□ 1403

So the Journal was approved.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. SCALISE. Mr. Speaker, I was unavoidably detained. Had I been present, I would have voted ''yea'' on rollcall No. 611 and ''yea'' on rollcall No. 612.

GOLD STAR FAMILY SUPPORT AND INSTALLATION ACCESS ACT OF 2017

Mr. BACON. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services be discharged from further consideration of the bill (H.R. 3897) to amend title 10, United States Code, to provide for the issuance of the Gold Star Installation Access Card to the surviving spouse, dependent children, and other next of kin of a member of the Armed Forces who dies while serving on certain active or reserve duty, to ensure that a remarried surviving spouse with dependent children of the deceased member remains eligible for installation benefits to which the surviving spouse was previously eligible, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. MOOLENAAR). Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The text of the bill is as follows:

H.R. 3897

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 ''Gold Star Family Support and Installation Access Act of 2017''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Since World War I, the gold star symbol has been used by American families to honor members of the Armed Forces who have given their lives in service to the Nation.

(2) Surviving families of deceased members of the Armed Forces confront many challenges, often made worse by policies that fail to compassionately honor the memory of their loved one's service and sacrifice to the Nation.

(3) There is an obligation to ensure that the Gold Star family connections to the military community remain an eternal bond providing strength and comfort to surviving family members and to those still serving.

(4) Individual military services have recognized the need to provide installation access to Gold Star families to attend memorial events, visit gravesites, and access other benefits for which family members are eligible and entitled.

(5) Surviving families of deceased members of the Armed Forces relocate to other parts of the country, often far away from the service installation where their loved one last served.

(6) Current Department of Defense policy rescinds on-base benefits to surviving spouses of deceased service members who remarry, even when dependent children under the guardianship of the surviving spouse remain eligible for benefits, effectively rendering these benefits inaccessible by the children of the deceased member.

SEC. 3. ISSUANCE OF GOLD STAR INSTALLATION ACCESS CARDS.

(a) ISSUANCE AND CONDITIONS ON USE.—

(1) IN GENERAL.—Chapter 57 of title 10, United States Code, is amended by inserting after section 1126 the following new section:

''§ 1126a. Gold Star Installation Access Card: issuance and protections

''(a) ISSUANCE TO GOLD STAR SURVIVING SPOUSE AND DEPENDENT CHILDREN OF DECEASED MEMBER REQUIRED.—The Secretary concerned shall provide for the issuance of a standardized Gold Star Installation Access Card to the widow and dependent children of a deceased member of the armed forces described in section 1126(a) of this title to facilitate their ability to gain unescorted access to military installations for the purpose of attending memorial events, visiting gravesites, and obtaining the on-installation services and benefits to which they are entitled or eligible.

''(b) ISSUANCE TO OTHER NEXT OF KIN AUTHORIZED.—At the discretion of the Secretary concerned, the Secretary concerned may provide the Gold Star Installation Access Card to the parents and other next of kin of a deceased member of the armed forces described in section 1126(a) of this title.

''(c) SERVICE-WIDE ACCEPTANCE OF ACCESS CARD.—The Secretaries concerned shall work together to ensure that a Gold Star Installation Access Card issued by one armed force is accepted for access to military installations under the jurisdiction of another armed force.

''(d) PROTECTION OF INSTALLATION SECURITY.—In developing, issuing, and accepting the Gold Star Installation Access Card, the Secretary concerned may take such measures as the Secretary concerned considers necessary—

''(1) to prevent fraud in the procurement or use of the Gold Star Installation Access Card;

''(2) to limit installation access to those areas of the installation that provide the services and benefits for which the recipient of the Gold Star Installation Access Card is entitled or eligible; and

''(3) to ensure that the availability and use of the Gold Star Installation Access Card does not adversely affect military installation security.

