THREE'S COMPANY:

WALL STREET, CAPITOL HILL, AND K STREET[†]

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Abstract

Does the financial industry expend money and influence to shape financial regulation and make its own rules? This paper explores the political economy factors underlying the alleged failure of financial regulation to prevent the financial crisis of 2007-08. We construct a detailed dataset that documents the politically targeted activities of the financial sector from 1999 to 2006, which includes the bills targeted, votes by politicians in favor/against the bills, lobbying expenditures and campaign contributions by firms that lobbied for these bills, and measures of network connections of lobbyists and firm executives with politicians.

We find that the probability of a bill advocating regulations and rules less favorable to the financial industry being passed was lower than that of a bill promoting deregulation. Furthermore, lobbying expenditures by the financial industry were directly associated with how politicians voted on the key bills that preceded the crisis. Finally, whether a lobbyist worked for a politician and whether a politician worked in the financial industry in the past influence the vote in favor of lax regulation. These results give support to the notion that political influence of the financial elite has influence in shaping the regulatory landscape.

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I. INTRODUCTION

At the end of 2007, as markets continued to grapple with the worst financial crisis in the post-WWII era and a severe recession seized the economy, the Wall Street Journal reported that Ameriquest Mortgage and Countrywide Financial, two of the largest mortgage lenders in the nation, spent millions of dollars in political donations, campaign contributions, and lobbying activities from 2002 through 2006.[1] The sought outcome, according to the article, was the defeat of anti-predatory lending legislation in Georgia and New Jersey and fending off of similar laws in other states and at the federal level. In other words, timely regulatory response that could have mitigated reckless lending practices and the consequent rise in delinquencies and foreclosures was allegedly shot down by the financial industry. The Financial Times recounted a similar story on its front page coverage of the Center for Public Integrity study linking subprime originators, a large portion of which are now bankrupt, to lobbying efforts to prevent tighter regulation of the mortgage market.[2] In fact, banks continued to lobby intensively against tighter regulation and financial regulatory reform even as the industry struggled financially and suffered from negative publicity regarding its role in the economic crisis.[3]

Such anecdotal evidence has supported assertions that regulatory failure, driven by the political influence of the financial industry, contributed to the 2007 mortgage crisis, which, in

[1] Simpson, Glenn, 2007, "Lender Lobbying Blitz Abetted Mortgage Mess," The Wall Street Journal, December 31; available at http://online.wsj.com/public/article_print/SB119906606162358773.html.

[2] "US banks spent $370 million to fight rules", May 06, 2009, available at: http://www.ft.com/cms/s/0/a299a06e-3a9f-11de-8a2d-00144feabdc0.html?nclick_check=1.

[3] Labaton, Stephen, 2009, "Ailing, Banks Still Field Strong Lobby at Capitol," The New York Times, June 04; available at http://www.nytimes.com/2009/06/05/business/economy/05bankrupt.html?_r=2&th&emc=th

the fall of 2008, generalized in the worst bout of financial instability since the Great Depression. However, formal analysis of the political economy causes of the alleged regulatory failure has so far remained scant.[4]

The role of regulations and other government activity in financial crises is not an issue that is new to the recent episode. From a theoretical point of view, government actions to regulate the financial sector are well-justified due to market failures that may stem from moral hazard, asymmetric information, and systemic risk (see, for instance, Goodhart et al., 1998, and references therein). Yet, in practice, these actions have been argued to be linked to financial instability episodes themselves because political economy factors may interfere with the process through which specific regulations are designed and implemented (Johnson, 2009; Calomiris, 2009). In other words, private agents may alter the course of government action and manipulate the policymakers to obtain rents and tailor the financial regulatory landscape to fit their own needs. Studying these insights within a formal framework in a broad sample of financial crisis episodes, however, is often constrained by availability of detailed information. The recent global financial crisis presents a good opportunity to get a closer look into the issue because such detailed information can be obtained for the United States, the epicenter of the crisis this time.

[4] Igan, Mishra, and Tressel (forthcoming) look at the association between lobbying activities and risk taking by financial institutions in the run-up to the crisis. They show that lobbying lenders tended to engage more in risky lending practices between 2000 and 2006 and suffered from worse outcomes during the crisis. This paper looks directly to the effect of lobbying and campaign contributions on the voting outcomes and implementation of financial regulation. Mian, Sufi, and Trebbi (forthcoming) focus on the congressional voting behavior on two key pieces of legislation that shaped the regulatory response *after* the crisis and Mian, Sufi, and Trebbi (2010) focus on six bills *before* the crisis.

We use a comprehensive dataset on the politically targeted activities of financial companies to explore the political economy factors that may have prevented the regulatory attempts to contain the risks during 2000-06. Specifically, we ask the following question: did campaign contributions and lobbying expenditures by the finance, insurance and real estate industry (FIRE) have a direct impact on the voting behavior of politicians, and hence, the passage of bills on financial regulation? In other words, did the politically-targeted activities of FIRE help them obtain the desired outcome on the proposed bills and, hence, bring about the alleged regulatory failure? In addition, did politicians' connections with Wall Street and K Street alter their voting behavior?

We gather (i) firm-level data on the lobbying expenditures, targeted toward specific bills and particular government entities (e.g. House, Senate, Department of Housing and Urban Development, etc.) (ii) firm-level data on campaign contributions targeted to particular politicians[5], (iii) detailed information on 51 bills related to financial regulation, including whether they were passed by the House, the Senate, or both, whether they were enacted into law, whether the targeted politicians voted in favor or against. In addition, we collect information on professional backgrounds of politicians and lobbyists, in an effort to pin down their network connections established through employment histories, schools attended, etc.

Empirically, the strategy is to exploit variation in politically-targeted activities by FIRE at the bill level and the variation in the voting behavior at the politician level. First, we examine whether the probability that a bill is ultimately signed into law depends on how favorable or

[5] Data work on campaign contributions is ongoing.

unfavorable it is to the financial industry. Next, we explore whether the vote of an individual politician on a particular bill is linked to the lobbying expenditures by firms affected by the bill and to the network connections s/he shares with the lobbyists and the financial industry.

During 2000-06, a bill advocating regulations and rules less favorable to the financial industry was three times less likely to be enacted than a bill promoting deregulation. Three main findings emerge from our econometric analysis. First, lobbying expenditures by the affected financial firms were significantly associated with how politicians voted on the key bills that preceded the crisis: more intense lobbying on a bill was linked to better odds that a politician would vote in favor of deregulation. Moreover, lobbying is more effective in moving votes towards deregulation if the politician is connected to the financial industry and if the politician is more conservative. Second, network connections between politicians and lobbyists who worked on a specific bill also have an influence on the voting patterns: whether a lobbyist worked for a politician in the past sways the vote on that bill in favor of lax regulation. Third, interestingly, a politician's connections to K Street reduce the strength of the link between lobbying and the likelihood of a vote in favor of deregulation. That is, spending an extra dollar on lobbying is less effective if the lobbyist is already connected to the politician.

Our paper contributes to an emerging body of work on the political economy of the recent financial crisis. To the best of our knowledge, it is the first to provide evidence that voting on key bills on financial regulation was not only influenced by the politically-targeted activities of the financial industry but also by the network connections among financial institutions, politicians, and lobbyists. By documenting the direct influence of politically-targeted activities on voting patterns, this study fills the missing link in Igan, Mishra, and Tressel (forthcoming).

Mian, Sufi, and Trebbi (2010) also analyze voting patterns prior to the crisis but our analysis differs from theirs in three important aspects. First, we address a broader question: rather than limiting the analysis to six bills on mortgage market alone, we look at regulations with far-reaching consequences for risk-taking in the financial system. Second, we establish a direct link between firms more likely to be affected by such legislation (revealed by their active lobbying agenda on specific bills) and the politicians instead of using the aggregate contributions by the financial industry. Hence, our measure of politically-targeted expenditures is a more precise measure of special interests. Third, we bring in a dimension not explored in their study, namely, the network connections between the politicians, lobbyists, and the financial industry. In a recent study, Blanes- Vidal, Draca, and Fons-Rosen (2010) show that lobbyists who have worked for politicians in the past generate more revenue, presumably because they are more influential in securing the desired outcome for their clients. Our results support their finding by showing that it matters which lobbyists the financial industry hires in terms of to which politicians they are connected.

The rest of the paper is organized as follows. Section II provides a brief account of the legislative process in the United States, the role of lobbying in this process, and the key legislative landmarks regarding financial regulation prior to the crisis. Section III describes the data and the methodology. Section IV presents the results of the empirical analysis. Section V concludes.

II. Background

A. Legislative Process

The federal law-making process in the U.S., from the initial idea for a legislative proposal through its publication as a statute, is a not a short one.[6] The process is initiated by the introduction of a proposal in the form of a bill or resolution (which can be a joint, concurrent, or simple resolution) by a member of the House of Representatives or the Senate ('the sponsor'). At this point, the proposals are assigned a legislative number by the clerk of the Congressional Record.[7] These bills and resolutions are then referred to committees that deliberate, investigate, and, if necessary, revise them before they are accepted for general debate. Arguably, this is the most important phase of the process because, for the majority of bills and resolutions, this marks the end of the road. Should the committee decide to recommend a bill or resolution for approval, it prepares a comprehensive report that describes the purpose and scope of the bill and the reasons for its recommended approval, generally along with a section-by-section analysis setting forth precisely what each section is intended to accomplish. The original bill, if not 'dead' in a committee, often leaves the

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[6] For a complete explanation, see Document 110-49 of the U.S. House of Representatives available at http://thomas.loc.gov/home/lawsmade.toc.html.

[7] For instance, a bill introduced at the House of Representatives is designated by ''H.R.'' followed by a number that it retains throughout all its parliamentary stages while bills introduced at the Senate is designated by ''S.'' followed by its number. The term ''companion bill'' is used to describe a bill introduced in one House of Congress that is similar or identical to a bill introduced in the other House of Congress. The majority of proposals considered are introduced as bills rather than resolutions.

committee with several amendments. Once a bill or resolution is recommended by the committee(s) to which it was referred, it comes to the chamber that originated the bill for consideration and debate. At the end of the reading and discussion of the bill in its entirety, the originating chamber first votes on whatever amendments have been reported by the committee(s) and then immediately votes on the passage of the bill with the amendments it has adopted. If the bill passes, an engrossed copy, with all the amendments and in the exact same format that it was passed by the originating chamber, is sent to the other chamber of the Congress. At this point, the measure ceases technically being a bill and becomes an 'act' (although the popular term remains as a 'bill'). The act goes through similar steps in the second chamber: referral to committee(s), debate, and vote. The original engrossed bill, together with the engrossed amendments, if any, from the second chamber, is then returned to the originating chamber with a message stating the action taken by the second chamber. If there are any differences between the two versions, a 'conference' may be called to resolve any disagreements. Once an agreement on an identical form of the act is reached, a copy is presented to the President. A bill becomes law on the date of approval or passage over the President's veto, unless it expressly provides a different effective date.

The voting at either chamber may be done in one of three ways: the voice vote (where the chair asks first for all those in favor of the motion to indicate so verbally, and then ask second all those opposed to the motion to indicate so verbally), the division (where the members supporting and opposing the motion stand successively and are counted) and the recorded vote. By definition, only the recorded vote allows one to determine at a later date which members voted for and against a motion. As to be discussed later, this procedural factor limits the voting occasions we can formally analyze by forcing us to drop the bills for which a voice vote or unanimous consent were indicated as outcomes. In order to provide a more complete picture of the role of legislation governing financial regulation on the way up to the financial crisis, we also utilize information on co-sponsorship and committee decisions.

B. Politically-Targeted Activity: Campaign Contributions and Lobbying Expenditures

Although lobbying is commonly recognized to be an influential political economy activity in many western countries (Bertok, 2008), the U.S. is somewhat unique in the disclosure requirements applicable to such activity. Specifically, lobbyists - often organized in special interest groups - can legally influence the policy formation process through two main channels. First, lobbyists can offer campaign finance contributions, in particular, through political action committees (PACs). Second, they are allowed to carry out lobbying activities in the executive and legislative branches of the government. In one respect, campaign contributions aim at putting or keeping the “right” candidates in office while lobbying expenditures seek to influence the opinion of those who are already holding the power to make the decisions.

PACs, often representing business or ideological interest groups, are organized for the purpose of raising and spending money to elect and, sometimes, defeat particular candidates. The total amount PACs can contribute to an individual candidate’s committee is capped: it cannot exceed $5,000 per election (primary, general, or special). Similarly, they cannot give more than $15,000 annually to any national party committee and $5,000 annually to any other PAC. On the receiving side, they may receive up to $5,000 from any one individual, PAC or party committee per calendar year. These limits are applied on a consolidated basis to affiliated PACs by treating them all as one entity.[8]

In addition to campaign contributions to elected officials and candidates, companies and other special interest groups spend billions of dollars each year to lobby the Congress and federal agencies. Some of these retain lobbying firms, many of them located along Washington's legendary K Street; others have lobbyists working in-house. While the exact nature of lobbying activities is somewhat elusive, the official description of a lobbyist in the Congress guide to the Lobbying Disclosure Act of 1995 is "any individual (1) who is either employed or retained by a client for financial or other compensation; (2) whose services include more than one lobbying contact; and (3) whose lobbying activities constitute 20 percent or more of his or her services during a three-month period." Any person meeting these criteria must register as a lobbyist under the Lobbying Disclosure Act.

