

Speech for FY2019 FSGG Appropriations

Rep. Barr

4/25/18

Thank you Chairman Graves, Ranking Member Quigley, and other members of the subcommittee for the opportunity to testify today. There are two bills that I believe should be included in the 2019 FSGG appropriations package: the Taking Account of Bureaucrats Spending Act –known affectionately as the TABS Act - and the Preserving Access to Manufactured Housing Act.

As appropriators you know, one of the most important powers of Congress enumerated in the Constitution is the power of the purse, which is the most effective tool available to the Legislative Branch to hold the Executive Branch accountable.

Unfortunately, the Dodd-Frank Act exempts the Consumer Financial Protection Bureau (CFPB) from the appropriations process, instead allowing the CFPB to draw its funds directly from the Federal Reserve subject to an opaque and arbitrary formula. This arrangement means that the CFPB will draw about \$6.7 billion over the next ten years, without the approval of the Congress and without any oversight of how this money is spent. This deprives Congress of its most important oversight tool--the power of the purse, which, as Madison wrote in *Federalist Paper No. 58*: “may, in fact, be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people, for obtaining a redress of every grievance, and for carrying into effect every just and salutary measure.”

The Taking Account of Bureaucrats’ Spending (TABS) Act would put an end to these CFPB extravagances and bureaucratic overreach that come at the expense of our constituents by establishing, for the first time, Congress’s proper oversight of this federal agency. **Specifically, the bill amends Dodd-Frank to limit the authorization of the agency and subjects the CFPB to the annual appropriations process.** Congress and the American people deserve a say in how much taxpayer money the CFPB gets, how it spends it, and whether the CFPB is fulfilling congressional intent and warrants reauthorization. No more blank checks to the CFPB.

Now for the second bill...

Affordable housing is of critical importance to families across the nation, but today’s federal regulations are making access to manufactured housing more difficult to obtain. This is particularly concerning considering 45 percent of current manufactured home owners have an annual household income of less than \$30,000, 13 percent of manufactured homes owners are retirees, and 15 percent of owners are unable to work or are disabled. To these people and others, manufactured homes offer value at a price that can’t be beat. The fact that our government has regulations in place that stifle their ability to purchase a manufactured home is appalling.

Earlier this year a hospital worker in Paducah, KY applied for a loan of \$38,500 to finance a manufactured home. He had an 8 percent down payment. His monthly income was \$2,200 per month - plenty to cover the all-in housing costs of \$670 per month. The payment for his own home would have

been less than what he was spending on rent. But he was unable to get financing. He contacted his local banks and credit unions but they do not finance manufactured homes.

Why are the lenders not lending?

First, the Consumer Financial Protection Bureau's definition of "high-cost" loan failed to account for the fact that fixed cost associated with purchasing a house do not change relative to the cost of the housing. In other words, points and fees on a \$70,000 manufactured home will likely be very similar to the points and fees on a \$400,000 home. Nonetheless, the current definition discriminates against manufactured homes and the banks, credit unions, and other lenders are following the rules set forth by the CFPB.

Second, the Government's definition of "loan originator" is limiting the ability of manufactured housing retailers to help potential buyers find the financing they need. Thus, because potential borrowers are getting less help in finding potential lenders, fewer manufactured homes are being purchased.

However, H.R. 1699, the Preserving Access to Manufactured Housing Act, will fix these problems and make it easier for Americans to afford a manufactured home for themselves and their families.

This legislation amends the definition of "high-cost" loans to more easily accommodate manufactured home purchases of up to \$75,000 and creates a new "rate trigger" on points and fees for such loans. Additionally, this legislation excludes any retailer of manufactured homes from the definition of "loan originator" as long as they receive no compensation for helping a buyer secure financing for the purchase of manufactured home.

Inclusion of this bill in the FSGG 2019 appropriations package would end the practice of The Federal Government "protecting" people right out of home ownership, instead more Americans will have access to affordable manufactured housing again. I believe greater access to affordable housing is something that democrats and republicans can agree on.

Again, thank you for the opportunity to speak today and I am free to answer questions about either proposal.