

Environment

Mr. Okoshi. Moving on to your climate change. Are you really inviting the major emitters, including China, to Washington, DC, at the end of this month? What kind of initiatives or roadmaps do you have in mind for the post-Kyoto framework?

The President. Yes, look, I think we need to make sure that we get the major emitters, the big economies of the world that are emitting greenhouse gases to the table so that we can all be at the same table. And the first step toward coming up with a common accord is to recognize there's a problem and set a goal, a reduction goal, because I believe once you get people to sign up to a goal, it makes it easier to begin to get—ask them to sign up to a solution.

So that's the purpose. The purpose is to set up a process that includes everybody. Now, the United States, by the way, has reduced greenhouse gas emissions last year. We grew our economy at about 3 percent, and our greenhouse gases went down. So our strategy is beginning to work. But the truth of the matter is, if we really want to be serious about solving this problem, the question is, how fast can we get new technologies to the marketplace? And the countries that are going to be leading the way and developing new technologies will be the United States and Japan.

For example, I believe that the Japanese battery makers will be coming to the market, hopefully, relatively soon, with a new battery that will enable us to drive a reg-

ular-size automobile for 40 miles on electricity. That will, of course, achieve a couple of objectives: one, less dependence on oil, which will help both our countries; and two, it will help us clean up the environment. And so technologies is going to really make an enormous difference. And to the extent that the United States and Japan cooperates on technologies, it will help the world. We're wealthy nations, and these developing nations are going to look to us to help them develop technologies that will enable them to grow their economies and, at the same time, be better stewards of the environment.

So the way I see it is, post-Kyoto is going to be setting goals, helping countries with the technological developments they need so that each country could meet the goal it sets. And collectively we'll have done a better job on the environment.

Mr. Okoshi. Time is up. Thank you very much, Mr. President—

The President. Thank you, sir.

Mr. Okoshi. —for spending time for Japanese people.

The President. Glad to do it. Proud to be a friend. Thank you.

NOTE: The interview was taped at 3:50 p.m. in the Map Room at the White House for later broadcast. In his remarks, the President referred to Sakie Yokota, mother of Megumi Yokota, who was abducted by North Korean authorities. The transcript was released by the Office of the Press Secretary on August 31.

Remarks on Homeownership Financing and an Exchange With Reporters August 31, 2007

The President. Good morning. Thank you for joining me. Secretary Paulson and Secretary Jackson gave me an update on the strong fundamentals of our Nation's economy. Economic growth is healthy, and just

yesterday we learned that our economy grew at a strong rate of 4 percent in the second quarter of this year. Wages are rising, unemployment is low, exports are up, and steady job creation continues.

We also had a good discussion about the situation in America's financial markets. The markets are in a period of transition as participants reassess and reprice risk. This process has been unfolding for some time, and it's going to take more time to fully play out. As it does, America's overall economy will remain strong enough to weather any turbulence.

One area that has shown particular strain is the mortgage market, especially what's known as the subprime sector of the mortgage market. This market has seen tremendous innovation in recent years as new lending products make credit available to more people. For the most part, this has been a positive development, and the reason why is, millions of families have taken out mortgages to buy their homes and American homeownership is at a near all-time high.

Unfortunately, there's also been some excesses in the lending industry. One of the most troubling developments has been the increase in adjustable rate mortgages that start out with a very low interest rate and then reset to a higher rate after a few years. This has led some homeowners to take out loans larger than they could afford based on overly optimistic assumptions about the future performance of the housing market. Others may have been confused by the terms of their loan or misled by irresponsible lenders. Whatever the reason they chose this kind of mortgage, some borrowers are now unable to make their monthly payments or facing foreclosure.

Complicating the situation for borrowers is the nature of today's mortgage market. In many cases, the neighborhood banker who issued a family's mortgage does not own that mortgage for long. Instead, mortgages are sold as securities on the global market. And that makes it harder for the lender and borrower to renegotiate.

The recent disturbances in the subprime mortgage industry are modest; they're modest in relation to the size of our economy. But if you're a family—if your family is

one of those having trouble making the monthly payments, this problem doesn't seem modest at all. I understand these concerns, and therefore, I've made this a top priority to help our homeowners navigate these financial challenges so that many families as possible can stay in their homes. That's what we've been working on, a plan to help homeowners.

We've got a role—the Government has got a role to play, but it is limited. A Federal bailout of lenders would only encourage a recurrence of the problem. It's not the Government's job to bail out speculators or those who made the decision to buy a home they knew they could never afford. Yet there are many American homeowners who could get through this difficult time with a little flexibility from their lenders or a little help from their Government. So I strongly urge lenders to work with homeowners to adjust their mortgages. I believe lenders have a responsibility to help these good people to renegotiate so they can stay in their home. And today I'm going to outline a variety of steps at the Federal level to help American families keep their homes.

First, we're going to work to modernize and improve the Federal Housing Administration; that's known as the FHA. The FHA is a Government Agency that provides mortgage insurance to borrowers through a network of private sector lenders. Sixteen months ago, I sent Congress an FHA modernization bill that would help more homeowners qualify for this insurance by lowering downpayment requirements, by increasing loan limits, and providing more flexibility in pricing. These reforms would allow the FHA to reach families that need help, those with low incomes, less-than-perfect credit records, or little savings.

Last year, the House passed this bill with more than 400 votes. Unfortunately, Congress hasn't acted this year. It would be a good task for Congress to come and get FHA modernization done so that we can help these people refinance their homes,

so more people can stay in their homes. I look forward to signing a bill as quickly as possible.

