

The amendment that I offer today builds on an amendment offered and passed in the committee during mark-up, which I participated in and which I voted for the amendments as well. It requires a GAO study to investigate the Affordable Housing Fund's effects on availability and affordability of credit for home buyers. That's what the amendment added to the bill.

Essentially the GAO study will tell if the costs of the funds are being passed on to home buyers. Some of us on this side of the aisle, many free market conservatives, believe that what is deemed the Affordable Housing Fund, the Housing Trust Fund, will be passed on straight to the mortgage consumers of America; in essence, a tax increase on those who have mortgages, especially middle income individuals.

My amendment takes what is in the bill and goes it one step further. If, as a result of the GAO's report, the Director of the Federal Housing Finance Agency determines that the Affordable Housing Fund is increasing mortgage costs for consumers, my amendment suspends the assessment of Freddie and Fannie. I think this is a healthy thing.

As the bill stands, Freddie and Fannie will allocate an amount equal to 1.2 basis points of their total portfolio to the fund for fiscal years 2007 through 2011. Over these 5 years, the fund will accumulate an estimated \$3 billion for the purposes of these housing initiatives. But Fannie and Freddie are publicly traded companies, and as someone who analyzed the economics of this, I'm concerned that a 1.2 basis point assessment of the total portfolio will simply be a 1.2 percent tax increase on those that have mortgages.

And what I want to make sure is those costs are not going to be passed on to the consumer. What I'm concerned about is that it will be a mortgage tax increase, and that is the reason why I have concerns about the housing fund as it now stands.

So what my amendment does is alleviate those concerns, and if my amendment passes, I think it would be far easier to accept the housing fund as it now stands, and that is my big concern with the bill.

I want to commend the chairman for putting in much-needed reforms to Fannie and Freddie and the government-sponsored enterprises, and we want to make sure that middle income Americans, middle income home buyers will be able to have affordable access to mortgages. That's what Fannie and Freddie are there for. We want to make sure that this does not raise and increase the cost of home buying.

I would ask my colleagues to support my simple amendment that would alleviate some concerns that we, on this side of the aisle, a few on this side of the aisle, have with this bill, and I encourage my colleagues to vote for it.

Mr. SCOTT of Georgia. Mr. Chairman, I move to strike the last word.

In response to the gentleman's amendment, let me just try to cut

through a lot of this to get to exactly why we oppose this amendment and why it's important. And again, this amendment is again designed to obliterate the program.

Now, it's very important for us to understand, we're dealing right now with a very volatile housing market. We're dealing with a situation where the subprime market has melted down. We're dealing with a situation where we've had record foreclosures. We're dealing with a situation where the area we're targeting this to go to first for the first year has suffered the worst natural disaster, where people are homeless as we speak.

There is a need for government. We have a constitutional responsibility to take care of the public interests. If there ever was a need for the public interest, it is needed in affordable housing. We do not need this kind of amendment that in effect does this, all the studying he may want to say, and I respect the gentleman from North Carolina. I do not question his motives, and I do not dislike him as a person. I just dislike greatly his amendment because his amendment goes, again, at the effort to cut this bill, which is totally designed for the least of us, for people that can't afford it, for people that need our help.

That's why we have this measure, and when you look at the marketplace, you cannot apply the activities of the free marketplace dealing with housing and put all of the convertibles you want to put on it as it applies to middle class or upper class individuals. We're not dealing with people with money. We're dealing with people that don't have any money. That's why we're providing this measure to them.

So that if your amendment goes into effect, in effect you will be requiring the Director to determine if the GSE's allocations to the fund will decrease the availability or affordability of credit to home buyers or will increase the costs to home buyers. If the Director determines that the GSE's allocation to the fund will decrease the availability or affordability of credit to the home buyer will increase the costs to the home buyers, the requirement to allocate amounts to the funds shall be terminated.

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All of that power you are putting arbitrarily into a person's hands to say, on his whim, kill the program, done with the program, based upon what he sees and what he says. That's why this bill, this amendment, must be defeated, and we recommend strongly a "no" vote on your amendment for that reason.

The Acting CHAIRMAN. The Committee will rise informally.