C. Road to the Crisis

Many observers claimed that regulatory failure was one of the culprits that paved the road to the financial crisis of 2007-08. In this section, we provide an overview of the key pieces of legislation that shaped the financial landscape prior to the crisis.[9]

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[8] The affiliations are based on the names of the connected organization PACs provide when they register with the Federal Election Commission (FEC). We refer the interested reader to the FEC website (http://www.fec.gov/) for more information on PACs.

[9] A full list of legislative proposals that got FIRE attention (indicated by being mentioned under specific issues in the lobbying reports) and their overview is in the Appendix.

Since the 1980s, the U.S. financial regulatory system has been on a deregulatory process that, arguably, aimed to modernize the regulatory landscape and gained momentum in the late 1990s and early 2000s. There were several crucial steps in this process, starting with the repeal of the Glass-Steagall Act. The Financial Services Modernization Act of 1999 (FSMA) formally repealed the Glass-Steagall Act of 1933 (also known as the Banking Act of 1933) and related laws, which prohibited commercial banks from offering investment banking and insurance services. Once banks were allowed to engage in these services, activity in private-label securitization and derivatives markets stepped up. Yet, supplementary regulation to control the risks associated with these new services somewhat lagged behind: rules established by the Financial Accounting Standards Board allowed off-balance-sheet operations involving securitized loans, eliminating the need to hold capital reserves against such liabilities. The following year, the Commodities Futures Modernization Act of 2000 (CFMA) further enhanced the ability of commercial banks and other financial institutions by exempting financial derivatives, including credit default swaps, from regulation.

In parallel to legislation allowing commercial banks expand their financial activities and get more interconnected with the rest of the financial system, there has been a couple of important changes that relaxed rules pertaining mortgage loan business. Particularly, with the purpose "to expand homeownership", federal housing support programs, including downpayment assistance as well as insurance and other involvement by federal agencies, were boosted under the American Homeownership and Economic Opportunity Act of 2000 and American Dream Downpayment Act of 2003.

Equally important to the passage of key "lax" bills is the fact that a stream of legislation proposals aiming to tighten regulations failed to pass the chambers and be enacted despite several rounds of attempts. In particular, bills targeting predatory lending practices and advocating consumer protection through education as well as by opening the litigation path for lending practices deemed to be unfair were introduced fifteen times in the House of Representatives and twice in the Senate, under different but similar names (e.g. Anti-Predatory Lending Act of 2000, Consumer Mortgage Protection Act of 2000, etc.). Only the House version dated 2007 (Mortgage Reform and Anti-Predatory Lending Act of 2007) was able to pass the House but it never got out of the Senate committee.[10]

To summarize, one should consider both lax and tight bills in order to get a complete picture and look carefully into the alleged regulatory failure. The following bills were key in shaping the financial regulation framework in the run-up to the financial crisis:

- Financial Services Modernization Act of 1999
- Commodities Futures Modernization Act of 2000
- American Homeownership and Economic Opportunity Act of 2000
- American Dream Downpayment Act of 2003
- Anti-predatory lending legislation proposals that never got enacted

[10] The Frank-Dodd Wall Street Reform and Consumer Protection Act, signed into law on July 21, 2010, includes several provisions from these proposals.

In our empirical analysis, we start with these bills and add to the list the bills that were named in the lobbying reports, taking this as an indication that the financial industry revealed these additional bills to be relevant to their operations. In many cases, the bills named in the lobbying reports are different versions of this short list. The full list of bills included in the analysis and details on these bills are provided in the Appendix.

III. Data and Methodology

A. Data Sources

By its nature, our analysis requires non-standard data, sometimes only available from non-traditional sources. We explain the details of how we obtained our data in this section, starting with the politically-targeted activity data and moving on to data on political variables of interest.

Politically-Targeted Activities

Data on PAC contributions are available through the websites of the Federal Election Commission (http://www.fec.gov) and the Center for Responsive Politics (CRP, at www.opensecrets.org). In particular, PACs can be linked to a corporate or industry sponsor.

On the lobbying expenditure side, individuals and organizations have been required to provide a substantial amount of information on their lobbying activities starting with the introduction of the Lobbying Disclosure Act of 1995. Since 1996, all lobbyists (acting as intermediaries between politicians/regulators and clients with the aim to voice their opinion on various issues) have to file semi-annual reports to the Secretary of the Senate's Office of Public Records (SOPR), listing the name of each client (firms, unions, associations, etc.) and the total income they have received from each of them. In parallel, all firms are required to file similar reports stating the dollar amount they have spent. It is worth noting that the legislation requires the disclosure not only of the dollar amounts actually received/spent, but also of the issues for which lobbying is carried out. Thus, unlike PAC contributions, lobbying expenditures can be associated with targeted policy areas. Finally, the reports must also state which chamber of Congress and which executive departments or agencies were contacted as well as the names of the lobbyists that worked on the specific issues reported on behalf of the client. Detailed information on lobbying activities is available through lobbying reports that can be obtained from the Senate's Office of Public Records (http://www.senate.gov/pagelayout/legislative/one_item_and_teasers/opr.htm) and the CRP. Sample reports can be found in the Appendix.

Our analysis distinguishes between lobbying activities that are related to financial-market-specific issues from other lobbying activities. We first concentrate only on issues related to the five general issues of interest (accounting, banking, bankruptcy, housing, and financial institutions) and then gather information on the specific issues, which are typically acts proposed at the House or the Senate, that were listed by the lobbyists as the main issue for the lobbying activity.[11] Then, we go through these specific issues one by one and determine whether an issue can be directly linked to restrictions on mortgage market lending. For

[11] 'General issue area codes' are provided by the SOPR and listed in line 15 of the lobbying reports while the 'specific lobbying issues' are listed in line 16. See Appendix for more details on what the reports look like and a full list of general issues as well as that of specific issues selected for the analysis.

example, H.R. 1163 of 2003 (Predatory Mortgage Lending Practices Reduction Act) and H.R. 4471 of 2005 (Fair and Responsible Lending Act), regulating high-cost mortgages, are bills that we deem to be relevant to the mortgage market. On the other hand, H.R. 2201 of 2005 (Consumer Debt Prevention and Education Act) and the Sarbanes-Oxley Act of 2002, although in general related to financial services, do not include any provisions directly related to mortgage lending and are not classified as mortgage-market-specific issues.

After classifying all listed issues, we calculate lobbying expenditures on specific issues by splitting the total amount spent evenly across issues. To be more precise, we first divide the total lobbying expenditure by the number of *all* general issues and multiply by the number of general issues selected. Then, we divide this by the total number of specific issues listed under the five general issues and multiply by the number of specific issues of interest.[12] In order to illustrate the construction of the final lobbying variable, suppose firm A spends $300, and lobbies on 3 general issues (banking and housing – general issues of interest -- and trade – not a general issue of interest); it lists 2 specific issues under banking and housing (H.R. 1163, which is a relevant specific issue and H.R. 2201, which is not relevant). In this example, the final lobbying expenditure variable is calculated as ((300/3)*2)/2)*1=$100.

[12] For robustness, we adopt an alternative splitting approach that distributes expenditures using as weights the proportion of reports that mention the specific issues of interest. We also consider lobbying expenditures by associations. The list of member firms for each association in the lobbying database is compiled by going on each association's website. A portion of the associations' lobbying expenditures is assigned to each member firm based on the share of its own spending in the total of all members.

Network Connections

One of our objectives in this study is to analyze the extent connectedness influences the legislative process. For that purpose, we look into whether and how career paths of various politicians, lobbyists, and firm executives cross, making it possible to trace network effects in lobbying activities and their impact on the legislative process.

CRP, in addition to the breakdown of lobbying expenditures from lobbying reports, provides information on the "revolving door", i.e., the transition from serving in Congress or other public sector jobs to working as a lobbyist. The revolving door effectively includes a series of lobbyist names that can be connected to a certain politician through their employment history. For instance, lobbyists who were former members of Congress or staffers in the House or the Senate as well as those who have worked previously in other federal government agencies (e.g., Department of Treasury, White House Office, etc.) are included in this list.[13]

Employment history is not the only way lobbyists may be connected to politicians. In order to expand networks established through other channels such as educational background, we gather biographical information on both the politicians and the lobbyists from various

[13] Revolving door frequently attracts criticism because of the potential conflicts of interest it may entail by allowing congressional leaders and staffers to lobby their former colleagues. Recently, the House has enacted a one-year ban on former members from lobbying their peers and former senators may not be involved in lobbying activities for two years as of January 1, 2008. In addition, House and Senate staffers are banned for a year from lobbying their former employer while committee staffers are banned for a year from lobbying anyone who served on the committee on which they worked.

sources including the *Washington Representatives*, a directory published by Columbia Books under its suite of www.lobbyists.info products, and www.opencongress.org.

Politician Actions

As mentioned earlier, not all bills get to the voting stage. For those that do, the roll call records for all senators and representatives are consolidated by Keith Poole and are available at www.voteview.com.

For bills that never make it to the voting stage (or do but do not have recorded votes), it is important to analyze the information hidden in the earlier stages of the legislative process. Put simply, lobbying may alter the path a bill takes from the very beginning. In order to explore what inferences one can make based on the observations concerning these bills, we gather data on the co-sponsorship and committee memberships. The source in this case is www.govtracks.org.

B. Constructing the Final Dataset

In order to put together our final dataset, we (i) extract from the lobbying database detailed information on the total amount spent on lobbying, number and name of specific issues for which these lobbying expenditures were used, the name of lobbyist(s) associated with lobbying on each specific issue, which government entity was contacted, etc.; (ii) gather detailed information on bills that were targeted by the financial industry in the lobbying reports, in particular, the description and full text of the bill and the its path in the legislative process, e.g., which committee is was assigned to, whether it reached the voting stage; (iii) construct a voting database for these key financial bills at the politician level; (iv) collect information on the educational and professional background of politicians and lobbyists in order to construct network connection variables through alumni relationships and employment histories; and (v) collect data on campaign contributions by firms affected by the bill.

These tasks require considerable time due to the non-standard nature of the data sources, which necessitates manual work. More details on the construction of the final database are in the Appendix.

C. Empirical Specifications

The empirical approach we employ aims to exploit the variation across politicians and bills in terms of legislative outcomes and lobbying by FIRE. Given that we have both lax and tight bills in our dataset, we need to choose a specification that can translate the votes on bills with opposite implications for the financial industry to a common measure. In order to that, we use the concept of "favoring deregulation" which entails voting in favor of lax bills and against tight bills.

Our baseline regression equation is as follows:

$$V_{iB} = L_B + N_{iB} + N_{iB} * L_B + s_i + t_c + \varepsilon_{iB}$$

where V_{iB} is the stance taken by politician i on bill B and takes on the value 1 if the politician voted "in favor of deregulation", i.e., on the particular *lax* (*tight*) bill in question, his/her vote was "aye" ("nay") and 0 if s/he voted "nay" ("aye"). L_B is the total amount of lobbying expenditures spent on bill B by the firms that were "affected" by the bill (as revealed by their decision to engage in politically-targeted activities regarding this bill). Note that L_B varies only at the bill level, because it is not straightforward to assign lobbying expenditures to specific politicians based on the information in lobbying reports alone.[14] N_{iB} is the network connection variable. We construct two different measures of connectedness: a dummy that is 1 if the politician ever worked in FIRE (capturing the networks directly linking Wall Street to Capitol Hill) and the number of lobbyists working on bill B and, at the same time, are connected to politician i (directly linking K Street to Capitol Hill while capturing the networks linking Wall Street to Capitol Hill through connections on K Street). The first of these network connection measures, *worked_in_fire*, is similar in spirit to the definition of connections used in Faccio (2006) and Braun and Raddatz (2009). Our second measure, *number*_of_*connections*, is close to the one used in Blanes-Vidal, Draca, and Fons-Rosen (2010); the difference is that they look at the connections from an individual lobbyist's perspective we construct our variable for each bill-politician pair by counting the number of lobbyists that have worked on a particular bill and were employed by a specific politician voting on that bill.[15] Note that, when the network connection variable we use is

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[14] In ongoing work, we use campaign contributions of firms affected by bill B to politician i in order to obtain a measure of politically-targeted activities that varies by politician as well.

