monetary Fund (IMF). The Committee will assess the IMF's actions during and after the financial crisis to determine how best to leverage U.S. resources through this multilateral institution. This examination will center on the IMF's lending policies, its surveillance programs, and its reform efforts related to member-nation representation.

Iran Sanctions. The Committee will monitor the implementation of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Public Law 111-195). Particular focus will be placed on whether financial services-related aspects of the law have been executed in accordance with the law's intent, and what the impact of such policies has been.

Eurozone Distress. The Committee will monitor the economic distress in the Eurozone, which is largely a function of unsustainable levels of sovereign debt in several European countries, and its impact on the U.S. and global economy. Further deterioration in the Eurozone's fiscal health may have implications far beyond the continent's borders. Consequently, the Committee will examine actions taken by the IMF, the European Union and other nations to address the sovereign debt issues in the Eurozone. The Committee will also explore how best to protect U.S. interests while also ensuring that taxpayer dollars are not used to bail out foreign governments that have followed reckless fiscal paths.

Global Capital Flows. The Committee will monitor the flow of capital globally. The buildup of large currency reserves in surplus nations can lead to imbalances in capital allocations and asset bubbles that threaten global economic stability. The Committee will assess the implications of the investment of these reserves on global financial stability.

DOMESTIC MONETARY POLICY AND TECHNOLOGY

The Economy and Jobs. In light of efforts to stimulate the economy through increased spending and accommodative Federal Reserve policies, the Committee will examine the extent to which changes in the economy, particularly those resulting from the economic crisis, have challenged assumptions about the relationship between monetary policy, government expenditures, deficits, employment, and economic growth. The Committee will examine the effectiveness and consequences of the extraordinary and simultaneous measures undertaken by the Federal Reserve and the executive branch on economic growth and employment. The Committee also will examine the effects of mounting Federal debt and annual Federal budget deficits on economic recovery and long-term economic growth.

Conduct of Monetary Policy by the Board of Governors of the Federal Reserve System. The Committee will thoroughly examine the process by which the Federal Reserve sets and executes its monetary policy goals, while respecting the independence of the Federal Reserve's decision-making. The Committee will review the recent history of monetary policy decisions and examine the Federal Reserve's plan for removing excess liquidity from the economy after recovery is firmly established to prevent inflation. The Committee will examine the quality of economic data the Federal Reserve uses to make its decisions, the accuracy and utility of the Federal Reserve's econometric models, and the effect of the Federal Reserve's legislative mandates on its decisions. The Committee will pay particular attention to the upcoming Government Accountability Office audit of the Federal Reserve

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and seek further audits to ensure that the Federal Reserve's monetary policy decisions are based on the best data and models, and that it successfully executes open market operations to reach its goals. Of particular interest to the Committee will be the second round of quantitative easing undertaken by the Federal Reserve. As part of this review, the Committee will hold hearings to receive the Chairman of the Board of Governors of the Federal Reserve System's semi-annual reports on the conduct of monetary policy and the state of the economy.

General Oversight of the Federal Reserve System. The Committee will conduct oversight of the operations of the Federal Reserve Board of Governors and the Federal Reserve System, including management structure, organizational changes mandated by the Dodd-Frank Act, and the role of the Federal Reserve in the supervision of systemically significant banks and non-bank financial institutions. As part of this review, the Committee will hold statutorily required semi-annual hearings to receive testimony from the Federal Reserve's Vice Chairman for Supervision, a position created by Section 1108 of the Dodd-Frank Act that the Obama Administration has not yet filled.

Defense Production Act. The Committee will continue to monitor the effectiveness of the Defense Production Act and its individual authorities in promoting national security.

Committee on Foreign Investment in the United States (CFIUS). The Committee will continue to monitor the implementation of the Foreign Investment and National Security Act of 2007, which reformed the Committee on Foreign Investment in the United States (CFIUS). The Committee will seek to ensure that CFIUS fulfills its statutory mandate to identify and address those foreign investments that pose legitimate threats to national security. The Committee will also monitor the extent to which the United States maintains a policy of openness toward foreign investment, so that investments that pose no threat to national security are able to proceed.