''(e) TERMINATION.—The Gold Star Installation Access Card for the widow and dependent children of a deceased member of the armed forces shall remain valid for the life of the widow or child, regardless of subsequent marital status of the widow, subject to periodic renewal as determined by the Secretary concerned to ensure military installation security.''.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 57 of title 10, United States Code, is amended by inserting after the item relating to section 1126 the following new item:

''1126a. Gold Star Installation Access Card: issuance and protections.''.

(b) APPLICABILITY OF CURRENT DEFINITIONS.—Section 1126(d) of title 10, United States Code is amended by striking the matter preceding paragraph (1) and inserting the following: ''In this section and section 1126a of this title:''.

SEC. 4. EXTENSION OF COMMISSARY AND EXCHANGE BENEFITS FOR REMARRIED SPOUSES WITH DEPENDENT CHILDREN.

(a) BENEFITS.—Section 1062 of title 10, United States Code, is amended—

(1) by striking ''The Secretary of Defense'' and inserting the following:

''(a) CERTAIN UNREMARRIED FORMER SPOUSES.—The Secretary of Defense''; and

(2) by adding at the end the following new subsection:

''(b) CERTAIN REMARRIED SURVIVING SPOUSES.—The Secretary of Defense shall prescribe such regulations as may be necessary to provide that a surviving spouse of a deceased member of the armed forces, regardless of the marital status of the surviving spouse, who has guardianship of dependent children of the deceased member is entitled to use commissary stores and MWR retail facilities to the same extent and on the same basis as the unremarried surviving spouse of a member of the uniformed services.''.

(b) CONFORMING AMENDMENTS.—Section 1062 of title 10, United States Code, is further amended—

(1) by striking ''commissary and exchange privileges'' and inserting ''use commissary stores and MWR retail facilities''; and

(2) by adding at the end the following new subsection:

''(c) MWR RETAIL FACILITIES.—The term 'MWR retail facilities' has the meaning given that term in section 1063(e) of this title.''.

(c) CLERICAL AMENDMENTS.—

(1) SECTION HEADING.—The heading of section 1062 of title 10, United States Code, is amended to read as follows:

''§ 1062. Certain former spouses and surviving spouses''.

(2) TABLE OF SECTIONS.—The table of sections at the beginning of chapter 54 of title 10, United States Code, is amended by striking the item relating to section 1062 and inserting the following new item:

''1062. Certain former spouses and surviving spouses.''.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or votes objected to under clause 6 of rule XX.

The House will resume proceedings on postponed questions at a later time.

RISK-BASED CREDIT EXAMINATION ACT

Mr. HUIZENGA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3911) to amend the Securities Exchange Act of 1934 with respect to risk-based examinations of Nationally Recognized Statistical Rating Organizations.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3911

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 ''Risk-Based Credit Examination Act''.

SEC. 2. RISK-BASED EXAMINATIONS OF NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS.

Section 15E(p)(3)(B) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–7(p)(3)(B)) is amended in the matter preceding clause (i), by inserting '', as appropriate,'' after ''Each examination under subparagraph (A) shall include''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Michigan (Mr. HUIZENGA) and the gentleman from Michigan (Mr. KILDEE) each will control 20 minutes.

The Chair recognizes the gentleman from Michigan (Mr. HUIZENGA).

GENERAL LEAVE

Mr. HUIZENGA. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and to include extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

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

Mr. Speaker, nationally recognized statistical rating organizations—or NRSROs, as they are known—have been heavily criticized for the role that they played in facilitating the financial crisis.

In the years leading up to the crisis, the government adopted a series of policies that had the effect of conferring a ''Good Housekeeping'' seal of approval on the rating agencies and on their products, including designating certain agencies as nationally recognized—a label that they had put on—and hardwiring references to their ratings into numerous Federal statutes and regulations.

These regulatory privileges and the perception that the government had placed its blessing on the rating agencies' assessments led to a sense of complacency among investors and a failure of private sector due diligence that contributed to mispriced risk and a collapse of market confidence when ratings of certain asset-backed securities were called into question during the credit meltdown of 2007 and 2008.