[15] In ongoing work, we also exploit whether a politician has worked in the lobbying industry and whether s/he has ties to Wall Street firm executives and/or K Street lobbyists through alumni networks. Also, we look into whether prior work experience of a lobbyist in a government body other than the House/Senate is relevant.

worked_in_fire, we are not able to pin down the effect of connectedness alone since this variable varies only at the politician level. Our estimates of the direct impact of connectedness on voting behavior come from the specifications where we use the *number*_of_*connections* variable.

In this baseline specification, we employ politician fixed effects, s_i, accounting for time-invariant politician characteristics. Note that these politician fixed effects would also partially capture some of the constituent interests, to the extent that these are time-invariant for a politician.[16] We also add congress fixed effects, t_c, to take into account the particular political environment (e.g., the balance between Republicans and Democrats) in a given political cycle, and indirectly, the circumstances in the financial markets and the broader economy, which may generate anti- or pro-regulation waves.

After we establish the robustness of the results in this baseline specification (by using alternative measures of lobbying expenditures), we also estimate a specification where we introduce the interaction between the lobbying variable and certain politician characteristics as additional variables. To be more specific, we estimate

$$V_{iB} = L_B + P_i * L_B + s_i + t_c + \varepsilon_{iB}$$

[16] In ongoing work, we also control directly for economic and demographic characteristics of a politician's constituency.

where P_i is a politician characteristic such as the ideology scores which are higher for more conservative politicians (*DW-nominate* variable as calculated by Poole and Rosenthal, 2007).[17]

IV. Results

A. First Look

As shown in Table 1, between 1999 and 2006, interest groups have spent on average about $4.2 billion per political cycle on targeted political activity, which includes PAC campaign contributions and lobbying expenditures. Lobbying expenditures represent by far the bulk of all interest groups' money spent on targeted political activity (close to 90 percent). Expenditures by FIRE companies constitute roughly 15 percent of overall lobbying expenditures in any election cycle. Approximately 10 percent of all firms that lobbied during this time period were associated with FIRE. Moreover, the lobbying intensity for FIRE increased at a much faster pace relative to the average lobbying intensity across all industries over 1999–2006 (Figure 1).

All these indicate that, during our sample period, FIRE was one of the most politically-active industries. The focus of these intense activities was a small group of bills, when bills with the same/similar name introduced more than once ("repeat bills") are consolidated together in one category. As summarized in Table 2, lobbying efforts on repeat bills are somewhat evenly distributed across time through their different reincarnations. Hence, lobbying on a

[17] In ongoing work, we also look at other politician characteristics such as experience and influence.

particular issue introduced as a bill in the Congress seems to be persistent through the process it may take an initial attempt to become law including several trials.

As a first pass in looking into the relationship between financial industry's politically-targeted efforts and financial regulation during 1999-2006, we calculate the probability that a bill ultimately gets signed into law. Table 3 presents these results. On the individual bills, lax bills were three times more likely to pass both chambers of the Congress and ultimately get signed into law than tight bills were. This difference falters a bit but still remains striking when individual bills are grouped into common issue categories.

Next, we analyze whether the pattern shown in Table 3 survives formal econometric analysis. Summary statistics on the variables used in the empirical analysis are shown in Table 4. In total we have roll call data giving votes on each bill by politician on 12 of the bills from our original list.[18] In the four congresses covered in our dataset, there were 561 politicians that voted on at least one of these bills, for which FIRE companies hired 499 lobbyists. In general, there appears to be a tendency to vote in favor of deregulation, as indicated by an average of 0.78 on the dummy variable summarizing voting behavior. Connections between Wall Street and Capitol Hill (as illustrated by the *worked_in_FIRE* variable) and between K

[18] In ongoing work, we also analyze whether co-sponsorship and committee decisions on bills that were never voted on is related to lobbying efforts.

Street and Capitol Hill (as demonstrated by the *number*_of_*connections* variable) are not rare occurrences but there is enough variation in these measures for regression analysis.[19]

B. Regression Analysis

Main Results

There is a statistically significant positive association between money spent on lobbying for a particular bill and politicians voting in the direction the financial industry would prefer, i.e., yes on the lax bills and no on the tight bills (Table 5, Column 1). This association also appears to be significant in economic terms: a one standard deviation increase in lobbying expenditures (in logs) would correspond to a 9.5 percent increase in the probability of a politician voting in favor of deregulation.[20]

The link of lobbying expenditures to voting patterns is enhanced by the politicians' experience in Wall Street and his/her ideology. In particular, lobbying is more effective in moving votes towards deregulation if the politician ever worked the financial industry (Table 5, Column 2) and if the politician is more conservative (Table 5, Column 3). For a politician who worked in FIRE, a one standard deviation increase in lobbying expenditures increases the probability of voting in favor of deregulation by 11.4 percent. Similarly, for the most conservative politician (which we interpret to be already likely to vote in favor of lax

[19] In measuring connections between politicians and lobbyists, we use the number of connections rather than a dummy because for each politician-bill observation, there is at least one lobbyist who is connected to that politician.

[20] This is computed as the coefficient on lobbying expenditures, 0.153 in the first column of Table 5, multiplied by the standard deviation of (log) lobbying expenditure.

regulation), a one standard deviation increase in lobbying expenditures increases the probability of voting in favor of deregulation by 14.8 percent.

Next, network connections themselves have also value in obtaining a vote in favor of deregulation. Specifically, the higher the number of lobbyists that the politician contacted for a bill knows the higher the likelihood that s/he would vote in the direction the financial industry would prefer (Table 5, Column 4).

Interestingly, in the specification where lobbying expenditures, connections, and their interaction are all included, the interaction term has a negative coefficient (Table 5, Column 5). That is, spending an extra dollar on lobbying is less effective if the lobbyist is already connected to the politician. This suggests that, in the marginal sense, spending more on lobbying does not help much to firms that have already hired connected lobbyists. Note that the overall effects of both lobbying and connections, evaluated roughly at the median, are still positive. Moreover, the overall impact on voting patterns achieved through hiring connected lobbyists is stronger.

In a nutshell, this analysis points to some evidence that the voting pattern on bills related to financial regulation in the few years prior to the crisis were influenced by the lobbying efforts and connections of the financial industry with the politicians.

Robustness Tests

We conduct robustness tests for sensitivity to the measurement of lobbying expenditures by recalculating this variable by: (i) taking into account lobbying expenditures by bankers’ associations, (ii) not splitting lobbying expenditures by individual bills, and (iii) splitting lobbying expenditures among individual bills based on weights indicated by the share of reports filed by the firm in which a bill was listed. Table 6 presents the results, attesting that the findings from Table 5 remain largely unaltered.

It is interesting to note that the most striking change between the two tables happens when the lobbying expenditure measure used is the *total* spent by the affected firms on all bills (Lobbying expenditures II). The coefficients on the lobbying expenditure variable in this case are smaller than the other cases, potentially suggesting that there is information content in distinguishing between lobbying efforts on the bill in question and those on less related issues. In other words, using total lobbying expenditures may lead to a measurement error and create an attenuation bias.

V. CONCLUSION

Regulatory failure, allegedly driven both by incompetency by supervisors and by special interest politics, has been the subject of intense debate in the aftermath of the global financial crisis. In this paper, we provide a detailed look into these allegations by analyzing the legislative process of finance-related proposals and congressional voting patterns on these bills.

We use a detailed dataset that documents the politically-targeted activities of the financial sector from 1999 to 2006, which includes the bills targeted, votes by politicians in on these bills, lobbying expenditures and campaign contributions by firms that lobbied for these bills, and measures of network connections of lobbyists and firm executives with politicians. We find that the probability of a bill advocating regulations and rules less favorable to the financial industry being passed was lower than that of a bill promoting deregulation. Furthermore, the regression analysis suggests that lobbying expenditures by the affected firms in the financial industry were directly associated with how politicians voted on the key bills that preceded the crisis. Finally, whether a lobbyist worked for a politician and whether a politician worked in the financial industry in the past influence the vote in favor of lax regulation. These results give support to the notion that political influence of the financial elite has the power to shape the regulatory landscape and financial reform proposals should not be considered in isolation from these political economy factors.

We contribute to the emerging literature on this issue by looking not only at bills related to mortgage and housing markets but, in general, at regulations that could have controlled risk taking. We also bring into the analysis the ‘revolving door’, i.e. connections between politicians and lobbyists as well as the financial industry. These findings fill in the missing link in Igan, Mishra, and Tressel (forthcoming), where one of the stories that could explain the documented link between lobbying and risk taking would be the financial industry making its own rules through its influence in the legislative process.

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Appendix

Lobbying Disclosure Act Database

We compile the dataset on lobbying expenditures using two sources: (i) Center for Responsive Politics – CRP (www.crp.org) and (ii) website of the Senate's Office of Public Records – SOPR (http://www.senate.gov/legislative/Public_Disclosure/LDA_reports.htm). The data are based on the semi-annual lobbying disclosure reports filed with the SOPR and posted to their website. We focus on the reports covering lobbying activity that took place from 1999 through 2006. The website of the CRP provides information on the lobbying expenditures as well as the general issues with which lobbying is associated. The information however, is not user-friendly (e.g. one has to click on each firm name to get the details), and often has to be cross-checked with individual lobbying reports which are publicly available in pdf format on the website of the SOPR. Moreover, the CRP does not provide information on the specific issues (or particular regulations) with which the lobbying is associated. We extract the entire lobbying database from the CRP website (comprising about 16,000 unique firms over 1999-2006, with a maximum of around 9,000 firms in any one year) and concentrate on around 250 firms operating in the finance, real estate, and insurance industry.

The Lobbying Disclosure Act (LDA) of 1995 requires lobbying firms and organizations to register and file reports of their lobbying activities with the Secretary of the Senate and the Clerk of the House of Representatives. In general, it requires registration by any individual lobbyist (or the individual's employer if it employs one or more lobbyists) within 45 days after the individual first makes, or is employed or retained to make, a lobbying contact with either the President, the Vice President, a Member of Congress, or any other specified Federal officer or employee, including certain high-ranking members of the uniformed services.

A registrant must file a report for the semiannual period when registration initially occurred and for each semiannual period thereafter, including the period during which registration terminates. Lobbying firms, i.e., entities with one or more lobbyists, including self-employed individuals who act as lobbyists for outside clients, are required to file a separate report for each client covered by a registration. Organizations employing in-house lobbyists file a single report for each semiannual period. The semiannual report is required to be filed no later than 45 days after the end of a semiannual period beginning on the first day of January and the first day of July of every year in which a registrant is registered. LDA requires the Secretary of the Senate and the Clerk of the House of Representatives to make all registrations and reports available to the public as soon as practicable after they are received.

Under Section 3(10) of the LDA, an individual is defined as a "lobbyist" with respect to a particular client if he or she makes more than one lobbying contact (i.e. more than one communication to a covered official) and his or her "lobbying activities" constitute at least

20 percent of the individual's time in services for that client over any six-month period. “Lobbying activity” is defined in Section 3(7) of the LDA as “lobbying contacts or efforts in support of such contacts, including background work that is intended, at the time it was performed, for use in contacts, and coordination with the lobbying activities of others”.

Lobbying firms are required to provide a good-faith estimate rounded to the nearest $20,000 of all lobbying-related income in each six-month period. Likewise, organizations that hire lobbyists must provide a good-faith estimate rounded to the nearest $20,000 of all lobbying-related expenditures in a six-month period. An organization or a lobbying firm that spends less than $10,000 in any six-month period does not have to state its expenditures. In those cases, CRP treats the figure as zero.

Annual lobbying expenditures and incomes (of lobbying firms) are calculated by adding mid-year totals and year-end totals. Whenever a lobbying report is amended, income/expense figures from the amendment are generally used instead of those from the original filing. Often, however, CRP staff determines that the income/expenditures on the amendment or termination report are inaccurate. In those instances, figures from the original filing are used. Occasionally, income that an outside lobbying firm reports receiving from a client is greater than the client's reported lobbying expenditures. Many such discrepancies can be explained due to filer error. In cases not already resolved in previous reports and where the discrepancy exceeds the $20,000 that can be attributed to rounding, the client's expenditures rather than the lobbying firm's reported income are used. The only exception is when a client reports no lobbying expenditures, while the outside lobbying firm lists an actual payment. In such cases, the figure reported by the lobbying firm is used.

In cases where the data appears to contain errors, official Senate records are consulted and, when necessary, the CRP contacts SOPR or the lobbying organizations for clarification. The CRP standardizes variations in names of individuals and organizations to clearly identify them and more accurately represent their total lobbying expenditures.

In cases where both a parent and its subsidiary organizations lobby or hire lobbyists, the CRP attributes lobbying spending to the parent organization. Therefore, the lobbying totals reported by the CRP for a parent organization may not reflect its original filing with the Senate, but rather the combined expenditures of all related entities.