Activities of the Bureau of the Mint and the Bureau of Engraving and Printing. The Committee will conduct oversight of the activities of these Treasury bureaus as they relate to the printing and minting of U.S. currency and coins, and of the operation of U.S. Mint programs for producing Congressionally authorized commemorative coins and Congressional gold medals. The Committee will examine methods to reduce the cost of minting coins. The Committee will examine efforts to make currency more accessible to the visually impaired. The Committee will continue its review of efforts to detect and combat the counterfeiting of U.S. coins and currency in the United States and abroad, and will examine the counterfeiting of rare or investment-grade coins, U.S.-made and otherwise. The Committee will examine the difficulties the Bureau of Engraving and Printing has experienced in producing the newest series of \$100 bills, as well as the difficulties the U.S. Mint has experienced in meeting investor and collector demand for bullion coin products. The Committee also will begin an examination of the long-term demand for circulating coins and banknotes, and consider appropriate measures to maintain an adequate supply of each, while controlling costs to the taxpayer.

The Financial Crimes Enforcement Network (FinCEN). The Committee will examine the operations of FinCEN and its ongoing efforts to implement its regulatory mandates pursuant to the Bank Secrecy Act (BSA), to combat money laundering and terrorist financing activities. The Committee will examine the process by which financial institutions file Suspicious Activity Reports and Currency Transaction Reports with FinCEN, including the structure of the forms and the burden to financial institutions. The Committee will examine means to reduce the burden on financial institutions in complying with BSA regulations, while maintaining the utility of these filings to law

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enforcement. The Committee will examine the confidentiality of BSA reports and examine the guidance issued by FinCEN to BSA examiners to foster more uniform examination and enforcement practices.

The Office of Foreign Asset Control (OFAC). The Committee will continue to monitor the functions of OFAC as its workload increases, and study ways of improving its working relationship with financial institutions.

Payment System Innovations. The Committee will review government and private sector efforts to achieve greater innovations and efficiencies in the payments system. The Committee will examine payment system alternatives, including prepaid credit cards, the use of mobile devices to transfer and store value, web-based value-transfer systems, remote check deposit, and informal money transfer systems, businesses or networks to determine both the efficiencies they can provide to customers, businesses and financial institutions, and their susceptibility to money laundering and terrorism financing, and other financial crimes.

CLAUSE 2(d)(1)(F) of RULE X of the HOUSE ON PROPOSED CUTS

Clause 2(d)(1)(F) of rule X of the Rules of the House of Representatives for the 112th Congress requires each standing committee to include in its oversight plan proposals to cut or eliminate programs, including mandatory spending programs, that are inefficient, duplicative, outdated, or more appropriately administered by State or local governments.

The unsustainable Federal deficit caused by unchecked spending remains the most daunting challenge facing the U.S. economy. The deficit has created uncertainty among families, investors, and small business owners who do not know whether the value of saving and investment undertaken today will be eroded through inflation and higher taxes caused in the years ahead by ever-increasing Federal deficits. Last month, the Congressional Budget Office issued its ten-year “Budget and Economic Outlook,” in which it estimated that the fiscal 2011 federal deficit will reach a record level of \$1.48 trillion. The CBO’s analysis confirms that our current fiscal path is simply unsustainable. Only by making the difficult choices that are necessary to put the nation’s fiscal house in order can the 112th Congress lay the groundwork for ensuring America’s prosperity for future generations.

The following are Federal programs under the jurisdiction of the Committee on Financial Services that will be reviewed for possible cuts, elimination, or consolidation into other Federal programs.

HOPE VI/Choice Neighborhoods. The Hope VI Program was established to convert public housing developments that were distressed or dangerous into mixed-use, more viable housing. Both the Bush and the Obama Administrations have recommended eliminating HOPE VI funding in their budget proposals. The Obama Administration proposed replacing the HOPE VI program with a new Choice Neighborhoods Initiative. However, rather than eliminating HOPE VI and replacing the program with Choice Neighborhoods, both were funded in the FY 2010 budget. The HOPE VI program received \$200 million in the fiscal year 2010 budget, with \$60 million going to Choice Neighborhoods. Current unobligated funds for fiscal year 2010 total \$198 million. The Committee recommends that the HOPE VI program be eliminated.