Mr. Speaker, as a result, the Dodd-Frank Act mandated myriad regulatory requirements on these NRSROs that were aimed at enhancing their disclosure and transparency. While some of these provisions may have been constructive, several created new barriers to entry and further entrenched a type of rating agency oligopoly that has not served investors or the economy well.

The Dodd-Frank Act follows a ''registration, not regulation'' approach. While it does not require the SEC—the Securities and Exchange Commission—to regulate or evaluate the rating agencies' methodologies or models, it does seek to ensure that ratings are based on an objective application of the methodologies and that commercial considerations do not influence ratings decisions.

Specifically, section 932, creates the Office of Credit Ratings at the Securities and Exchange Commission, which imposes more stringent conflict-of-interest regulations on credit rating agencies and gives the compliance officers at these rating agencies additional responsibilities, including filing annual reports with the SEC.

While credit agencies must be held accountable, these increased reporting requirements have given the burden to small credit rating agencies and have hurt investors who bear the true cost of these rules. That one-size-fits-all annual reporting requirements imposed by Dodd-Frank on all NRSROs placed unnecessary burdens and compliance costs on small NRSROs, who in no way were a cause of the financial crisis.

As a result of the annual reporting requirements, large NRSROs that can absorb these compliance costs have gotten bigger; and smaller NRSROs, for whom these compliance costs really impose a disproportionate burden, they have been prevented from entering the marketplace and providing necessary competition.

On May 15, 2013, former Securities and Exchange Commission Chair Mary Jo White wrote a letter on behalf of a unanimous commission to Chairman HENSARLING of the Financial Services Committee to request the provisions of H.R. 3911 as a legislative proposal. She said: ''Rather than focusing every year on each of the designated eight review areas, allowing a risk-based approach would permit the SEC staff to tailor examinations. . . . As a result, staff could focus limited resources on these specific risks rather than reviewing the designated eight areas, some of which may not present a risk for a particular firm. . . . ''

Consistent with former Chair White's request, H.R. 3911, statutorily changes the annual reporting requirements so that they are risk-based, instead of requiring the burdensome review of all eight review areas currently mandated.

This approach is a commonsense balance that still ensures large NRSROs are regulated while smaller NRSROs are provided necessary relief to enter and thrive in the marketplace.

The legislation unanimously passed the Financial Services Committee last month, and I was pleased to be a part of that.

At this time I would like to commend the bipartisan work of Representatives WAGNER and FOSTER on this important bill. I encourage all of my colleagues to vote in favor of H.R. 3911.

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

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

Mr. Speaker, I think the House should note that the Speaker and the two gentlemen controlling the time are from the greatest State, the great State of Michigan, so I think we are in good hands.

□ 1415

Mr. Speaker, I rise today in support of H.R. 3911, which is offered, as my colleague has said, in a bipartisan fashion by Representatives WAGNER and FOSTER.

This legislation would allow the Securities and Exchange Commission to focus on the most high-risk areas when conducting annual examinations of certain credit rating agencies known as nationally recognized statistical rating organizations.

Credit rating agencies did, in fact, play a central role in the subprime mortgage meltdowns by routinely assigning inflated credit ratings to high-risk structured mortgage products. These ratings, which were issued by agencies operating under conflicts of interests, allowed banks to assume unreasonable amounts of risk and resulted in the loss of trillions of dollars when the mortgages underlying those risky investments began to default.

In the wake of the ensuing financial crisis, the Dodd-Frank Act strengthened oversight of credit rating agencies, including by directing the SEC to create an Office of Credit Ratings responsible for conducting annual examinations of the rating organizations.

Currently, each rating organization examination must include a review of eight topic areas designed to assess the adequacy of each agency's internal controls, conflicts of interests, and rating methodologies, among other areas.