However, to calculate lobbying expenditures by sector and industry, each subsidiary is counted within its own sector and industry, not those of its parent. The CRP makes this distinction when it has the information necessary to distinguish some or all of the subsidiary's lobbying expenditures from either the subsidiary's own filing or from the receipts reported by outside lobbying firms. For example, tobacco giant Altria Group owns Kraft Foods. Although Altria Group's original filing includes lobbying for Kraft in its expenditures, in the dataset the CRP isolates Kraft's payments to outside lobbyists and includes them in ‘Food Processing and Sales’.

When companies merge within any two-year election cycle, their lobbying expenditures are combined and attributed to the new entity. This is done in order to correlate lobbying data to campaign contribution data for each particular organization and industry.

In addition to firms’ own lobbying expenditures, we also include lobbying expenditures by finance, insurance, real estate trade associations; that is, we are interested in associations such as the Electronic Check Clearing House Organization (ECCHO) or the Financial Services Roundtable. To split the total association expenditures among the various association members, we first obtain membership information from approximately 150 association websites. For example, according to the ECCHO website, there are more than 2200 members including Bank of America, Citibank, and SunTrust. Next, a share of the associations’ lobbying expenditures is assigned to each member firm. This share is calculated as the member firm’s own lobbying expenditures divided by the sum of all association members’ lobbying expenditures. Then, for each firm and each year, the firm’s share is multiplied by the association’s total lobbying expenditures so that the association lobbying expenditures are distributed across all of the member firms.

LDA also requires the organization to state the issues on which the registrant engaged in lobbying during the reporting period. There are 76 general issue codes that range from Defense to Education. The filer can list more than one issue. In that case, she has to use a separate page of the form for each code selected. For each general issue, the filer is also required to list the specific issues which were lobbied for during the semi-annual period. For example, specific bills before Congress or specific executive branch actions are required to be listed in the form.

Table A1 shows a sample form filed by Citigroup for lobbying activity between July 1, 2002 and December 31, 2002. Only two selected pages of the form are shown. The first page of the form shows the name and details of the company, the time period covered by the report and the expenses incurred by the company relating to lobbying activity during this period (the expenses incurred by Citigroup amounted to $3,040,000). The lobbying expenditure is listed only once on the first page of the form and the amount is not split among the issues. The next pages of the forms show the specific issues for which the company engaged in lobbying activity (Bear Stearns for H.R. 3915: and Citigroup for H.R. 1051 among others, both under the general issue of Banking).

Bill Details

We focus on five general lobbying issues: Accounting, Banking, Bankruptcy, Housing, and Financial Institutions. Certain House and Senate bills are of particular interest since they promote either tight or lax restrictions in these five general areas of interest. Between 1999 and 2007, 51 such bills were introduced with relevant provisions for housing markets and mortgage business and 49 of these proposed bills in relation to housing, mortgage, banking and securitization issues were listed by the finance, insurance, and real estate industry among the specific issues at which their lobbying activities were targeted based on our lobbying reports database.[21] Seventeen of the bills targeted by the industry aimed to tighten the regulations while the remaining 32 proposed more lax rules.

Bills that introduce tight restrictions for lenders focus primarily on predatory lending practices[22] and high-cost mortgages[23]. For example, many bills contain restrictions/limits on annual percentage rates for mortgages, negative amortization, pre-payment penalties, balloon payments, late fees, and/or the financing of mortgage points and fees. Expanded consumer disclosure requirements regarding high-cost mortgages (such as including the total cost of lender fees on loan settlement paperwork or disclosing to consumers that they are borrowing at a higher interest rate) are introduced in some of the bills.

Many of the bills prohibit high-cost mortgage lenders from engaging in other unfair or deceptive practices. Creditors are to evaluate each consumer's ability to repay a loan before making the loan, and one bill stipulates that mortgage debt is not to exceed 50 percent of an individual's income, and income is to be verified. Creditors are not to encourage consumers to default on loans; moreover, mortgage lenders and other creditors must report their consumers' payment histories to credit reporting agencies. High-cost mortgage lenders may

[21] The two bills that are relevant but do not have lobbying information because their timing is out of our sample period are S. 900: Financial Services Modernization Act of 1999 and H.R. 3915: Mortgage Reform and Anti-Predatory Lending Act of 2007.

[22] While there is no single legal definition of predatory lending practices, the U.S. Department of Housing and Urban Development offers the following examples as predatory lending practices by creditors: 1) charging unnecessary fees; 2) lending more money than a borrower could repay; 3) encouraging borrowers to lie on credit applications; 4) changing the terms of the loan at closing; 5) signing blank loan paperwork; and 6) charging higher fees based on a consumer's race and not on a consumer's credit history. (Please see http://www.hud.gov/offices/hsg/sfh/buying/loanfraud.cfm for more information.) For additional information, please see the National Conference on State Legislatures' website (http://www.ncsl.org/programs/banking/predlend_intro.htm) for an overview of the predatory lending practices outlawed by each state legislature.

[23] High-cost mortgages are often defined as mortgages that have annual percentage rates (APRs) that exceed the APR on Treasury securities by a certain number of percentage points. For example, the Predatory Lending Consumer Protection Act of 2002 (S. 2438) amended the Home Ownership Equity Protection Act to define high cost first mortgages as either 1) mortgages with APRs that are six percentage points above the Treasury security APR or 2) mortgages where the total cost of points and fees is greater than five percent of the total loan amount or $1000.

not accelerate a consumer's debt if the consumer is making payments on time. In addition, individuals who provide mortgage lending or brokerage services must be adequately trained in high-cost lending. Civil penalties for engaging in predatory lending practices are increased.

A second group of bills loosens restrictions for lenders in the general issues of Accounting, Banking, Bankruptcy, Finance, and Housing. For example, the bills related to housing use a wide array of tools including lower downpayment requirements; state and local grant funding to provide downpayment assistance for certain borrowers; hybrid adjustable rate mortgage programs; revised mortgage insurance premiums and cancellation policies; and financial assistance when purchasing homes in high-crime or low-income areas. Another channel through which these housing bills incorporate lax housing regulations is relaxing restrictions on Federal Housing Administration (FHA) loans and oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Banks.

Some of the bills that firms and/or associations lobby for are closely related as it is common for various versions of the same bill to come in front of the House/Senate in the legislative process. To exploit any information that might be contained in the number of times a specific issue is discussed, we identify groups of bills that have the same name (or very similar names) and/or contain essentially the same language. For example, we consider the following bills to be a group: S. 2415: Predatory Lending Consumer Protection Act of 2000; H.R. 4250: Predatory Lending Consumer Protection Act of 2000; S. 2438: Predatory Lending Consumer Protection Act of 2002; H.R. 1051: Predatory Lending Consumer Protection Act of 2001. Once the related bills are grouped, we count the total number of times an individual bill or at least one of the bills in a group was listed as a specific issue of interest by either firms or associations. Based on these counts, we rank the "popularity" of the bills and groups of bills. The first 19 spots in the ranking are groups of bills, while S. 900 (the Gramm-Leach-Bliley Act) is the most common individual bill for which firms and/or associations lobby. We have one ranking for all of the bills and groups of bills; the other ranking is only for the top 100 most common bills or groups of bills. We use these counts and rankings as weights to split the total lobbying expenditure. Essentially, the firms' lobbying expenditure is multiplied by the count and the two rank variables to produce three scaled lobbying expenditure variables.

Table A2 gives detailed information on each of these bills, particularly, regarding their content, related legislation attempts, sponsorship, committee assignments, and status.

Table A1. Lobbying Report Filed by Citigroup

00030151177

Clerk of the House of Representatives Legislative Resource Center B-106 Cannon Building Washington, DC 20515	Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510

SECRETARY OF THE SENATE
03 FEB 24 PM 3:06

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name
Citigroup Inc.

2. Registrant Address ☐ Check if different than previously reported
Address **1101 Pennsylvania Avenue, N.W.** **Suite 1000**
City **Washington** State/Zip (or Country) **DC 20004**

3. Principal Place of Business (if different from line 2)
City **New York** State/Zip (or Country) **NY 10022**

4. Contact Name **Maura Solomon** Telephone **202-879-6820** E-mail (optional) **solomonma@citigroup.com**

5. Senate ID # **34193-12**

7. Client Name ☒ Self

6. House ID # **31052000**

TYPE OF REPORT 8. Year 2002 Midyear (January 1-June 30) ☐ **OR** Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ >> Termination Date ____________

11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 **OR** Line 13

12. Lobbying Firms	**13. Organizations**
INCOME relating to lobbying activities for this reporting period was:	**EXPENSES** relating to lobbying activities for this reporting period were:
Less than $10,000 ☐	Less than $10,000 ☐
$10,000 or more ☐ >> $ ____________ Income (nearest $20,000)	$10,000 or more ☒ >> $ **$3,040,000.00** Expenses (nearest $20,000)
Provide a good faith estimate, rounded to the nearest $20,000 of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).	**14. REPORTING METHOD.** Check box to indicate expense accounting method. See instructions for description of options. ☒ **Method A.** Reporting amounts using LDA definitions only ☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code ☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature ____________ Date 02/14/2003

Printed Name and Title **Maura Solomon - Vice President and Counsel**

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00030151180

Registrant Name: **Citigroup Inc.**

Client Name: **Citigroup Inc.**

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code **BAN** (one per page)

16. Specific Lobbying issues

H.R. 1009, Business Checking Freedom Act of 2001, (Provisions related to regulatory relief.)
H.R. 1048, Small Business Banking Improvement Act, (Provisions related to regulatory relief.)
H.R. 1051, Predatory Lending Consumer Protection Act of 2001, (Provisions related to high cost mortgages.)
H.R. 1052, Consumer Credit Card Protection Amendments of 2001, (Provisions related to credit card fees.)
H.R. 184, College Student Credit Card Protection Act, (Provisions related to credit cards.)
H.R. 232, Telemarketing Victims Protection Act, (Provisions related to telemarketing.)
H.R. 2572, Gambling ATM and Credit/Debit Card Reform Act, (Provisions related to ATMs.)
H.R. 296, Credit Card Consumer Protection Act of 2001, (Provisions related to credit cards.)
H.R. 3215, Combating Illegal Gambling Reform and Moderization Act, (Provisions related to processing payments to Internet gambling sites.)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Department of Treasury
Executive Office of the President
House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Name	Covered Official Position (if applicable)	New
Andrews, Michael		**No**
Levy, Roger		**No**
Roberts, Carole		**No**
Solomon, Maura		**No**

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Signature [signature] Date **02/14/2003**

Printed Name and Title **Maura Solomon - Vice President and Counsel**

Table A2. Bill Details

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
T	H.R. 1051: Predatory Lending Consumer Protection Act of 2001	107th	John LaFalce	D	New York	34	Amends the Truth in Lending Act guidelines for certain credit transactions secured by the consumer's principal dwelling (high-cost mortgage). Requires additional disclosures that the consumer is contracting to pay a much higher loan than most people pay. Specifies additional prohibitions against prepayment penalties, except in certain circumstances. Prohibits all balloon payments. Prohibits the terms of a high-cost mortgage from including advance collection of a premium on a single premium basis for specified credit insurance products. Restricts the amount of points and fees which a creditor may finance in connection with a high-cost mortgage. Prohibits certain creditors from financing the prepayment fees or penalties due from the consumer. Prohibits a high-cost mortgage creditor from engaging in specified practices, including requiring arbitration or any other nonjudicial procedure as a method for resolving any controversy or claims arising from the transaction. Declares a consumer's waiver of the right of rescission ineffective if the creditor either advised, or encouraged such waiver, or required it as a precondition for a transaction. Amends the Fair Credit Reporting Act to mandate that each high-cost mortgage creditor (including the successor creditor) report the debtor's complete payment history to certain consumer reporting agencies in accordance with specified regulations.	3/15/2001	House Financial Services; House Financial Services - Subcommittee on Financial Institutions and Consumer Credit	Sponsor introductory remarks	5/23/2002	H.R. 4250 (106th Congress); S. 2415 (106th Congress); S. 2438 (107th Congress); S. 1928 (108th Congress)

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
T	H.R. 1182: Prohibit Predatory Lending Act of 2005	109th	Bradley Miller	D	North Carolina	67	Amends the Truth in Lending Act in connection with consumer credit cost disclosure to redefine: (1) high-cost mortgage; (2) the formula used to adjust certain percentage points in connection with a consumer credit transaction secured by the consumer's principal dwelling; and (3) related points and fees. Sets forth a formula to calculate: (1) points and fees for open-end loans; and (2) bona fide discount points and prepayment penalties. Revises requirements for: (1) prepayment penalties; (2) balloon payments; and (3) extension of credit without regard to consumer's payment ability. Prohibits in connection with high-cost mortgages: (1) a lender from recommending a default on an existing debt prior to and in connection with the closing of a high-cost mortgage that refinances all or any portion of such existing loan or debt; (2) specified late fees; (3) certain accelerations of debt; (4) certain evasions, structuring of transactions, and reciprocal arrangements; (5) certain modification and deferral fees; and (6) mandatory arbitration or other nonjudicial procedures. Mandates pre-loan counseling as a prerequisite for a high-loan mortgage. Revises guidelines governing lender liability for correction of errors. Prohibits a lender from knowingly or intentionally engaging in the unfair act or practice of flipping (the making of a loan or extension of credit to a consumer which refinances an existing mortgage when the new loan or credit extension does not have reasonable, tangible net benefit to the consumer, considering all of the circumstances, including the terms of both the new and the refinanced loans or credit, the cost of the new loan or credit, and the consumer's circumstances). Prohibits single premium credit insurance. Doubles civil money penalties for certain violations. Extends to three years the statute of limitations for violation of certain statutory disclosure requirements.	3/9/2005	House Financial Services; House Financial Services - Subcommittee on Financial Institutions and Consumer Credit; House Financial Services - Subcommittee on Housing and Community Opportunity	Referred to the subcommittee (Housing and Community Opportunity)	5/13/2005	H.R. 3974 (108th Congress)

