

Speaker's table the bill (H.R. 4919) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to make improvements to certain defense and security assistance provisions under those Acts, to authorize the transfer of naval vessels to certain foreign countries, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York? The Chair hears none and, without objection, appoints the following conferees:

Messrs. GILMAN, GOODLING, and GEJDENSON.

There was no objection.

#### FHA DOWNPAYMENT SIMPLIFICATION EXTENSION ACT OF 2000

Mr. LEACH. Mr. Speaker, I move to suspend the rules and pass the bill (5193) to amend the National Housing Act to temporarily extend the applicability of the downpayment simplification provisions for the FHA single family housing mortgage insurance program, as amended.

The Clerk read as follows:

H.R. 5193

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "FHA Downpayment Simplification Extension Act of 2000".

#### SEC. 2. EXTENSION OF APPLICABILITY OF DOWNPAYMENT SIMPLIFICATION PROVISIONS.

Subparagraph (A) of section 203(b)(10) of the National Housing Act (12 U.S.C. 1709(b)(10)(A)) is amended by striking "executed for insurance in fiscal years 1998, 1999, and 2000" and inserting "closed on or before October 30, 2000".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE) each will control 20 minutes.

The Chair recognizes the gentleman from Iowa (Mr. LEACH).

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 5193, the FHA Downpayment Simplification Extension Act of 2000 would extend existing statutory provisions in the National Housing Act that provides for the manner and method of calculating downpayments by new homeowners closing on mortgage loans insured by the Federal Housing Administration.

This simplification is merely a technical change that rewrites and clarifies downpayment requirements that, over time, have been amended in such a manner that are now unclear and difficult to understand. A simplified or streamlined method would provide savings to homebuyers and a calculation

method uniformly understood by the mortgage industry and consumers.

This calculation method would reduce from a three-tiered approach to a two-tiered approach. Its effect would also decrease the amount of downpayments necessary. For example, this streamlined approach will save borrowers of a typical \$150,000 home loan approximately \$1,000 to \$2,000 at closing.

In the 105th Congress this body passed similar legislation. Originally, the legislation was extended through a demonstration project to Hawaii and Alaska. In last year's VA-HUD appropriations act, this body extended the legislation to the rest of the country.

The current legislation will expire September 30. This bill's extension through October 30 accomplishes two goals. First, the extension will allow this committee more time to complete its work and pass the comprehensive housing conference report on H.R. 1776, the American Homeownership and Economic Opportunity Act of 2000. H.R. 1776 overwhelmingly passed the House on April 6 by a 417 to 8 vote and includes permanent authorization to simplify the manner of FHA downpayment calculations.

Secondly, and more important, this extension will eliminate any confusion that now exists in the mortgage finance market for the next few weeks where some borrowers would face uncertain downpayments requirements at closing.

Let me close by stressing that the extension of a technical change to the law reflects sound policy and allows creditworthy families greater homeownership opportunities.

I would also like particularly to express my appreciation for the work of the gentleman from New York (Mr. LAZIO), the gentleman from California (Mr. KUYKENDALL), and the gentleman from New York (Mr. LAFALCE) for their leadership in this area.

Mr. Speaker, I am submitting for the RECORD a letter received in support of this legislation by the National Association of Home Builders.

NATIONAL ASSOCIATION OF HOME BUILDERS,

Washington, DC, September 18, 2000.

DEAR REPRESENTATIVE: On behalf of the 200,000 members of the National Association of Home Builders, I am writing to express our support for H.R. 5193, the "FHA Downpayment Simplification Extension Act," which is scheduled to come before the full House of Representatives tomorrow under suspension of the rules. The bill provides a fifteen-day extension of the Federal Housing Authority's (FHA) downpayment simplification. We very much appreciate your consideration of our views.

NAHB is very supportive of FHA's downpayment simplification process. It has been hugely successful in enabling more low-income households to purchase their first home. Given such successes, we support Congress' action to provide a short-term extension until a more appropriate venue—namely

through the authorization process—may be utilized and further, that at that time, the downpayment simplification be made permanent.

The simplification is a technical change that rewrites and clarifies downpayment requirements, that over time had been amended in such a manner that makes them unclear and difficult to understand. A simplified or streamlined method provides savings to the homebuyer and a calculation method uniformly understood by the mortgage industry and consumers. This calculation method is reduced from a three-tiered approach to a two-tiered approach. Its effect decreases the amount of downpayments necessary where the borrower is otherwise creditworthy.

Finally, as you may be aware, the issue of extending the FHA downpayment simplification is addressed in H.R. 1776, the "American Homeownership and Economic Opportunity Act," which passed in the U.S. House of Representatives on April 6, 2000 by an overwhelming and bipartisan vote of 417 to 8. Considering the strong support of this housing proposal within the House of Representatives, we continue to urge the Senate to consider H.R. 1776 and either bring it to the floor for a vote, or move to a formal conference with S. 1452, the Senate's manufactured housing legislation as soon as possible.

Thank you for the opportunity to express our views on this important housing issue. We appreciate your continued support for the home building industry and look forward to working with you during the remaining days of the 106th Congress, and into the 107th Congress, as we seek to provide safe, affordable housing for all Americans.

Sincerely,

WILLIAM P. KILLMER.

Mr. Speaker, I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume, and I rise in support of this bill.

Mr. Speaker, I strongly support this 30-day technical extension of the FHA downpayment simplification formula. The bill makes sure that in the event of a VA-HUD appropriations bill not being signed into law by October 1, that FHA borrowers and lenders may continue to use the current simplified downpayment formula in anticipation of a permanent biennial or annual extension of this formula.

This bill is the second development over the last few months which clearly illustrates the folly of the current approach of interim extensions of the FHA downpayment simplification formula. Two years ago, Congress applied this formula nationwide to all 50 States for a period of 2 years ending October 1 of this year. Yet just a few months ago, confusion set into the mortgage markets as many lenders were concerned about the technical language of the 2-year application; whether the effective cutoff date was the day a loan closed or the day that HUD insured it.

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We were in the ridiculous situation in which lenders all over the country might have had to revert to the old formula for a month or two, potentially