This legislation, H.R. 3911, is responsive to former SEC Chair Mary Jo White's 2013 request to the Financial Services Committee for legislation that would allow the SEC staff to take a risk-based approach to annual rating organization examinations. Such an approach would allow the SEC to focus valuable resources on the areas where problematic conduct is most likely to exist.

H.R. 3911 is designed to strengthen regulatory efforts rather than provide a basis for reduced accountability. So I do urge the SEC to use the discretion afforded under H.R. 3911 in order to focus on areas that present the greatest risk of misconduct.

It is vital that our ratings organizations are accountable, and I believe this bill is an important step to ensure that the inflated ratings that led up to the financial crisis are not repeated.

Mr. Speaker, I support H.R. 3911. I thank Representatives FOSTER and WAGNER for their bipartisan work on this bill, and I reserve the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Missouri (Mrs. WAGNER), who is the author of this bill and chair of the Financial Services Oversight and Investigations Subcommittee and, as I had said, sponsor of this legislation.

Mrs. WAGNER. Mr. Speaker, I thank the chairman of the Capital Markets, Securities, and Investments Subcommittee, my friend and colleague, Mr. HUIZENGA, for his support.

Mr. Speaker, first, I also wish to thank the ranking member and Congressman FOSTER for his support of this issue both in the 114th Congress and the 115th Congress.

H.R. 3911, the Risk-Based Credit Examination Act, makes the criteria required in annual reporting by nationally recognized statistical rating organizations, or NRSROs, just that: risk based.

In 2008, the financial crisis taught us many lessons. It also highlighted how NRSROs regularly gave high ratings to mortgage-backed securities. As we now know, these mortgage-backed securities led to one of the largest financial collapses, which some economists have put on par with the Great Depression of the 1930s.

In 2010, with the passage of Dodd-Frank and in an attempt to prevent previous mistakes, these organizations were hit with new requirements aimed at enhancing their disclosures and transparency. Unfortunately, the one-size-fits-all annual reporting requirements mandated under section 932 of Dodd-Frank placed unnecessary burdens and compliance costs on small NRSROs that were in no way the cause of the financial crisis.

Contrary to what some might believe, more regulation doesn't solve everything; in fact, it doesn't solve most things.

After the Office of Credit Ratings was created in 2012 and the new requirements were put into place, smaller NRSROs found it difficult to enter the marketplace. Ironically, the large credit rating agencies—which, again, had a hand in the financial crisis—are getting bigger, driving out small credit rating agencies and making it clear that these new regulatory requirements missed their intended mark and placed unnecessary requirements on smaller NRSROs.

Mr. Speaker, a move to a risk-based model will alleviate the burden on small NRSROs and provide competition while continuing to maintain oversight and transparency over the industry. The marketplace needs this fix. As the chairman noted in a 2013 letter, SEC Chairman Mary Jo White concurred with these conclusions.

Let's be clear. This bill does not eliminate reporting requirements for credit rating agencies; instead, it simply makes the criteria required in annual reports risk based. Credit rating agencies will still be held accountable, while allowing real competition in the market.

Mr. Speaker, I urge my colleagues to support this legislation that is both bipartisan and commonsense, something we don't often see in Washington, D.C.

Mr. KILDEE. Mr. Speaker, in closing, I would just reiterate two things. One, I think here is an opportunity for us to demonstrate that there are times when we come together to deal with specific problems in a bipartisan fashion. We ought to encourage it, and I am pleased to be a part of it.

Again, I would like to reiterate the point that this legislation is not intended to weaken oversight; in fact, it is intended to focus oversight on those areas of greatest risk. It is my hope and my sincere belief that that is the approach that the SEC will take upon passage and enactment of this legislation. It is a step in the right direction, and I urge my colleagues to support this legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I would like to echo the words of my colleague from Michigan: a bipartisan, unanimous bill coming out of the Financial Services Committee deserves the support of this House. We are very pleased that we have been able to strike this accommodation, this balance, between making sure that those rating agencies that truly did have a hand in causing our economic downturn are separated from those smaller institutions that really had nothing to do with that.

