

□ 1830

ADDRESSING THE SUBPRIME
MELTDOWN

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Mrs. MALONEY of New York) is recognized for 5 minutes.

Mrs. MALONEY of New York. Mr. Speaker, we are at a critical juncture with respect to the subprime mortgage crisis. I see my colleagues here on the floor that are members of the Financial Services Committee and other important committees that have been working with the Democratic leadership and the Democratic Congress to help families stay in their homes and prevent another crisis like this from happening in the future.

Today, I joined with House and Senate leaders and colleagues in urging the President to join us in aggressively working to turn back the tide of foreclosures. Parallels have been drawn between this administration's management of the subprime crisis and Hurricane Katrina, when some 300,000 people lost their homes. Millions of Americans may lose their homes to foreclosure as a result of the subprime mortgage meltdown. And once again the response from the Bush administration has been slow and small. This crisis requires a bolder response. Foreclosures have spiked nearly 115 percent since this time last year, and expectations are that the next 18 months will be even worse as many subprime loans reset to higher rates. Some economists think that the collapse of home prices that we will see might be the most severe since the Great Depression. The worsening housing slump, the credit crunch, and weak consumer confidence point to a gathering storm that could drag down the economy, taking thousands of American jobs with it.

As losses mount for borrowers and lenders, economic pain is already being felt in communities across this country as the ripple of default spreads to local economies, governments and neighborhoods. The time to act is now.

Under Speaker PELOSI and Chairman FRANK's leadership, the House swiftly passed legislation that will enable the FHA to serve more subprime borrowers at affordable rates and terms, and offer refinancing to homeowners struggling to meet their mortgage payments. The President should sign that bill the minute it gets to his desk.

We have passed also important GSE reforms in the House, but we should also raise the cap on their portfolio limits at least temporarily so that they can provide additional liquidity and help with the subprime crisis. If there was ever a time for Fannie Mae and Freddie Mac to have more liquidity to help people, it is now.

The caseloads for nonprofits aiding strapped borrowers are growing larger by the day. The Joint Economic Committee, which I am honored to serve on, reported earlier this year that it

cost \$1,500 to prevent a foreclosure of a single family home. And that's the first thing that we should be doing is keeping people in their home, helping them stay there. And that shows what it's like for one family home, only \$1,500. But foreclosure prevention specialists are absolutely in critical need of more resources in order to save more homes.

Foreclosures have a significant negative impact on entire communities because of lower property values, decreased property tax revenues, and higher municipal maintenance costs. In fact, we estimate that the total cost of each foreclosure to the community can be up to \$227,000, as the right-hand column shows.

The impact of these foreclosures will be devastating on African American and Hispanic owners, as 52 percent of all mortgage loans sold to African Americans and 40 percent of those sold to Latinos were subprime over the last 2 years. The sad irony here is that up to 40 percent of subprime borrowers, they would qualify for prime fixed-rate loans. We need to help them renegotiate their loans and get into the prime, more affordable loans. Securing additional funds for foreclosure prevention is critical to bringing subprime borrowers and lenders together to achieve loan workouts.

For \$200 million in Federal Foreclosure Prevention Funding, which passed the Senate this month, 130,000 families, let me just show this one thing that is happening, Mr. Speaker. For \$200 million, we can save a lot of people and keep them in their homes, and yet we're spending that much in Iraq.

The sad irony here is that up to 40 percent of subprime borrowers would qualify for prime, fixed-rate loans.

Securing additional funds for foreclosure prevention is critical to bringing subprime borrowers and lenders together to achieve loan workouts.

For \$200 million in federal foreclosure prevention funding, which passed the Senate this month, 130,000 families could be helped to avoid foreclosure, as the bar on the left shows.

That is less than the cost of the Administration's Iraq war spending for one day, which is now about \$330 million and to rise, as the big red bar on the right shows.

To help the two million households that are at risk of foreclosure would cost one week of our spending in Iraq.

We invite President Bush to join us in our efforts to aggressively help protect and expand the American dream of home ownership.

Mr. Speaker, the price of doing nothing is just too high.

RUSH LIMBAUGH OWES OUR
SOLDIERS AN APOLOGY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ISRAEL) is recognized for 5 minutes.

Mr. ISRAEL. Mr. Speaker, I have always believed firmly in the qualities of

civility in this House, and bipartisanship and constructive dialogue and engagement and respect for one another's disagreements. In fact, last night I spent an hour on this floor with Members on both sides of the aisle talking constructively in a bipartisan Center Aisle Caucus Special Order on Iraq. And we managed to put our political differences aside and talk not about left or right, but moving forward. And so civility is critically important to me and has been since coming here nearly 8 years ago.

But I must say, Mr. Speaker, that when I heard of the comments of Rush Limbaugh, when I heard him impugn the integrity of our soldiers, when I heard him call them phonies, I had just about had it. How dare he attack our soldiers. How dare he impugn their integrity. How dare he attack their credibility. There is no place in America for anyone to attack our soldiers while they are fighting in combat or when they have come home. I don't care what the reason, Mr. Speaker. There is no place in America for that, particularly coming from someone who believes that he is the "gold standard" of patriotism, who believes he has a monopoly on patriotism, who has accused anyone who dissents with a particular policy with which he disagrees as a traitor. What is patriotic, Mr. Speaker, about calling American soldiers phonies? What is patriotic about that?

If ever there was anything that suggested to me a dissent beyond the line, I would never call it traitorous, but I can't think of a better example of giving aid and comfort to our enemies than somebody who would call our soldiers phony while they're fighting, who would attack them while they're defending us.

He crossed the line, he crossed the line of fair play, he crossed the line of hypocrisy. This standard-bearer of patriotism attacking American forces, it is unacceptable. It is unacceptable. Not only because it is hypocritical and not only because it is an attack on our Armed Forces, Mr. Speaker, but because it comes from somebody who never fought for our country, unless you consider being a disk jockey to be worthy of combat pay. Mr. Speaker, the American people are sick and tired of this kind of hypocrisy and this kind of attack.

I went to Walter Reed Army Hospital yesterday, and maybe that's why I'm so fired up, Mr. Speaker. I visited Walter Reed Army Hospital yesterday and with young men whose limbs have been amputated, whose futures have been changed. How dare anybody suggest that because one of them may disagree with a policy that that person is a phony. Thank God we live in a country that gives us the right to agree with a policy to go to war. You have the right to disagree, you even have the right to remain silent, but no one has the right in this country to call any member of our Armed Forces "phony," and Rush Limbaugh owes them an apology.