Community Development Block Grants (CDBG). The CDBG program provides federal funds to cities and localities to help them address housing and community development. Rather than building communities, however, the CDBG program operates like a revenue sharing program for the states

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and localities. CDBG funds are allocated by a formula through which 70 percent of the funds are directed to “entitlement communities” — which are central cities of metropolitan areas, cities with populations of 50,000 or more, and urban counties — and the remaining 30 percent is directed to states for use in small, non-entitlement communities. The fiscal year 2010 budget included \$4.45 billion for the program. The Committee will consider ways to scale back the CDBG program, including but not limited to changes in the current distribution of CDBG formula funds. In 2003, the Bush Administration budget proposal recommended eliminating the annual CDBG allocation to the wealthiest communities or neighborhoods, typically defined as those areas with a per capita income two times the national average. Eliminating the wealthiest communities would allow CDBG to target its resources to those low-income neighborhoods with the greatest economic challenges. In addition, the Committee will review the eligible activities and oversight and administration of the program with the aim of reforming the program to ensure that funds are used in an appropriate manner and with the express purpose of reducing the cost of the program.

Brownfields Economic Development Initiative (BEDI). The BEDI program offers grants to localities for the redevelopment of abandoned, idled and underused industrial and commercial facilities where expansion and redevelopment is burdened by real or potential environmental contamination. BEDI is a competitive grant program whose purposes are served through much larger and more flexible Federal programs. Fiscal year 2010 funding was \$18 million. The BEDI program is duplicative of other programs administered by the Environmental Protection Agency, and the Committee recommends that it be eliminated.

Rural Housing and Economic Development (RHED). The RHED program provides grants to non-profits for capacity building at the state and local level for rural housing and economic development. This program is duplicative of other rural development funding programs administered by the Department of Agriculture. It was zeroed out by both the Bush and Obama Administrations in their budgets. Fiscal year 2010 funding for this program was \$25 million. The Committee recommends that it be eliminated.

Neighborhood Stabilization Program (NSP). Authorized under the American Recovery and Reinvestment Act of 2009, the NSP allocates federal financial assistance to states and local governments with high concentrations of foreclosed homes, subprime mortgage loans, and delinquent home mortgages. Two rounds of NSP funding have already been provided to states and localities, and the Dodd-Frank Act provided for a third round of grants to local governments and states to purchase and rehabilitate vacant and foreclosed properties. As a result, Federal funds continue to be directed to a program whose effectiveness has been questioned. For example, HUD Secretary Shaun Donovan announced in May 2010 that HUD would likely recapture and redistribute approximately \$1 billion in unobligated NSP funds. In light of current budget deficits and the concerns raised regarding the administration and oversight of this program, the Committee recommends that the \$1 billion in unobligated NSP funds be rescinded and that the program be eliminated.

Sustainable Communities. In the 2010 Consolidated Appropriations Act (Public Law 111-117), Congress provided a total of \$150 million to HUD for a Sustainable Communities initiative. The goal of this grant program is to improve regional planning efforts that integrate housing and transportation decisions, and increase state, regional, and local capacity to incorporate livability, sustainability, and social equity values into land use plans and zoning. While the goals of the program have merit, our country cannot afford another new program and the Committee believes that these decisions are best left to state and local governments and zoning boards. The Sustainable

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Communities program has yet to be authorized, and the Committee recommends that it be eliminated.

Public Housing Capital Fund. In fiscal year 2009, Congress approved \$2.45 billion for the Public Housing Capital fund, which funds large capital projects and modernization projects. However, the spend-out rate for these funds continues to be slow and inefficient. Billions of committed dollars remain unexpended: in fact, HUD has only just recently awarded the \$4 billion in public housing capital funds included in the 2009 Economic Stimulus. The Committee therefore recommends rescinding unobligated Capital fund balances after 36 months.

