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House Responds to Subprime Mortgage Crisis

The House approved legislation to allow the Federal Housing Administration to insure more home loans and address problems in the subprime mortgage market.

The Expanding American Homeownership Act of 2007, H.R. 1852, passed with strong bipartisan support by a 348 to 72 vote. The bill would enable FHA to serve more subprime borrowers at affordable rates and terms, attract borrowers forced to turn to predatory lenders in recent years and offer refinancing to homeowners struggling to meet their mortgage payments in the midst of the current turbulent mortgage markets.

The bill is vital to restoring the FHA's capacity to support affordable mortgage financing and to allow the agency to address problems in the subprime mortgage market. FHA's programs have been unable to keep pace with conventional mortgage loan programs. This represents an opportunity to modernize the FHA, help stabilize the mortgage markets and offer borrowers a safe and fair mortgage alternative.

Specifically, the legislation authorizes zero- and low- down payment loans to help borrowers who can afford mortgage payments, but not the down payment. It also increase FHA's loan limits to ensure that middle class families have access to affordable housing. The bill also directs FHA to serve higher risk borrowers who would otherwise be forced to turn to predatory and high priced mortgage loan alternatives, and authorizes HUD to set risk-based fees for these higher risk borrowers.

Other key aspects of the bill include:

Extends FHA-backed loans for homeowners struggling with mortgage payments – Manager's Amendment

Directs HUD to offer refinancing loans to help borrowers currently in default or at imminent risk of being in default. Allows FHA to offer zero and lower down payment loans in refinancing home loans.

Increases affordable housing, building on the progress we are already making Affordable Housing Fund. Authorizes up to \$300 million a year for affordable housing from revolving income from FHA loan expansion.

More affordable rental housing. Boosts FHA multifamily loan limits in high cost areas to ensure that loans can cover the cost of construction.

House Panel Investigates Toy Safety

The House Energy and Commerce's Subcommittee on Commerce, Trade and Consumer Protection this week held hearings focused on the millions of toys recalled because of unsafe levels of lead.

Testimony was heard from several toy companies, including the biggest offender Mattel Inc. Mattel CEO Robert Eckert apologized to parents for his company's failures and pledged to fix the problems. Over the past month, 13.2 million toys have been recalled, including 1.5 million produced by Mattel.

Eckert said that Mattel has fired several manufacturers and is beginning to inspect toys before, during and after paint applications. He also said he plans to visit China soon to check on the inspections.



Consumer Product Safety Commission (CPSC) officials testified that its tests found lead levels in paint in recalled toys as high as 200 times the accepted safety ceiling — 110,000 parts per million versus 600. CPSC is the agency responsible for protecting consumers from faulty products.



CPSC officials said that Congress should increase its budget and power in the wake of huge recalls of lead-contaminated toys. The CPSC was founded in 1973 with a staff of about 800. It now employs about half that number. The agency just employed 15 people employed to visit ports of entry to inspect the more than 15,000 product types under its jurisdiction.

Members of the House panel expressed outrage with the tainted products and there was bipartisan support for ensuring that CPSC has the resources and authority to prevent potentially harmful products getting into the hands of children.

As a member of the subcommittee I made the following opening statement:

Thank you Chairman Rush and Ranking Member Stearns for holding this important hearing today on protecting children and consumers from lead-tainted imports. The prevalence of lead-tainted products has been a serious problem in the United States for many years and this issue has not received the attention it clearly deserves. I commend this Subcommittee's strong commitment to protecting this nation's most vulnerable population — our children.

Research reveals that contact with lead-tainted products can seriously impact the health of children. Repeated exposure to lead is cumulative and detrimental to the blood system; regular contact can cause reduced IQ, learning disabilities, attention deficit disorders, behavioral problems, stunted growth, impaired hearing, and kidney damage. Further, at high levels of exposure, a child may become mentally retarded, fall into a coma, and may eventually die.

Children can come into contact with lead through varied sources, one being toys.

Over 80 percent of all toys sold in the United States are manufactured in China. Major toy manufacturers rely on their relationships with contractors in countries abroad to ensure the product being manufactured meets U.S. specifications. Sometimes the highest quality components do not go into these products manufactured overseas and the safety of children is compromised.

In an effort to combat the potential safety issues that arise from contractors with little oversight, the Toy Industry Association has proposed new testing requirements which require all toys manufactured for sale in the United

States to be tested to U.S. standards, and also standardizes procedures to be used industry-wide to verify product compliance with U.S. safety standards.