The SPEAKER pro tempore (Mr. AL GREEN of Texas) assumed the chair.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Ms. Curtis, one of its clerks, an-

nounced that the Senate has passed with an amendment in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 1495. An act to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes.

H.R. 2206. An act making emergency supplemental appropriations and additional supplemental appropriations for agricultural and other emergency assistance for the fiscal year ending September 30, 2007, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 1495) "An Act to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and that on May 17, appoints Mrs. BOXER, Mr. BAUCUS, Mr. LIEBERMAN, Mr. CARPER, Mrs. CLINTON, Mr. LAUTENBERG, Mr. INHOFE, Mr. WARNER, Mr. VOINOVICH, Mr. ISAKSON, and Mr. VITTER, to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2206) "An Act making emergency supplemental appropriations and additional supplemental appropriations and additional supplemental appropriations for agricultural and other emergency assistance for the fiscal year ending September 30, 2007, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD, Mr. INOUYE, Mr. REID, Mr. COCHRAN and, Mr. McCONNELL, to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of committee of conference accompanying the bill (S. Con. Res. 21) entitled "Concurrent resolution setting forth the congressional budget for the United States Government for fiscal year 2008 and including the appropriate budgetary levels for fiscal years 2007 and 2009 through 2012."

The SPEAKER pro tempore. The Committee will resume its sitting.

#### FEDERAL HOUSING FINANCE REFORM ACT OF 2007

The Committee resumed its sitting.

Mr. NEUGEBAUER. Mr. Chairman, I move to strike the last word, and I yield to the gentleman from North Carolina.

Mr. McHENRY. Mr. Chairman, I thank my colleague from Texas for yielding. I want to thank my colleague across the aisle for his informative discussion. I respect him immensely. I appreciate him laying out his arguments against my amendment.

What I would say is that we both have the same intent, affordable housing for as many Americans as possible. That should be the intent with this legislation, and I think it does, in terms of the reforms implemented for the government-sponsored enterprises that we are talking about today. The concern that I have is that, in essence, we are going to be taxing the middle class, and those that are on, let's say, lower middle class, which the government-sponsored enterprises, Fannie and Freddie were provided to provide liquidity in the marketplace.

We are going to be taxing those mortgages to pass it on to people who, you said, don't have money. So it's a transfer from that middle-class group to some folks that are on the edges of society.

My concern with that is that rather than us designing programs to bring them into the mortgage marketplace, so that they can provide for themselves, that this simply will supplement additional government programs and further lock people into receiving government money, rather than receiving a help out.

So my concern is that we are going to be taxing those that can really afford to deal with additional taxes.

Mr. SCOTT of Georgia. Would the gentleman yield just for a clarification.

The Acting CHAIRMAN. The gentleman from Texas controls the time.

Mr. SCOTT of Georgia. I am asking if he would yield for a moment to let me correct something, if he would.

The Acting CHAIRMAN. The gentleman from Texas controls the time.

Mr. NEUGEBAUER. I yield to the gentleman.

Mr. SCOTT of Georgia. I very much appreciate that. It is very important that I clear this up.

First of all, there is no inclusion of taxes here. This money is coming from the shareholders. It's coming from the shareholders of these GSEs. That's exactly where it's coming from.

Mr. NEUGEBAUER. Reclaiming my time and yielding back to Mr. MCHENRY.

Mr. MCHENRY. That is what a tax is. You are taking it from one group and giving it to another group. What this is 1.2 basis points on a portfolio. If you are talking about taking it from the shareholders, go ahead and raise the capital gains tax, because I know it is part of the budget that was passed today.

I know many of you all believe in that on your side of the aisle, some, probably, on my side of the aisle. But my point is, I don't think we should tax them. With this 1.2 basis points on a portfolio is, in fact, a tax.

The Acting CHAIRMAN. The gentleman will suspend. The gentleman from Texas controls the time and has to remain on his feet.

Mr. MCHENRY. What I would contend though is the 1.2 basis points on the portfolio is simply a tax on every

mortgage that flows through Fannie and Freddie. If you are taxing the profits on Fannie and Freddie as originally designed, you can make the contention that you are taxing the shareholders of Fannie and Freddie.

