

Congressman Jim Jordan (R-OH), RSC Chairman
Congressman Randy Neugebauer (R-TX), FSWG Chairman

WEEKLY UPDATE
February 15, 2012

In This Newsletter:

- **Administration's Housing Proposal**
- **CFPB Oversight Hearing**
- **Financial Services Committee Action on Jobs Bills**

Administration's Housing Proposal

Earlier this month, the Obama Administration released details on its latest plan to kick-start the housing market. The plan calls for a new tax to be levied on large financial institutions, innocently called a "Financial Crisis Responsibility Fee," in order to fund its estimated \$5-\$10 billion cost. The purpose of this program is to allow "responsible" homeowners currently underwater on their mortgage to refinance at lower rates through the Federal Housing Administration (FHA), an agency that the Obama Administration recently warned could run out of money this year and thus require a taxpayer bailout. The Obama Administration has no precise estimate as to how many homeowners this program would help – they only claim that it would help "millions" of borrowers. At a staff briefing last week, administration officials admitted they have no legislative language to provide Congress, and no estimate as to how many of the roughly 11 million underwater borrowers could be helped by the program. Using history as a guide, this program will likely have the same outcome as previous ones implemented by the administration – high costs and almost no results. Rather than a genuine attempt at helping homeowners, this proposal appears to be intended to be used as an election year talking point.

CFPB Budget Oversight Hearing

The decision to fund the Consumer Financial Protection Bureau outside of the appropriations process has deprived Congress of a major tool for overseeing its operations. Under Dodd-Frank, the CFPB can draw over a half-a-billion dollars each year from the Federal Reserve's budget – money that would otherwise be paying down the national debt. Once the CFPB receives a transfer from the Fed, the agency can spend the funds however they see fit and with as much – or as little – transparency as they deem necessary. At a time when we are borrowing forty cents of every dollar, is this the level of accountability the American people deserve?

We have learned that in FY2011 the CFPB spent \$170 million and hired 400 people – without having drafted and implemented a "strategic plan" to guide its operations. Given the lack of a plan, it is not surprising that the agency blew past its original budget estimate by nearly \$30 million. The lack of checks and balances on the CFPB makes America poorer and creates an uncertain business environment.

Financial Services Committee Markup

Tomorrow the full Committee will markup four bills focusing on job creation, economic activity, and regulatory accountability. There is still time to cosponsor these important pieces of legislation:

- **H.R. 1838, the Swaps Bailout Prevention Act** (Hayworth)
- **H.R. 2308, the SEC Regulatory Accountability Act** (Garrett)
- **H.R. 3606, the Reopening American Capital Markets to Emerging Growth Companies Act** (Fincher)
- **H.R. 4014, the Proprietary Information Protection Act** (Huizenga)