This is a good first step in ensuring that products used by our children are safe.

Our constituents demand we do our part to oversee these industries with the help of the Consumer Product Safety Commission. The CPSC, who is charged with protecting the public from unreasonable risks of serious injury or death from more than 15,000 types of consumer products under its jurisdiction, is experiencing strained resources and significant backlogs.

I support an increase in funding for the CPSC, but also believe the agency needs a strategic plan in place to ensure consumers continue to be protected. I am particularly looking forward to the testimony of Commissioner Thomas Moore who shares my deep concern for the need to reinvigorate and better fund Consumer Product Safety Commission.

On that note, I would like to welcome the witnesses today and commend them on their dedication to this issue. I look forward to their testimony and working with my colleagues and stakeholders on this and other product safety issues.

This is an important dialogue that must continue. Our children are our future. They must be protected.

Thank you and I yield back the balance of my time.

Terrorism Risk Insurance Act

With strong bipartisan support, the House voted to reauthorize the Terrorism Risk Insurance Revision and Extension Act (TRIA) for 15 years.

TRIA provides a federal backstop to the insurance industry by providing compensation for a portion of insured losses resulting from acts certified by the government as acts of terrorism.

In 2002, the TRIA program was enacted in an attempt to stabilize the economy disrupted by the events of 9/11, spur commercial development and to prevent an industry-wide catastrophe in the event of another terrorist attack.

The bill extends TRIA to cover both foreign and domestic terrorism. Currently, the law only covers foreign terrorism. It also adds group life insurance to the types of insurance for which terrorism insurance coverage must be made available by insurers. The bill sets the "trigger" level – the size of an attack at which the federal government would provide aid to insurers – at \$50 million.

The legislation strikes a critical balance between the responsibilities of private insurers and the federal government in the event of a catastrophic terrorist attack on our nation.

Drug Safety Legislation Approved

The House approved sweeping safety and regulatory changes to the Federal Drug Administration that would bring life-saving drugs to the market more quickly and provide greater oversight of approved prescription drugs.

There has been growing concern in recent years that, once a drug receives FDA approval and is on the market, its safety is not being monitored. A recent example was Vioxx, which was a popular arthritis drug in the early years of this decade. Tens of thousands of patients reported adverse effects of Vioxx, including fatal heart attacks. Ultimately, after growing concern, Vioxx was withdrawn from the market in 2004.

Until now, the FDA has focused on studying the safety of prescription drugs prior to being approved for marketing. This bill establishes a new program within the FDA to monitor the safety of drugs after they have been approved and marketed. Under these drug safety provisions, drugs on the market would be subject to new FDA surveillance and safety requirements.

In an effort to promote drug safety, the bill also increases the fines for violating FDA safety standards. Under the bill, prescription drug and medical device companies would be subject to a fine up to \$250,000 per violation of FDA safety regulations, and a fine up to \$1 million for several violations adjudicated in a single proceeding. The bill also includes hefty fines for false or misleading prescription drug advertisements.

Air Travel Improvements Approved by House

The House overwhelmingly approved legislation that requires airlines and airports to craft plans to provide passengers stranded by long delays with food, water and other basic amenities. The legislation also requires that plans are devised to allow passengers to deplane following excessive delays and makes clear that the Transportation Department can levy civil penalties against a carrier or airport that fails to follow contingency arrangements.



The FAA Reauthorization Act, H.R. 2881, would finance the Federal Aviation Administration (FAA) operations and invest in airport improvements and modernizations over the next four years. The bill passed by a 267- 151 vote.

The bill aims at reducing delays and sets a standard that ensures that air passengers will be treated appropriately when delays occur. The Senate is working on similar legislation as the current FAA act heads for expiration at the end of this month.

The first half of 2007 was the worst in history for airline delays: through July more than one-quarter of flights were delayed, and over 6% of flights arrived more than an hour late. Providing a standard was vitally important because airline traffic is expected to explode, with a tripling of passengers, operations, and cargo by 2025.



This bill also seeks to reduce delays by investing in airport infrastructure across the country. The bill includes funds for constructing new runways and for extending existing runways. Aviation experts say this is the most effective way to increase the ease of passengers, cargos and plans getting through airports and getting to their destination.

Other key provisions include:

- Increases the retirement age for pilots from 60 to 65
- Tightens security at overseas repair stations
- Increases the number of aviation safety and runway inspectors