In the coming days, the FHA will launch a new program called FHASecure. This program will allow American homeowners who have got good credit history but cannot afford their current payments to refinance into FHA-insured mortgages. This means that many families who are struggling now will be able to refinance their loans, meet their monthly payments, and keep their homes. In other words, we're going to start reaching out and making sure people know that this option is available to them so they can stay in their homes.

Second, I'm going to work with Congress to temporarily reform a key housing provision of the Federal Tax Code, which will make it easier for homeowners to refinance their mortgages during this time of market stress. Under current law, homeowners who are unable to meet their mortgage payments can face an unexpected tax bill. For example, let's say the value of your house declines by \$20,000 and your adjustable rate mortgage payments have grown to a level you cannot afford. If the bank modifies your mortgage and forgives \$20,000 of your loan, the Tax Code treats that \$20,000 as taxable income. When your home is losing value and your family is under financial stress, the last thing you need to do is to be hit with higher taxes.

So I believe we need to change the code to make it easier for people to refinance their homes and stay in their homes. And to this end, I've called Senator Debbie Stabenow of Michigan and told her that she's on to a good idea with the bill that she and George Voinovich have submitted to the Senate. The House has got Rob Andrews of New Jersey and Ron Lewis of Kentucky introducing legislation that is a positive step toward changing the Tax Code so people aren't penalized when they refinance their homes. With a few changes in the Senate version and the House version, this administration can support these bills,

and we look forward to working with them—the Senators and the Members of the House—to pass commonsense legislation to help us address this issue.

Third, my administration will launch a new foreclosure avoidance initiative to help struggling homeowners find a way to refinance. Secretary Jackson and Secretary Paulson are going to reach out to a wide variety of groups that offer foreclosure counseling and refinancing for American homeowners. These groups include community organizations like NeighborWorks and mortgage lenders and loan servicers and the FHA as well as Government-sponsored enterprises like Fannie Mae and Freddie Mac. These organizations exist to help people refinance, and we expect them to do that.

See, it's easy for me to stand up here and talk about refinancing—some people don't even know what I'm talking about. And we can—we need to have a focused effort to help people understand the mortgage financing options available to them or to identify homeowners before they face hardships and help them understand what's possible.

Finally, the Federal Government is taking a variety of actions to make the mortgage industry more transparent, more reliable, and more fair so we can reduce the likelihood that these kind of lending problems won't happen again. Federal banking regulators are improving disclosure requirements to ensure that lenders provide homeowners with complete and accurate and understandable information about their mortgages, including the possibility that their monthly payments could rise dramatically. In other words, we believe that if the consumer is better informed, these kind of problems won't arise—are less likely to arise in the first place. Banking regulators are also strengthening lending standards to help ensure that borrowers are not approved for mortgages larger than they can handle.

This administration will soon issue regulations that require mortgage brokers to fully disclose their fees and closing costs. We're pursuing wrongdoing and fraud in the mortgage industry through the Department of Housing and Urban Development, the Department of Justice, the Federal Trade Commission, and other Agencies. In other words, if you've been cheating somebody, we're going to find you and hold you to account. And we'll continue to do our part to help improve all aspects of the mortgage marketplace that is really important to this economy of ours.

With all the steps I've outlined today, we will deliver help and hope to American families who need it. We'll help guard against future problems in the housing sector. We'll reaffirm the vital place of home-

ownership in our Nation. When more families own their own homes, neighborhoods are more vibrant and communities are stronger and more people have a stake in the future of this country.

Owning a home has always been at the center of the American Dream. Together with the United States Congress, I will continue working to help make that dream a reality for more of our citizens. Thank you.

Banking Industry

Q. Sir, what about the hedge funds and banks that are overexposed on the subprime market? That's a bigger problem. Have you got a plan?

The President. Thank you.

NOTE: The President spoke at 11:05 a.m. in the Rose Garden at the White House.

Remarks on the Resignation of Tony Snow as Press Secretary and the Appointment of Dana Perino as Press Secretary and an Exchange With Reporters *August 31, 2007*

The President. Thank you. Good afternoon to you.

Tony Snow informed me he's leaving. And I sadly accept his desire to leave the White House, and he'll do so on September the 14th. He is—it's been a joy to watch him spar with you. He's smart; he's capable; he's witty. He's capable of—he's able to talk about issues in a way that the American people can understand.

And I don't know what he's going to do; I'm not sure he does yet either. But whatever it is, it's going to be—two things: One, he'll battle cancer and win, and secondly, he'll be a solid contributor to society.

I do want to thank Jill and Kendall, Robbie, and Kristi. They have watched a man they love take on a big job and, at the same time, fight disease with a lot of

courage. And so I accept; I love you; and I wish you all the best.

And so I had to make a choice, who to replace Tony, and I've chosen Dana Perino. I did so because Dana is a smart, capable person who is able to spell out the issues of the day in a way that people listening on TV can understand. She can handle you all. [*Laughter*] She's capable of handling your questions.

Q. She has done—[*inaudible*].

The President. She has? Good. Okay. I'm glad to get a little—I'm glad to get that choir singing. [*Laughter*] So I'm not worried about her standing here at the podium. What I look for in somebody like Dana is somebody who can walk in that Oval Office and give me sound judgment and good advice. And I have found that over the course of the time I've known her, she's