Now, with this overregulation that has occurred due to Dodd-Frank, I have really been put at a disadvantage and, ironically, have lowered competition in this space. So we believe that we are restoring some commonsense provisions back into the law. With that, I would like to encourage all of my colleagues to vote for H.R. 3911.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan (Mr. HUIZENGA) that the House suspend the rules and pass the bill, H.R. 3911.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. HUIZENGA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

CLARIFYING COMMERCIAL REAL ESTATE LOANS

Mr. HUIZENGA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2148) to amend the Federal Deposit Insurance Act to clarify capital requirements for certain acquisition, development, or construction loans, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2148

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 ''Clarifying Commercial Real Estate Loans''.

SEC. 2. CAPITAL REQUIREMENTS FOR CERTAIN ACQUISITION, DEVELOPMENT, OR CONSTRUCTION LOANS.

The Federal Deposit Insurance Act is amended by adding at the end the following new section:

''SEC. 51. CAPITAL REQUIREMENTS FOR CERTAIN ACQUISITION, DEVELOPMENT, OR CONSTRUCTION LOANS.

''(a) IN GENERAL.—The appropriate Federal banking agencies may only subject a depository institution to higher capital standards with respect to a high volatility commercial real estate (HVCRE) exposure (as such term is defined under section 324.2 of title 12, Code of Federal Regulations, as of October 11, 2017, or if a successor regulation is in effect as of the date of the enactment of this section, such term or any successor term contained in such successor regulation) if such exposure is an HVCRE ADC loan.

''(b) HVCRE ADC LOAN DEFINED.—For purposes of this section and with respect to a depository institution, the term 'HVCRE ADC loan'—

''(1) means a credit facility secured by land or improved real property that, prior to being reclassified by the depository institution as a Non-HVCRE ADC loan pursuant to subsection (d)—

''(A) primarily finances, has financed, or refinances the acquisition, development, or construction of real property;

''(B) has the purpose of providing financing to acquire, develop, or improve such real property into income-producing real property; and

''(C) is dependent upon future income or sales proceeds from, or refinancing of, such real property for the repayment of such credit facility;

''(2) does not include a credit facility financing—

''(A) the acquisition, development, or construction of properties that are—

''(i) one- to four-family residential properties;

''(ii) real property that would qualify as an investment in community development; or

''(iii) agricultural land;

''(B) the acquisition or refinance of existing income-producing real property secured by a mortgage on such property, if the cash flow being generated by the real property is sufficient to support the debt service and expenses of the real property, as determined by the depository institution, in accordance with the institution's applicable loan underwriting criteria for permanent financings;

''(C) improvements to existing income-producing improved real property secured by a mortgage on such property, if the cash flow being generated by the real property is sufficient to support the debt service and expenses of the real property, as determined by the depository institution, in accordance with the institution's applicable loan underwriting criteria for permanent financings; or

''(D) commercial real property projects in which—

''(i) the loan-to-value ratio is less than or equal to the applicable maximum supervisory loan-to-value ratio as determined by the appropriate Federal banking agency; and

''(ii) the borrower has contributed capital of at least 15 percent of the real property's appraised, 'as completed' value to the project in the form of—

''(I) cash;

''(II) unencumbered readily marketable assets;

''(III) paid development expenses out-of-pocket; or

''(IV) contributed real property or improvements; and

''(iii) the borrower contributed the minimum amount of capital described under clause (ii) before the depository institution advances funds under the credit facility, and such minimum amount of capital contributed by the borrower is contractually required to remain in the project until the credit facility has been reclassified by the depository institution as a Non-HVCRE ADC loan under subsection (d);

''(3) does not include any loan made prior to January 1, 2015; and