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	H.R. 1276: American Dream Downpayment Act	108th	Katherine Harris	R	Florida	95	To provide downpayment assistance under the HOME Investment Partnerships Act, and for other purposes. Amends the Cranston-Gonzalez National Affordable Housing Act and offers down-payment assistance to certain low-income individuals, first-time home buyers, uniformed employees, or teachers through the use of grants to state and local governments	3/13/2003	House Financial Services; House Financial Services - Subcommittee on Housing and Community Opportunity; Senate Banking Housing and Urban Affairs	Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs	10/2/2003	S. 811 (108th); S. 2584 (107th); H.R. 4446 (107th)
T	H.R. 1295: Responsible Lending Act	109th	Robert Ney	R	Ohio	39	To protect consumers against unfair and deceptive practices in connection with higher cost mortgage transactions, to strengthen the civil remedies available to consumers under existing law, to provide for certain uniform lending standards, to improve housing counseling, to better mortgage servicing, to enhance appraisal standards and oversight, to establish licensing and minimum standards for mortgage brokers, and for other purposes. defines "higher-cost mortgage" and includes requirements for mortgage product evaluation software and appraisals for properties secured by higher-cost mortgages. In addition, mortgage pamphlets distributed to consumers are to be updated and simplified and explain topics such as balloon payments, escrow accounts, and consumer responsibilities; furthermore, information should be provided in multiple languages and formats to reach vulnerable populations.	3/15/2005	House Financial Services; House Financial Services, Subcommittee on Financial Institutions and Consumer Credit; House Financial Services, Subcommittee on Housing and Community Opportunity	Sponsor introductory remarks on measure. (CR H5182)	6/27/2005	H.R. 4471 (109th); H.R. 3012 (110th); H.R. 4471 (109th); H.R. 833 (108th); H.R. 3938 (H.R. 108th)

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	H.R. 1375: Financial Services Regulatory Relief Act of 2004	108th	Shelley Capito	R	West Virginia	11	To provide regulatory relief and improve productivity for insured depository institutions, and for other purposes. revises regulations on national bank shareholder elections, capital requirements, and dividend declarations. Waives the notice requirement for certain mergers and permits foreign banks at federal agencies to receive deposits from U.S. citizens/residents. Savings associations are offered parity with banks with respect to investment adviser and broker-dealer requirements and they may merge or consolidate with any non-depository institution affiliate. Increases to five percent of capital and surplus the amount a savings association may invest in small businesses and removes the percentage of assets limitation on savings associations when making small business loans. Amends federal law by allowing interest-bearing business accounts. Revises regulations on interest payments by federal reserve banks and permits a depository institution's reserve ratio to be zero.	3/20/2003	House Financial Services; House Financial Services, Subcommittee on Financial Institutions and Consumer Credit; House Judiciary; House Judiciary, Subcommittee on Commercial and Administrative Law; Senate Banking, Housing, and Urban Affairs	Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.	3/22/2004	H. Res 566 (108th); H.R. 5841 (110th); S. 2856 (109th); H.R. 1224 (109th); H.R. 3505 (109th); S. 553 (108th); H.R. 758 (108th); H.R. 859 (108th); H.R. 1009 (107th); H.R. 3951 (107th)
L	H.R. 1461: Federal Housing Finance Reform Act of 2005	109th	Richard Baker	R	Louisiana	19	To reform the regulation of certain housing-related Government-sponsored enterprises, and for other purposes. Creates the Federal Housing Finance Agency (FHFA) which would have oversight of Freddie Mac, Fannie Mae, and Federal Home Loan Banks. FHFA would become the single regulator for Freddie Mac and Fannie Mae; the Department of Housing and Urban Development would no longer have oversight. Requires Freddie Mac and Fannie Mae to set aside funds directed at increasing homeownership among low-income individuals or in low-income areas.	4/5/2005	House Financial Services; House Judiciary; Senate Banking, Housing, and Urban Affairs	Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.	10/31/2005	H. Res 509 (109th); H.R. 1427 (110th); H.R. 5857 (110th); H.R. 2575 (108th); H.R. 1409 (107)

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	H.R. 1529: Involuntary Bankruptcy Improvement Act of 2003	108th	James Sensenbrenner	R	Wisconsin	0	To amend title 11 of the United States Code with respect to the dismissal of certain involuntary cases. Amends federal bankruptcy law so that a court may dismiss false or fraudulent involuntary bankruptcy petitions. The court may also order that consumer reporting agencies remove information pertaining to the bankruptcy petition.	4/1/2003	House Judiciary; House Judiciary, Subcommittee on Commercial and Administrative Law; Senate Judiciary	Received in the Senate and Read twice and referred to the Committee on the Judiciary.	6/11/2003	S. 256 (109th); S. 1128 (108th)
T	H.R. 1663: Predatory Mortgage Lending Practices Reduction Act	108th	Stephanie Jones	D	Ohio	27	Amends the Real Estate Settlement Procedures Act of 1974 to prohibit any person, in connection with a subprime federally related mortgage loan, from providing mortgage lending services or mortgage brokerage services unless such person is certified by the Secretary of Housing and Urban Development as having been adequately trained with regard to subprime lending. Amends the Truth in Lending Act to require lenders to establish a best practices plan, meeting certain criteria, to ensure compliance with such Act for high cost mortgages. Proscribes unfair or deceptive acts or practices in providing mortgage lending services for either a subprime federally related mortgage loan or for mortgage brokerage services for such a loan. Sets forth civil penalties for violations. Consumer Fairness Act - Amends the Consumer Credit Protection Act to declare unenforceable a written provision in any consumer contract or transaction which requires binding arbitration to resolve any controversy arising out of such transaction or contract, or the refusal to perform all or any part of the transaction. (Permits post-controversy arbitration agreements.) Amends the Community Development Banking and Financial Institutions Act of 1994 to authorize the Community Development Financial Institutions Fund to make grants to nonprofit community development corporations to educate and train borrowers and community groups regarding illegal and inappropriate predatory lending practices.	4/8/2003	House Financial Services; House Financial Services - Subcommittee on Financial Institutions and Consumer Credit	Referred to the subcommittee (Financial Institutions and Consumer Credit)	4/29/2003	H.R. 3807 (107th Congress), H.R. 1994 (109th Congress), H.R. 2061 (110th Congress), H.R. 2108 (111th Congress)

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	H.R. 1629: FHA Multifamily Housing Mortgage Loan Limit Adjustment Act of 2001	107th	Marge Roukema	R	New Jersey	74	To increase the mortgage loan limits under the National Housing Act for multifamily housing mortgage insurance	4/26/2001	House Financial Services; House Financial Services, Subcommittee on Housing and Community Opportunity	Referred to the Subcommittee on Housing and Community Opportunity.	5/10/2001	S. 1163 (107th)
L	H.R. 176: FHA Single Family Loan Limit Adjustment Act of 2005	109th	Gary Miller	R	California	18	To facilitate homeownership by increasing increases the amount that can be insured under FHA mortgages in high-cost areas.	1/4/2005	House Financial Services; House Financial Services, Subcommittee on Housing and Community Opportunity	Referred to the Subcommittee on Housing and Community Opportunity.	2/23/2005	S, 2597 (109th)
L	H.R. 1776: American Homeownership and Economic Opportunity Act of 2000	106th	Rick Lazio	R	New York	155	To expand homeownership in the United States. Makes grants available to states and local governments and requires any community development block grant applicant to make an honest effort to reduce barriers to homeownership. Extends loan terms for manufactured home lot purchases, lowers down-payment requirements for home purchases, and offers other forms of down-payment assistance for teachers and public safety officers. Hybrid adjustable rate mortgage programs and financial assistance when purchasing homes in high-crime areas are also included.	5/12/1999	House Banking and Financial Service; House Banking and Financial Services, Subcommittee on Housing and Community Opportunity; Senate Banking, Housing, and Urban Affairs; Senate Banking, Housing, and Urban Affairs, Subcommittee on Housing and Transportation	Committee on Banking, Housing, and Urban Affairs Subcommittee on Housing and Transportation. Hearings held.	6/20/2000	H. Res 460 (106th); H.R. 5640 (106th); H.R. 583 (111th); H.R. 172 (110th); H.R. 4273 (109th); H.R. 4278 (109th); S. 1452 (106th); S. 3274 (106th); H.R. 710 (106th); H.R. 3637 (106th); H.R. 5528 (106th); H.R. 5640 (106th); H.R. 3634 (105th);

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	H.R. 1860: To Amend the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005	109th	Dana Rohrabacher	R	California	1	To amend the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 to to prevent a court from using a means-test as a way to prevent or dismiss a Chapter 7 bankruptcy if the following apply: 1) debtor is currently on active duty and or has returned from active duty within the last 180 days; 2) debtor is engaged in some form of homeland security activity (for at least 60 days) or has completed the activity within the last 180 days; 3) debtor was in Reserves and called to active duty after September 11, 2001.	4/26/2005	House Judiciary; House Judiciary, Subcommittee on Commercial and Administrative Law	Referred to the Subcommittee on Commercial and Administrative Law	6/6/2005	H.R. 3972 (110th); H.R. 2060 (109th)
T	H.R. 1865: Prevention of Predatory Lending Through Education Act	108th	David Scott	D	Georgia	15	To authorize the Secretary of Housing and Urban Development to make grants to States, units of general local government, and nonprofit organizations for counseling and education programs for the prevention of predatory lending and to establish a toll-free telephone number for complaints regarding predatory lending, and for other purposes.	4/29/2003	House Financial Services; House Financial Services, Subcommittee on Housing and Community Opportunity	Referred to the Subcommittee on Housing and Community Opportunity	5/12/2003	H.R. 200 (109th)
L	H.R. 2060: To Amend the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005	109th	Dana Rohrabacher	R	California	88	To amend the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 to exempt from the means test in bankruptcy cases, for a limited period, qualifying reserve-component members who, after September 11, 2001, are called to active duty or to perform a homeland defense activity for not less than 60 days.	5/3/2005	House Judiciary; House Judiciary, Subcommittee on Commercial and Administrative Law	Referred to the Subcommittee on Commercial and Administrative Law.	6/6/2005	H.R. 3972 (110th); H.R. 1860 (109th)
T	H.R. 2201: Consumer Debt Prevention and Education Act of 2005	109th	Dutch Ruppersberger	D	Maryland	0	To amend Chapter 7 of Title 11 of the United States Code, to exclude medically distress debtors from the application of the means test, to amend the Truth in Lending Act to require certain disclosures in connection with credit card applications and solicitations, and for other purposes. Excludes medically distressed individuals from means test requirements for Chapter 7 bankruptcy filings. Requires any credit issuer mailing credit applications to consumers to include a brochure explaining how negative credit scores and being over the limit can affect a consumer credit status. The brochure must also include information on how long it will take to pay off a credit card balance if the consumer only makes minimum payments.	5/5/2005	House Judiciary; House Judiciary, Subcommittee on Commercial and Administrative Law; House Financial Services; House Financial Services, Subcommittee on Financial Institutions and Consumer Credit	House Judiciary: Referred to the Subcommittee on Commercial and Administrative Law.	6/6/2005	n.a.