Energy Innovation Fund. The Energy Innovation Fund is a proposal designed to incentivize “private sector investment in the energy efficiency of the Nation’s housing stock.” As proposed, the program envisioned \$50 million for a “Local Initiatives Fund”; \$25 million for a new pilot energy-efficient mortgage program in FHA’s single family mortgage insurance program; and \$25 million for a Multifamily Energy Pilot program to fund energy efficiency improvements in certain HUD-insured multifamily rehabilitation projects. Congress has appropriated \$25 million for the single-family energy efficient mortgage program and \$25 million for the Multifamily Energy Pilot. Given that the FHA is already under considerable stress, with its capital reserve ratio well below statutorily mandated levels, requiring the FHA to establish underwriting standards based solely on potential energy savings that may or may not be realized is difficult to justify. The Committee therefore recommends the program be eliminated.

FHA Refinance Program. On March 26, the Administration announced a new FHA Refinance Program for underwater homeowners. Treasury indicated that the program would be funded with \$8 billion in TARP funds that had originally been set aside for HAMP. The program was implemented on September 7, 2010, and will continue until December 31, 2012. According to a December 13, 2010, report by the Congressional Research Service, FHA had only received 35 applications as of the end of October 2010. Rather than funding another ineffective foreclosure mitigation program, the Committee recommends that the \$8 billion in TARP funds that has been set aside for this program be returned to the taxpayer.

Making Home Affordable Programs. On February 18, 2009, President Obama announced a three-part “Making Home Affordable Program” with the stated goal of helping 9 million borrowers at risk of foreclosure or seeking to refinance high-cost mortgages. The plan included (1) a refinancing program for mortgages owned by Fannie Mae or Freddie Mac (known as the *Home Affordable Refinance* plan); (2) a \$75 billion loan modification program (known as the *Home Affordable Modification* plan); and (3) a commitment of \$200 billion to purchase Fannie and Freddie preferred stock. Funding for the modification plan is derived from the Troubled Asset Relief Program (TARP) and the Government Sponsored Enterprises (GSEs), and the GSE preferred stock purchases drew from funds authorized by the Housing and Economic Recovery Act of 2008 (HERA). As described in more detail earlier in this Oversight Plan, HAMP has not met the goals set for it. HAMP’s foreclosure mitigation initiatives do not appear to be helping a sufficient number of distressed homeowners to justify the program’s cost. Accordingly, the Committee recommends rescinding unspent and unobligated balances currently committed to these programs.

NeighborWorks America. NeighborWorks is a government-chartered, nonprofit corporation with a national network of affiliated organizations that engage in community reinvestment activities, such as generating investment and providing training and technical assistance related to affordable

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housing. NeighborWorks has received congressional appropriations to provide grants, training, and technical assistance, and last year received \$133 million in its base appropriation and \$65 million through the National Foreclosure Mitigation Counseling Program. However, HUD has multiple counseling programs, and the Dodd-Frank Act established a new Office of Housing Counseling to coordinate housing counseling programs. The counseling operations under Neighborworks should be moved to HUD's new Housing Counseling Office. Consolidating counseling programs under HUD in the newly established office will eliminate any overlap and duplication of function, and allow for better oversight of funds spent on housing counseling. Moreover, many of the tasks that Neighborworks currently performs are duplicative of existing HUD programs and can be consolidated, which could eliminate the need for the annual appropriations for Neighborworks.

Legal Assistance. The Dodd-Frank Act provided \$35 million for grants to organizations that offer legal assistance to low- and moderate-income homeowners and tenants for home ownership preservation, foreclosure prevention and tenancy-related home foreclosures. The Committee recommends that unexpended and unobligated amounts be rescinded.

Emergency Homeowner Relief Fund. The Dodd-Frank Act established a \$1 billion Emergency Homeowner Relief Fund, which provides loans or credit advances to borrowers who cannot pay their mortgages because of unemployment or reduction in income. Administered by HUD, emergency mortgage relief payments may be provided for up to twelve months and extended once for up to twelve additional months. Because these loans increase the amount of the borrower's indebtedness, the borrower is not likely to pay back either the original amount of principal or the additional loans made under the program. The borrower thus derives no benefit from the program, and the government suffers a loss from the eventual default. The Committee therefore recommends that the unexpended and unobligated amounts be rescinded.