But, with this design of the current bill before us, if, in fact, you believe in affordable housing, and encouraging more people into the middle class and moving people up, then what we need to do is ensure that we are not decreasing the affordability.

Mr. WATT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am always reluctant to rise in opposition to my colleague from North Carolina, because he is my close colleague from North Carolina. He is right next door to my congressional district, well, one county removed, I guess. So it's burdensome when I have to rise in opposition to his amendments.

But this one I feel strongly about. First of all, I have heard this argument several times today that this imposes some kind of tax on middle-class and low-income homeowners. I think, if you look into this, you will find that this money is either going into a trust fund, which we all support to increase homeownership and affordable housing in this country, or, as has been the case throughout Fannie and Freddie's existence, it is going to the shareholders of Fannie and Freddie.

There is no passing along of savings, no enhancement of credit to additional home buyers. This is a choice between whether the shareholders get it or if we were going to finance affordable housing by the government, whether the taxpayers would be paying for it, which this trust fund really shields the taxpayers from having put up this money. That's my first argument.

The second concern I have is that this trust fund would sunset in 5 years, and we have, as a Congress, if we pass this bill and it survives through the whole process, we will have legislated this into existence.

The effect of this amendment would be to allow the director of this new agency with all these enhanced powers that we have given to him, to unlegislate what we have legislated, which I think is an inappropriate delegation of our authority.

Now, it may be that we make a bad decision to legislate it, but we recognize that by putting a 5-year sunset in the provision and allowing ourselves to come back and correct our own decision if we find that the decision was erroneous.

It is not good from my vantage point, to say to a director of any Federal agency, we passed this as a policy matter, and we are going to give you the authority to reverse it.

Now, if some independent body were making this determination, it were a study, as the gentleman indicated, we agreed to a study by the GAO and put it in the bill. That would be an appropriate mechanism for us to get feed-

back where we could undo this at the end of 5 years or renew it at the end of 5 years, but that's different than saying to the director, you can go if you determine that A, B or C exists, and you can unwind what the Congress of the United States told you is the law of the land.

So if the gentleman were inclined to offer this as part of this study, which we approve, I think it might be an appropriate way to proceed, because it would help to inform us. The GAO would do the study, they would tell us what their results were, and if we agreed with them that it was a big enough mistake, then we could, even before the 5 years, we could go back and correct it. But I don't want any director of some agency to be passing legislation either directly or indirectly.

For that reason, I think this is not a good amendment. I encourage my colleagues to defeat it.

Mr. FRANK of Massachusetts. Mr. Chairman, I fully agree with my friend from North Carolina.

I rise only on one specific factual point. The gentleman from North Carolina said this would levy 1.2 basis points on the mortgages. That's in lieu of a profit. The Treasury asked us to change it.

The gentleman from North Carolina said 1.2 basis points. That's equivalent to a 1.2 percent tax. No, that's 100 times wrong. A basis point is one one-hundredth of 1 percent. So 1.2 basis points is not 1.2 percent as the gentleman said, but .012 percent.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina (Mr. MCHENRY).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. MCHENRY. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from North Carolina will be postponed.

AMENDMENT NO. 15 OFFERED BY MR. KANJORSKI

Mr. KANJORSKI. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 15 offered by Mr. KANJORSKI:

Strike line 22 on page 290 and all that follows through line 4 on page 293, and insert the following:

**SEC. 181. BOARDS OF ENTERPRISES.**

(a) **FANNIE MAE.**—

(1) **IN GENERAL.**—Subsection (b) of section 308 of the Federal National Mortgage Association Charter Act (12 U.S.C. 1723(b)) is amended in the first sentence by striking "eighteen persons," and inserting "not less than 7 and not more than 15 persons."

(2) **TRANSITIONAL PROVISION.**—The amendments made by paragraph (1) shall not apply to any appointed position of the board of directors of the Federal National Mortgage Association until the expiration of the annual

term for such position during which the effective date under section 185 occurs.