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	H.R. 2589: Mark-to-Market Extension Act of 2001	107th	Marge Roukema	R	New Jersey	1	To amend the Multifamily Assisted Housing Reform and Affordability Act of 1997 to reauthorize the Office of Multifamily Housing Assistance Restructuring, and for other purposes. Revises Section 8 and other multifamily housing mortgage assistance programs. For example, vouchers, rent restructuring, "look-back" project eligibility, and housing insurance restructuring programs are included. The mark-to-market program is extended through 2006.	7/23/2001	House Financial Services	Received in the Senate. Read twice. Placed on Senate Legislative Calendar under General Orders. Calendar No. 168.	9/25/2001	S. 1254 (107th); S. 131 (110th); H.R. 647 (110th); S. 3511 (109th); H.R. 5527 (109th); H.R. 6115 (109th); S. 1254 (107th); H.R. 3061 (107th)
L	H.R. 3206: Home Ownership Expansion and Opportunities Act of 2001	107th	Marge Roukema	R	New Jersey	12	To authorize the Government National Mortgage Association to guarantee securities backed by certain conventional mortgages.	11/1/2001	House Financial Services; House Financial Services, Subcommittee on Housing and Community Opportunity	Referred to the Subcommittee on Housing and Community Opportunity.	11/19/2001	n.a.
L	H.R. 3505: Financial Regulatory Relief Act of 2005	109th	Jeb Hensarling	R	Texas	39	To provide regulatory relief and improve productivity for insured depository institutions, and for other purposes.	7/28/2005	House Financial Services; House Financial Services, Subcommittee on Financial Institutions and Consumer Credit; House Judiciary; House Judiciary, Subcommittee on Crime, Terrorism, and Homeland Security; Senate Banking, Housing, and Urban Affairs	Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.	3/9/2006	S. 2856 (109th); H.R. 5841 (110th); S. 2856 (109th); H.R. 1375 (108th); H.R. 3951 (107th)

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
T	H.R. 3607: Protecting Our Communities From Predatory Lending Practices Act	107th	Maxine Waters	D	California	1	To amend the Truth in Lending Act to strengthen consumer protections and prevent predatory loan practices, and for other purposes. Prohibits unfair or deceptive practices and statements regarding consumer credit transactions, applications, etc. Includes provisions that prohibit certain practices involving a consumer's dwelling; that is, practices such as flipping consumer loans, financing credit insurance, charging fees for services not provided, and others are prohibited.	12/20/2001	House Financial Services; House Financial Services - Subcommittee on Financial Institutions and Consumer Credit	Referred to the Subcommittee on Financial Institutions and Consumer Credit.	1/14/2002	n.a.
L	H.R. 3755: Zero Downpayment Act of 2004	108th	Patrick Tiberi	R	Ohio	67	To authorize the Secretary of Housing and Urban Development to insure zero-downpayment mortgages for one-unit residences. Permit the Department of Housing and Urban Development to insure single family primary residences for first-time homebuyers who do not make a down-payment. Applicants must participate in mortgage counseling, and in certain circumstances, foreclosure prevention counseling. No more than ten percent of the mortgages held by the Federal Housing Administration may qualify for this program.	2/3/2004	House Financial Services; House Financial Services, Subcommittee on Housing and Community Opportunity	Placed on the Union Calendar, Calendar No. 465	10/6/2004	S. 2753 (108th)
T	H.R. 3763: Sarbanes-Oxley Act of 2002	107th	Oxley	R	Ohio	30	To protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws, and for other purposes. Establishes the Public Company Accounting Oversight Board to oversee audit-related issues. Addresses auditor independence and prevents any auditor from providing non-audit related services for the same company. Auditor rotation and reporting guidelines are included. The principal executive and financial officers are to certify the financial reports and forgo certain bonuses and compensation if certain violations of securities laws occur. The chief executive officer must sign the corporation's tax returns. Insider trading during certain blackout periods is disallowed. Calls for increased financial disclosures and assigns corporate and criminal fraud liability and increases the penalties for white-collar crimes.	2/14/2002	House Financial Services; House Financial Services, Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises; Senate Banking, Housing, and Urban Affairs	Became Public Law No: 107-204.	7/30/2002	H. Res 395 (107th); H.R. 5070 (107th); H.R. 5118 (107th); S. 2673 (107th); S. 2010 (107th); S. 2673 (107th); S. 2717 (107th); S. 2763 (107th); H.R. 4098 (107th); H.R. 5118 (107th)

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
T	H.R. 3807: Predatory Mortgage Lending Practices Reduction Act	107th	Stephanie Jones	D	Ohio	16	To protect home buyers from predatory lending practices.	2/27/2002	House Financial Services; House Financial Services - Subcommittee on Financial Institutions and Consumer Credit	Referred to the Subcommittee on Financial Institutions and Consumer Credit.	4/15/2002	H.R. 991 (111th); H.R. 2108 (111th); H.R. 1443 (110th); H.R. 2061 (110th); H.R. 1994 (109th); H.R. 1663 (108th); H.R. 1887 (108th); H.R. 5162 (107th); H.R. 2258 (106th); H.R. 4332 (106th)
T	H.R. 3901: Anti-Predatory Lending Act of 2000	106th	Janice Schakowsky	D	Illinois	12	To amend the Truth in Lending Act, the Revised Statutes of the United States, the Home Mortgage Disclosure Act of 1975, the Home Ownership and Equity Protection Act of 1994 to protect consumers from predatory lending practices, and for other purposes. Adds the following disclosure requirement to the Home Mortgage Disclosure Act of 1975: "the annual percentage rate of mortgage loans and home improvement loans originated by the institution grouped according to census tract, income level, racial characteristics, and gender." Restricts certain rates and fees and mandates that any borrower who would like to obtain a high-cost mortgage complete home ownership counseling. Pre-payment penalties, negative amortization, flipping home loans, extending credit without regard to ability to repay, encouraging default, payments to appraisers by creditors, and creditor-financing of credit insurance are disallowed.	3/9/2000	House Financial Services; House Financial Services - Subcommittee on Financial Institutions and Consumer Credit	Referred to the Subcommittee on Financial Institutions and Consumer Credit.	3/31/2000	n.a.

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
T	H.R. 3915: Mortgage Reform and Anti-Predatory Lending Act of 2007	110th	Bradley Miller	D	North Carolina	27	To amend the Truth in Lending Act to reform consumer mortgage practices and provide accountability for such practices, to establish licensing and registration requirements for residential mortgage originators, to provide certain minimum standards for consumer mortgage loans, and for other purposes. Introduces licensing and training requirements for individuals wishing to become loan originators. Stipulates that certain federal agencies are to regulate mortgage lenders so that they do not encourage borrowers from taking on loans that they do not have the ability to repay. Good faith estimates must include the total loan amount, the type and length of the loan, the annual percentage rate, the total estimated monthly payment, the percentage the monthly payment is of the borrower's monthly income, and other disclosures.	10/22/2007	House Financial Services; Senate Banking, Housing, and Urban Affairs	Referred to the House Committee on Ways and Means.	9/27/2005	S. 2366 (108th)
L	H.R. 3951: Financial Services Regulatory Relief Act of 2002	107th	Shelley Capito	R	West Virginia	6	To provide regulatory relief and improve productivity for insured depository institutions, and for other purposes. revises requirements for national banks including dividend calculations, voting procedures, requirements for establishing intrastate branches, and capital equivalency deposits for foreign banks. The bill modifies investment and mergers/consolidations regulations for savings associations, offers parity for savings associations, and clarifies the citizenship of federal savings associations. Credit unions may offer 15 year loans and check cashing and money transfer services. Revises credit union governance procedures and securities investment regulations. Depository institutions would have fewer restrictions on interstate mergers.	3/13/2002	House Financial Services; House Financial Services - Subcommittee on Financial Institutions and Consumer Credit; House Judiciary	Placed on the Union Calendar, Calendar No. 358.	7/22/2002	H.R. 5841 (110th); S. 2856 (109th); H.R. 3505 (109th); H.R. 1375 (108th)

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	H.R. 4110: FHA Single Family Loan Limit Adjustment Act of 2004	108th	Gary Miller	R	California	29	To facilitate homeownership in high-cost areas.	4/1/2004	House Financial Services; House Financial Services, Subcommittee on Housing and Community Opportunity	Committee Hearings Held.	6/16/2004	H.R. 176 (109th)
T	H.R. 4213: Consumer Mortgage Protection Act of 2000	106th	Robert Ney	R	Ohio	47	To provide expanded substantive protections for especially vulnerable consumers against abusive mortgage lending practices and to streamline the framework regulating mortgage originations.	4/6/2000	House Banking and Financial Services; House Banking and Financial Services, Subcommittee on Financial Institutions and Consumer Credit; House Banking and Financial Services, Subcommittee on Housing and Community Opportunity	Referred to the Subcommittee on Housing and Community Opportunity.	4/6/2000	n.a.
T	H.R. 4250: Predatory Lending Consumer Protection Act of 2000	106th	John LaFalce	D	New York	18	To amend the Home Ownership and Equity Protection Act of 1994 and other sections of the Truth in Lending Act to protect consumers against predatory practices in connection with high-cost mortgage transactions, to strengthen the civil remedies available to consumers under existing law, and for other purposes. Requires additional disclosures to consumers who are applying for high-cost mortgages to warn them regarding the higher interest rates and the risks associated with high-cost mortgages. Pre-payment penalties, balloon payments, and the financing of points and fees are restricted. Creditors must evaluate each consumer's ability to repay the loan, and creditors must not encourage a consumer to default on the loan.	4/12/2000	House Banking and Financial Services; House Banking and Financial Services - Subcommittee on Financial Institutions and Consumer Credit	Referred to the Subcommittee on Financial Institutions and Consumer Credit.	4/12/2000	

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
T	H.R. 4471: Fair and Responsible Lending Act	109th	William Clay	D	Missouri	0	To amend the Home Ownership and Equity Protection Act of 1994 and other sections of the Truth in Lending Act, so as to enact the "Fair and Responsible Lending Act;" to provide for definitions; to provide for prohibited practices and limitations relating to high-cost home loans; to provide for prohibited practices and limitations relating to home loans; to provide for penalties and remedies and enforcement; to provide for corrections of certain unintentional violations; to provide for coordination with state laws; to provide for related matters; to provide for consumer counseling requirements; to expand housing counseling opportunities; and for other purposes. Regulates fees, payments, and other costs associated with high-cost home loans. Requires that a consumer considering a high-cost mortgage attend credit counseling services. Computer software programs designed to help consumers choose among mortgage products must be certified by the Secretary of Housing and Urban Development.	12/8/2005	House Financial Services	Referred to the House Committee on Financial Services.	12/8/2005	H.R. 1295 (109th); H.R. 3012 (110th); H.R. 1295 (109th); H.R. 3938 (108th)
T	H.R. 4541: Commodity Futures Modernization Act of 2000	106th	Thomas Ewing	R	Illinois	3	To reauthorize and amend the Commodity Exchange Act to promote legal certainty, enhance competition, and reduce systemic risk in markets for futures and over-the-counter derivatives, and for other purposes. Under H.R. 4541, the following types of contracts and transactions are excluded from the Commodity Exchange Act: 1) foreign currency; 2) government securities; 3) security warrants; 4) security rights; 5) resales of installment loan contracts; 6) repurchase transactions in an excluded commodity; 7) mortgages or mortgage purchase commitments; 8) electronic trading of excluded commodities; 9) qualifying hybrid instruments; and 10) swap transactions. Revises registration requirements for security futures product exchanges and exempts certain floor brokers/traders from registration requirements. Rules and provisions for securities futures trading are included.	5/25/2000	House Agriculture; House Agriculture, Subcommittee on Risk Management, Research and Specialty Crops; House Banking and Financial Services; House Commerce; House Commerce, Subcommittee on Finance and Hazardous Materials	Received in the Senate.	10/19/2000	S. 2697 (106th); H.R. 4626 (110th); H.R. 4473 (109th); S. 2697 (106th); S. 3283 (106th); H.R. 4577 (106th); H.R. 5660 (106th)

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Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
T	H.R. 4818: Mortgage Loan Consumer Protection Act	107th	John LaFalce	D	New York	0	To amend the Real Estate Settlement Procedures Act of 1974 and the Truth in Lending Act to make the residential mortgage process more understandable, fair, and competitive. Requires disclosure of lenders' fees on settlement paperwork and prohibits lenders from charging certain loan fees.	5/22/2002	House Financial Services; House Financial Services, Subcommittee on Housing and Community Opportunity	Referred to the Subcommittee on Housing and Community Opportunity.	5/31/2002	n.a.
L	H.R. 5121: Expanding American Ownership Act of 2006	109th	Robert Ney	R	Ohio	106	To modernize and update the National Housing Act and enable the Federal Housing Administration to use risk-based pricing to more effectively reach underserved borrowers, and for other purposes. Raises the maximum insurable amount of a home to be equal to the full median price of area homes. With regards to FHA mortgage loans, extends the maximum length of the loan from 35 to 40 years and removes the requirement of a three percent down-payment. Revises the mortgage insurance premium structure.	4/6/2006	House Financial Services; Senate Banking, Housing, and Urban Affairs	Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.	7/26/2006	S. 3535 (109th); S. 2325 (110th); H.R. 1752 (110th); H.R. 1852 (110th); H.R. 5857 (110th); S. 3535 (109th)
L	H.R. 5503: FHA Multi Family Loan Limit Adjustment Act	109th	Gary Miller	R	California	1	To amend the National Housing Act to increase the mortgage amount limits applicable to FHA mortgage insurance for multifamily housing located in high-cost areas. Increases the FHA loan limits in high cost areas for the following types of housing: rental, cooperative, rehabilitation, neighborhood conservation, moderate income, displaced family, condominiums, and housing for the elderly.	5/25/2006	House Financial Services; Senate Banking, Housing, and Urban Affairs	Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.	11/13/2006	H.R. 3527 (111th); H.R. 127 (110th); S. 811 (108th); S. 1714 (108th); H.R. 1985 (108th)

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Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	H.R. 5640: American Homeownership and Economic Opportunity Act of 2000	106th	James Leach	R	Iowa	1	To expand homeownership in the United States, and for other purposes. Affords greater protection to consumers with regards to mortgage insurance cancellations and offers grants to provide downpayment assistance to Section 8 tenants. Addresses standards for manufactured homes and eliminates the National Manufactured Home Advisory Council. Programs and services related to rural housing and housing for the elderly or for disabled families are also included.	12/5/2000	House Banking and Financial Services	Became Public Law No: 106-569.	12/27/2000	H.R. 1776 (106th); S. 576 (106th); S. 1452 (106th); S. 2733 (106th); S. 3274 (106th); H.R. 710 (106th); H.R. 1776 (106th); H.R. 3637 (106th); H.R. 5528 (106th); S. 1405 (105th); S. 2145 (105th); H.R. 3634 (105th); H.R. 3899 (105th)
	H.R. 5660: Commodity Futures Modernization Act of 2000	106th	Thomas Ewing	R	Illinois	4	To reauthorize and amend the Commodity Exchange Act to promote legal certainty, enhance competition, and reduce systemic risk in markets for futures and over-the-counter derivatives, and for other purposes.	12/14/2000	House Agriculture; House Banking and Financial Services; House Commerce; House Judiciary	Referred to House Judiciary	12/14/2000	H.R. 4577 (106th); H.R. 4626 (110th); H.R. 4473 (109th); S. 2697 (106th); S. 3283 (106th); H.R. 4541 (106th); H.R. 4577 (106th)

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Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	H.R. 665: Financial Services Modernization Act	106th	John LaFalce	D	New York	6	To enhance the finanical services industry by providing a prudential framework for the affiliation of banks, securities firms, and other financial service providers and ensuring adequate protection for consumers, and for other purposes. Permits bank holding companies to participate in any activity that the Federal Reserve Board of Governors and the Secretary of Treasury deem to be financial; subsidiaries of national banks may also participate in financial activities. Outlines cases where a bank holding company may participate in non-financial activities.	2/10/1999	House Banking and Financial Services; House Commerce; House Commerce, Subcommittee on Finance and Hazardous Materials	House Commerce: Referred to the Subcommittee on Finance and Hazardous Materials, for a period to be subsequently determined by the Chairman.	3/1/1999	n.a.
L	H.R. 685: Bankruptcy Abuse Prevention and Consumer Protection Act of 2005	109th	James Sensenbrenner	R	Wisconsin	88	To amend title 11 of the United States Code, and for other purposes.	2/9/2005	House Judiciary; House Judiciary, Subcommittee on Commercial and Administrative Law; House Financial Services; House Financial Services, Subcommittee on Financial Institutions and Consumer Credit	House Financial Services: Referred to the Subcommittee on Financial Institutions and Consumer Credit.	5/13/2005	S. 193 (111th); H.R. 4506 (111th); S. 256 (109th); S. 878 (108th); S. 1061 (108th); S. 1920 (108th); H.R. 975 (108th); H.R. 1112 (108th); H.R. 1428 (108th); S. 420 (107th); S. 3074 (107th); H.R. 333 (107th); H.R. 5744 (107th);

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Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
T	H.R. 833: Responsible Lending Act	108th	Robert Ney	R	Ohio	25	To combat unfair and deceptive practices in the high-cost mortgage market, establish a consumer mortgage protection board, and establish licensing and minimum standards for mortgage brokers, and for other purposes. Defines high cost mortgages, points, and fees. Creates the Consumer Mortgage Protection Board to offer grants to organizations providing homeownership/rental counseling. Mortgage broker guidelines and requirements are also included.	2/13/2003	House Financial Services; House Financial Services, Subcommittee on Financial Institutions and Consumer Credit; House Financial Services, Subcommittee on Housing and Community Opportunity	Referred to the Subcommittee on Housing and Community Opportunity.	3/10/2003	H.R. 1295 (109th)
L	H.R. 975: Bankruptcy Abuse Prevention and Consumer Protection Act of 2003	108th	James Sensenbrenner	R	Wisconsin	89	To amend title 11 of the United States Code, and for other purposes.	2/27/2003	House Judiciary; House Judiciary, Subcommittee on Commercial and Administrative Law; House Financial Services	Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 50.	3/21/2003	H. Res 147 (108th); S. 193 (111th); H.R. 4506 (111th); S. 256 (109th); H.R. 685 (109th); S. 878 (108th); S. 1061 (108th); S. 1920 (108th); H.R. 1112 (108th); H.R. 1428 (108th); S. 420 (107th); S. 3074 (107th); H.R. 333 (107th);

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Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	S. 1163: FHA Multifamily Housing Mortgage Loan Limit Adjustment Act of 2001	107th	Jon Corzine	D	New Jersey	6	A bill to increase the mortgage loan limits under the National Housing Act for multifamily housing mortgage insurance.	7/11/2001	Senate Banking, Housing, and Urban Affairs	Sponsor introductory remarks on measure. (CR S7907)	8/1/2002	H.R. 1629 (107th)
L	S. 1620: Home Ownership Expansion Act of 2001	107th	Wayne Allard	R	Colorado	0	A bill to authorize the Government National Mortgage Association to guarantee conventional mortgage-backed securities, and for other purposes.	11/1/2001	Senate Banking, Housing, and Urban Affairs	Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.	11/1/2001	n.a.
L	S. 1920: Bankruptcy Abuse Prevention and Consumer Protection Act of 2004	108th	Charles Grassley	R	Iowa	3	A bill to extend for 6 months the period for which chapter 12 of title 11 of the United States Code is reenacted.	11/21/2003	Senate Judiciary; House Judiciary; House Judiciary, Subcommittee on Commercial and Administrative Law	Message on House action received in Senate and at desk: House amendment to Senate bill and House requests a conference.	2/3/2004	H. Res 503 (108th); S. 193 (111th); H.R. 4506 (111th); S. 256 (109th); H.R. 685 (109th); S. 878 (108th); S. 1061 (108th); S. 1323 (108th); H.R. 975 (108th); H.R. 1112 (108th); H.R. 1428 (108th); H.R. 2465 (108th); H.R. 3542 (108th); S.

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	S. 2169: Promoting Refinancing Opportunities for Mortgages Impacted by the Subprime Emergency (PROMISE) Act of 2007	110th	Charles Schumer	D	New York	1	A bill to temporarily increase the portfolio caps applicable to Freddie Mac and Fannie Mae, to provide the necessary financing to curb foreclosures by facilitating the refinancing of at-risk subprime borrowers into safe, affordable loans, and for other purposes. Gives the Director of the Office of Federal Housing Enterprise Oversight of the Department of Housing and Urban Development authority to suspend, modify or lift the limitation on growth provision in the Fannie Mae Consent Decree and the voluntary temporary growth limitation in the Freddie Mac Letter. The Director also is authorized to increase the mortgage portfolio limitations of both Fannie Mae and Freddie Mac by at least 10 percent. Stipulates that 85 percent of this increase should be set aside for refinancing subprime mortgages that are at risk of foreclosure. The definition of subprime mortgages is at the discretion of the Director.	10/16/2007	Senate Banking, Housing, and Urban Affairs	Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.	10/16/2007	H.R. 3838 (110th); S. 2346 (110th); S. 1609 (108th); S. 2863 (108th); H.R. 3081 (108th); H.R. 4644 (108th)
T	S. 2415: Predatory Lending Consumer Protection Act of 2000	106th	Paul Sarbanes	D	Maryland	4	A bill to amend the Home Ownership and Equity Protection Act of 1994 and other sections of the Truth in Lending Act to protect consumers against predatory practices in connection with high-cost mortgage transactions, to strengthen the civil remedies available to consumers under existing law, and for other purposes. Amends the Truth in Lending Act regarding annual percentage rates, total points and fees, pre-payment penalties, and balloon payments for high cost mortgages. Requires additional consumer disclosures and restricts high-cost mortgage creditors from financing mortgage points and fees and from accelerating a consumer's debt or from encouraging consumer default. High-cost mortgage lenders must report their consumers' payment histories to credit reporting agencies. Civil penalties and the statute of limitations are increased.	4/12/2000	Senate Banking, Housing, and Urban Affairs	Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.	4/12/2000	H.R. 4250 (106th); S. 1928 (108th); S. 2438 (107th); H.R. 1051 (107th); H.R. 4250 (106th)

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
T	S. 2438: Predatory Lending Consumer Protection Act of 2002	107th	Paul Sarbanes	D	Maryland	15	A bill to amend the Truth in Lending Act to protect consumers against predatory practices in connection with high cost mortgage transactions, to strengthen the civil remedies available to consumers under existing law, and for other purposes. Requires additional disclosures to the consumer, prohibits balloon payments and prepayment penalties, and limits the points/fees a lender may charge for high cost mortgages. Creditors must report a consumer's payment history/status to consumer reporting agencies.	5/1/2002	Senate Banking, Housing, and Urban Affairs	Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.	5/1/2002	S. 1928 (108th); H.R. 1051 (107th); S. 2415 (106th); H.R. 4250 (106th)
L	S. 256: Bankruptcy Abuse Prevention and Consumer Protection Act of 2005	109th	Charles Grassley	R	Iowa	12	A bill to amend title 11 of the United States Code, and for other purposes. Revises the conditions for filing Chapter 7 bankruptcy and includes language to discourage repeat filings and abuse of the bankruptcy system. Outlines penalties for creditor abuse, incorporates means tests for bankruptcy filings, increases the length of time between Chapter 7 bankruptcy filings from six to eight years, and mandates credit counseling for debtors.	2/1/2005	Senate Judiciary; House Judiciary; House Financial Services	Became Public Law No: 109-8.	4/20/2005	S. 193 (111th); H.R. 4506 (111th); H.R. 685 (109th); S. 878 (108th); S. 1061 (108th); S. 1128 (108th); S. 1920 (108th); H.R. 975 (108th); H.R. 1112 (108th); H.R. 1428 (108th); H.R. 1529 (108th); S. 420 (107th); S. 3074 (107th);

Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
T	S. 2697: Commodity Futures Modernization Act of 2000	106th	Richard Lugar	R	Indiana	2	A bill to reauthorize and amend the Commodity Exchange Act to promote legal certainty, enhance competition, and reduce systemic risk in markets for futures and over-the-counter derivatives, and for other purposes.	6/8/2000	Senate Agriculture, Nutrition and Forestry; Senate Banking, Housing and Urban Affairs	Placed on Senate Legislative Calendar under General Orders. Calendar No. 766.	8/25/2000	H.R. 4541 (106th); S. 3283 (106th); H.R. 4541 (106th); H.R. 4577 (106th); H.R. 5660 (106th)
L	S. 2856 Financial Services Regulatory Relief Act	109th	Michael Crapo	R	Idaho	0	An original bill to provide regulatory relief and improve productivity for insured depository institutions, and for other purposes. Allows the Federal Reserve to pay interest on certain reserve balances of depository banks. Reduces reserve requirements from three to14 percent to zero percent. Provisions pertaining to national banks include simplifying dividend calculations, changing shareholder voting requirements, and expanding banks' abilities to make community development investments. Offers parity to savings associations. Credit unions may increase the length of the loans they offer from 12 to 15 years and may offer check cashing services to members. With respect to depository institutions, the Act repeals certain reporting requirements on insider lending.	5/18/2006	Senate Banking, Housing, and Urban Affairs	Became Public Law No: 109-351.	10/13/2006	H.R. 3505 (109th); H.R. 1375 (108th); H.R. 3951 (107th)