(b) Freddie Mac—

(1) IN GENERAL.—Paragraph (2) of section 303(a) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1452(a)(2) is amended in subparagraph (A) by striking “eighteen persons,” and inserting “not less than 7 and not more than 15 persons.”

(2) TRANSITIONAL PROVISION.—The amendments made by paragraph (1) shall not apply to any appointed position of the Board of Directors of the Federal Home Loan Mortgage Corporation until the expiration of the annual term for such position during which the effective date under section 185 occurs.

Mr. KANJORSKI. Mr. Chairman, simply stated, my amendment would ensure a continued independent public voice in the corporate governance of Fannie Mae and Freddie Mac.

This amendment also has the support of the National Association of Home Builders and the National Association of Realtors. The bill before us would make a dramatic change in the board structures of the two government-sponsored enterprises, and this issue deserves a public debate. The charters of Fannie Mae and Freddie Mac presently require that the boards of both enterprises shall, at all times, have five members appointed by the President.

Unfortunately, the bill before us today would eliminate the requirement for presidential appointees on the boards of Fannie Mae and Freddie Mac. In my view, requiring presidential appointees to serve on the boards of Fannie Mae and Freddie Mac is entirely appropriate, given the unique nature of their charters and their important public missions.

Government-sponsored enterprises, by their very nature, are public, private entities, and they need to have a public voice at the highest levels of governance. The Presidential appointments, therefore, signal that each entity is not only accountable to its shareholders, but also to a broader national public policy interest. Additionally, the presidential appointment system gives citizens a needed voice in ensuring the viability of our Nation’s housing finance system, and that the benefits of this system are widely distributed. Maintaining public representation on the GSE boards is therefore critical to ensuring continued public trust in these very important financial institutions.

This amendment would accordingly restore the presidential board appointment assistance for the GSEs. It would also restore a change made in the bill that passed the House in the last Congress by a voice vote. This change provides flexibility in the size of the corporate boards that Fannie Mae and Freddie Mac established.

This commonsense amendment to retain an independent voice on the GSE boards also has the backing of those who know our housing markets best, like the National Association Home Builders and the National Association of Realtors.

In a recent letter to me about this amendment, the home builders note

that “a diverse governing board of directors that is well balanced in knowledge and expertise in the full range of GSE-related issues and activities is critical.” They also believe that the amendment “will help ensure that the GSEs’ board of directors are best equipped to make informed, sound judgments in fulfilling their duties, including monitoring risk management activities of the GSEs’ executives.”

In sum, this amendment is one that deserves the support of everyone who wants to preserve a public voice within these public, private entities and promote good corporate governance. It has the support, as I said before, of the homeowners and the realtors.

Mr. Chairman, I urge its adoption.

Mr. FEENEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to oppose the gentleman from Pennsylvania’s amendment. I can tell you that we dealt with this issue in committee on a bipartisan basis, and we decided that we wanted to take away the political operations of Fannie Mae and Freddie Mac.

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We believe that you cannot serve two masters and do a good, faithful job to both masters.

One of the reasons that Fannie and Freddie got in accounting problems in the first place is because of a compliant board of directors that was populated with political employees.

We believe in a post-Enron era that it becomes very, very important that we take advantage of corporate governance standards that are second to none. Even those of us that have criticized certain portions of Sarbanes-Oxley like section 404 as being overzealous believe deeply that Sarbanes-Oxley had some good corporate governance and conflict of interest rules that has imposed. That is why we decided that the trustees should owe a duty to the shareholders and to good corporate governance, not to the political people that may have appointed them.

And I think Mr. KANJORSKI has an understandable sympathy for having some public-oriented representatives, but the truth of the matter is you end up with members of the board of trustees that are going to have to decide between whether they owe loyalty to the person that appointed them, or to good, tough corporate governance and to the shareholders that are seeking their best wisdom.

I would ask that we strongly defer to the considered opinion on a bipartisan basis of the Financial Services Committee on this one, and that we reject the Kanjorski amendment.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. KANJORSKI).

The question was taken; and the Acting Chairman announced that the ayes appeared to have it.

Mr. BACHUS. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Pennsylvania will be postponed.