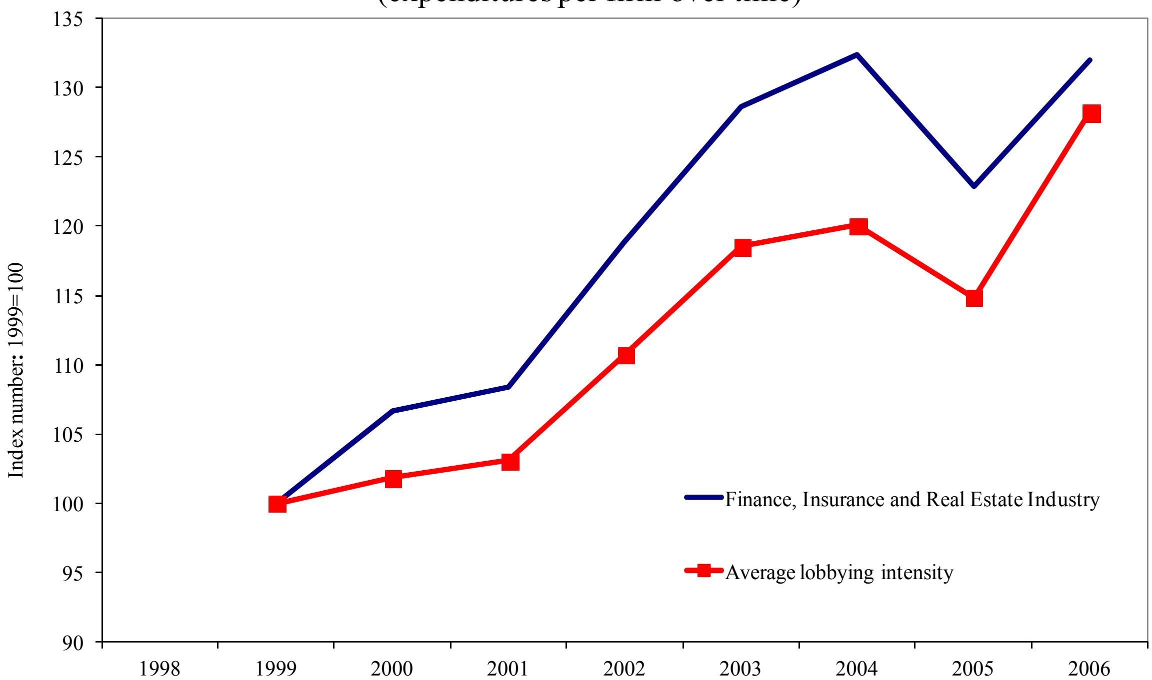
Table A2. Bill Details - continued

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	S. 3535: Expanding American Homeownership Act of 2006	109th	James Talent	R	Missouri	10	A bill to modernize and update the National Housing Act and to enable the Federal Housing Administration to use risk-based pricing to more effectively reach underserved borrowers, and for other purposes. Introduces various changes to conforming loan limits, loan terms, cash investment requirements, mortgage insurance premiums, insurance for condominiums, and insurance for manufactured homes.	6/19/2006	Senate Banking, Housing, and Urban Affairs	Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.	6/19/2006	H.R. 5121 (109th); S. 2325 (110th); S. 2338 (110th); H.R. 1752 (110th); H.R. 1852 (110th); H.R. 3221 (110th); H.R. 5857 (110th); H.R. 5121 (109th); H.R. 1123 (103rd)
L	S. 811: American Dream Downpayment Act	108th	Wayne Allard	R	Colorado	9	A bill to support certain housing proposals in the fiscal year 2003 budget for the Federal Government, including the downpayment assistance initiative under the HOME Investment Partnership Act, and for other purposes. Amends the Cranston-Gonzalez National Affordable Housing Act and offers down-payment assistance to low-income, first-time home buyers through the use of grants to state and local governments. Revises certain criteria for hybrid adjustable-rate mortgages and increases the loan limits for FHA multifamily loans.	4/8/2003	Senate Banking, Housing, and Urban Affairs	Became Public Law No: 108-186.	12/16/2003	H.R. 1276 (108th); H.R. 1614 (108th); H.R. 2422 (108th); S. 381 (108th); S. 1714 (108th); H.R. 3527 (111th); H.R. 127 (110th); H.R. 5503 (109th); S. 381 (108th); S. 1714 (108th); H.R. 1276 (108th); H.R. 1614 (108th); H.R. 1985 (108th);

Table A2. Bill Details - concluded

Tight /Lax	Bill name	Congress	Sponsor	Sponsor party	Sponsor state	Number of co-sponsors	Description	Introduced on	Committee assignment	Last action	Last action date	Related legislation
L	S. 900: Gramm-Leach-Bliley Act	106th	Phil Gramm	R	Texas	0	An Act to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, and other financial service providers, and for other purposes.	4/28/1999	Senate Banking, Housing, and Urban Affairs; House Judiciary	Became Public Law No: 106-102.	11/12/1999	S. 756 (111th); H.R. 4756 (111th); S. 1734 (110th); H.R. 3020 (110th); H.R. 3563 (110th); S. 409 (106th); S. 458 (106th); S. 753 (106th); H.R. 10 (106th); H.R. 413 (106th); H.R. 822 (106th); S. 1423 (105th); S. 2190 (105th); S.

Figure 1. Evolution of Lobbying Intensity
(expenditures per firm over time)



Sources: Center for Responsive Politics; authors' calculations.

Table 1. Targeted Political Activity Campaign Contributions and Lobbying Expenditures
(millions of dollars)

Election cycle	1999-2000	2001-02	2003-04	2005-06
Contributions from PACs	326	348	461	509
Overall lobbying expenditure	2,972	3,348	4,081	4,747
Of which expenditure by finance, insurance, and real estate industry (FIRE)	437	478	645	720
Share of FIRE in overall lobbying (in percent)	14.7	14.3	15.8	15.2
Total targeted political activity	3,298	3,696	4,542	5,256

Source: Center for Responsive Politics.

Table 2. Lobbying Expenditures on Repeat Bills
(in percent of total spent on all attempts)

Bill name ↓ \ Attempt →	1	2	3	4	5	6
American Dream Downpayment Act	43	40	17			
American Homeownership and Economic Opportunity Act	16	6	31	30	10	7
Predatory Lending Consumer Protection Act	16	16	31	17	20	
Financial Services Regulatory Relief Act	19	24	30	27		

Notes: The names of the bills brought forward in various attempts are as follows: American Dream Downpayment Act -- 1: H.R.1276, 2: S.811, 3: H.R.3755; American Homeownership and Economic Opportunity Act -- 1: H.R.1776, 2: H.R.5640, 3: H.R.3206, 4: S.1620, 5: H.R.5121, 6: S.3535; Predatory Lending Consumer Protection Act -- 1: H.R.4250, 2: S.2415, 3: H.R.1051, 4: S.2438, 5: H.R.1663; Financial Services Regulatory Relief Act -- 1: H.R.3951, 2: H.R.1375, 3: H.R.3505, 4: S.2856.

Table 3. Passage of Bills

	All Bills				Bills Grouped		
Tight bill?	Signed into law?		Total number of bills	Tight bill?	Signed into law?		Total number of bill-groups
	No	Yes			No	Yes	
No	84%	16%	32	No	40%	60%	5
Yes	95%	5%	19	Yes	67%	33%	3
Total number of bills	45	6	51	Total number of bill groups	4	4	8

Notes: The table shows the proportion and number of bills that were ultimately signed into law between 2000 and 2006, distinguishing between lax and tight bills. Bills are categorized as lax or tight based on the rules they would impose on the financial institutions. In the last three columns, we group the bills into five categories: accounting rules, bankruptcy procedures, initiatives to expand homeownership (including downpayment requirements), anti-predatory lending regulation, reform of federal housing finance system.

Table 4. Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Number of bills	12				
Number of politicians	561				
Number of lobbyists	499				
Dummy=1 if vote in favor of deregulation	4401	0.78	0.41	0	1
Lobbying expenditures (in mn US$)	4401	7.40	3.71	2.24	14.20
log (lobbying expenditures)	4401	15.65	0.62	14.62	16.47
Lobbying expenditures -- including associations (in mn US$)	4401	8.15	3.95	2.73	15.40
log (lobbying expenditures -- including associations)	4401	15.77	0.58	14.82	16.55
Lobbying expenditures -- total (in mn US$)	4401	272	159	55	590
log (lobbying expenditures -- total)	4401	19.2	0.7	17.8	20.2
Lobbying expenditures -- alternative split (in mn US$)	4401	15.80	8.87	4.27	32.20
log (lobbying expenditures -- alternative split)	4401	16.4	0.7	15.3	17.3
worked in FIRE	4401	0.17	0.37	0	1
Number of connections (between lobbyist and politician)	4401	19	15	0	62
Ideology score	4390	0.10	0.48	-0.72	1.18

Notes: The dummy for 'vote in favor of deregulation' takes on the value 1 if the politician voted "aye" ("nay") on a lax (tight) bill, where the bills are categorized as lax or tight based on the rules they would impose on the financial institutions. Lobbying expenditures are the total amount spent on lobbying on a particular bill by the financial industry firms that list the bill in their reports (the 'affected firms'). Lobbying expenditures at the firm level for each specific bill is calculated by splitting the expenditure of that firm equally among all bills the firm lobbied on. Alternative measures for lobbying are (1) lobbying expenditures by industry associations such as the Mortgage Bankers Association plus the amount spent by the individual financial institutions (-- including associations); (2) total amount spent by firms that list the bill in question in their reports on lobbying on all bills - not only the particular bill (-- total); and (3) lobbying expenditures split among bills based on the share of reports that list that issue to split the firm-level lobbying expenditures among different issues (-- alternative split). The variable 'worked in FIRE' is a dummy that equals 1 if the politician has ever worked for a finance, insurance, or real estate company. Network connections are measured by a lobbyist for a specific bill being connected to the politician voting on the bill.

Table 5. Vote and Lobbying

Dependent variable: Dummy=1 if vote in favor of deregulation					
log (lobbying expenditures)	0.153*** [0.008]	0.146*** [0.009]	0.145*** [0.008]		0.334*** [0.011]
log (lobbying expenditures) * worked in FIRE		0.038** [0.016]			
log (lobbying expenditures) * ideology score			0.079*** [0.009]		
Number of network connections				0.003*** [0.000]	0.430*** [0.019]
log (lobbying expenditures) * number of connections					-0.026*** [0.001]
N	4401	4401	4390	4808	4401
r2	0.43	0.43	0.43	0.39	0.49
Congress fixed effects	Y	Y	Y	Y	Y
Politician fixed effects	Y	Y	Y	Y	Y

Notes: Linear probability model with standard errors in parentheses. ***, ** and * denote significance at 1, 5 and 10 percent levels respectively. The dependent variable is a dummy with value 1 if the politician voted "aye" ("nay") on a lax (tight) bill, where the bills are categorized as lax or tight based on the rules they would impose on the financial institutions. Lobbying expenditures are the total amount spent on lobbying on a particular bill by all financial industry firms that lobby on a bill. Lobbying expenditures at the firm level for each specific bill is calculated by splitting the expenditure of that firm equally among all bills. See text for details. In the first interaction term, 'worked in FIRE' is a dummy that equals 1 if the politician has ever worked for a finance, insurance, or real estate company. In the second interaction term, the ideology score is *DW-nominate* as calculated by Poole and Rosenthal (2007). Network connections are measured by a lobbyist for a specific bill being connected to the politician voting on the bill.

Table 6. Vote and Lobbying: Alternative Measures of Lobbying

Dependent variable: Dummy=1 if vote in favor of deregulation												
	Lobbying expenditures I				Lobbying expenditures II				Lobbying expenditures III			
log (lobbying expenditures)	0.162***	0.155***	0.155***	0.363***	0.080***	0.076***	0.073***	0.094***	0.147***	0.142***	0.139***	0.283***
	[0.009]	[0.010]	[0.009]	[0.012]	[0.006]	[0.007]	[0.006]	[0.006]	[0.008]	[0.009]	[0.007]	[0.009]
log (lobbying expenditures) * worked in FIRE		0.041**				0.027**				0.029**		
		[0.017]				[0.012]				[0.014]		
log (lobbying expenditures) * ideology score			0.081***				0.069***				0.081***	
			[0.010]				[0.008]				[0.009]	
Number of network connections				0.439***				0.782***				0.119***
				[0.021]				[0.025]				[0.021]
log (lobbying expenditures) * number of connections				-0.027***				-0.038***				-0.007***
				[0.001]				[0.001]				[0.001]
N	4401	4401	4390	4401	4401	4401	4390	4401	4401	4401	4390	4401
r2	0.43	0.43	0.43	0.49	0.39	0.39	0.40	0.50	0.43	0.43	0.43	0.45
Congress fixed effects	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Politician fixed effects	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Notes: Linear probability model with standard errors in parentheses. ***, ** and * denote significance at 1, 5 and 10 percent levels respectively. The dependent variable is a dummy with value 1 if the politician voted "aye" ("nay") on a lax (tight) bill, where the bills are categorized as lax or tight based on the rules they would impose on the financial institutions. In all the regressions, lobbying expenditures are aggregate expenditures by all firms that lobby on a bill. The firm-level expenditures are calculated in alternative ways. Lobbying expenditures I corresponds to the measure in Table 5, but also includes lobbying by bankers' associations. Lobbying expenditures II are overall lobbying expenditures (on all issues) by the firm. Lobbying expenditures III uses the share of reports that list that issue to split the firm-level lobbying expenditures among different issues. In the first interaction term, 'worked in FIRE' is a dummy that equals 1 if the politician has ever worked for a finance, insurance, or real estate company. In the second interaction term, the ideology score is DW-nominate as calculated by Poole and Rosenthal (2007). Network connections are measured by a lobbyist for a specific bill being connected to the politician voting on the bill.