AMENDMENT NO. 27 OFFERED BY MR. ROSKAM

Mr. ROSKAM. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 27 offered by Mr. ROSKAM: Page 128, line 14, strike “paragraph (2)” and insert “paragraphs (2) and (4)”.

Page 129, after line 22, insert the following new paragraph:

(4) LIMITING CONTRIBUTIONS TO AFFORDABLE HOUSING FUND WHEN THE GOVERNMENT HAS AN ON-BUDGET (EXCLUDING SOCIAL SECURITY) DEFICIT AND AN OFF-BUDGET (INCLUDING SOCIAL SECURITY) SURPLUS.—

(A) LIMITATION.—For any year referred to in paragraph (1) that immediately follows a fiscal year in which the Government has an actual on-budget deficit and an actual off-budget surplus, the amount of money required to be allocated to the affordable housing fund shall not exceed the amount allocated to such fund in the preceding year.

(B) DEFINITIONS.—For purposes of this paragraph:

(i) The term “actual on-budget deficit” means, with respect to a fiscal year, that for the fiscal year the total outlays of the Government, excluding outlays from Social Security programs, exceed the total receipts of the Government, excluding receipts from Social Security programs.

(ii) The term “actual off-budget surplus” means, with respect to a fiscal year, that for the fiscal year the receipts from Social Security programs exceed the outlays from Social Security programs.

(iii) The term “Social Security programs” means the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

Mr. ROSKAM. Mr. Chairman, this amendment would take the conversation this evening in a little bit of a different direction. It simply would postpone the diversion of funds to the Affordable Housing Trust Fund that is created in this bill until such time as Congress stops raiding the Social Security Trust Fund to pay for unrelated government programs.

This year, the majority proposed and passed a budget that assumes it will raid the entire Social Security surplus, an estimated \$190 billion, to spend on other government programs, and that amount will increase to \$203 billion for the year 2008.

During the course of many of our journeys to this office in this last election cycle, we stood up in senior centers and in conversations and in coffee and corner conversations, and we said, “We will stand firmly with the seniors on behalf of Social Security.”

The chairman of the Financial Services Committee has sort of quietly admonished the Republicans on this side of the aisle who were here in the year 2005 for voting on a past bill and so forth. But there are 54 new Members of the House of Representatives, and we all took the oath of office. I took it right over there where Congressman

FEENEY is sitting, took my oath; my wife was in the audience, my children were by my side, my mom and dad were here. Fifty-four of us all came in, 13 on our side, 41 on the other side, and we took that oath of office. We were not part of the conversation in the year 2005, but many of us campaigned on the integrity of the Social Security system.

Mr. Chairman, I don't know what the parliamentary rule is on referring to quotes and so forth, and I know that it is not what in our family is called cool, so I am not going to name names. But a quick Google search of the new Members of Congress who joined me in this class, the class of 110th, criticized opponents that they defeated for voting to rob the Social Security Trust Fund and spend it on other programs.

"Those were documented votes. Those are budget votes, and they used the Social Security Trust Fund to mask the overall Federal deficit."

Someone else said, "We are going to make sure we have real substantive programs about how we make sure Social Security is secure."

Or, Mr. Chairman, how about this. Another new Member said in their campaign that they would "fight for Social Security for seniors."

Or how about this language. That they would "stop the raids on the Social Security Trust Fund that are used to help cover our Nation's huge Federal budget deficits."

You get the point.

You know, life is choices. And I respect the chairman and his passion on this bill and the intellectual honesty with which he has approached this. When I saw the chairman, who was injured, I sort of thought that he might have tripped and fell over one of those Blue Dog signs that are littered all over the Cannon Building in my office. They are everywhere. Mr. Chairman, I have a copy of one of the Blue Dog signs that says, "The Blue Dog Coalition. The national debt is \$8.8 trillion, and your share of the national debt is \$29,000."

You know what? Those signs are getting a little bit faded. There is not quite so much interest in that issue right now on the part of the Blue Dogs, it seems to me.

I think we have choices to make, and I would submit that the choice that we have to make is a choice of priorities. And voting "yes" on this amendment says our highest priority in this conversation that we are having is to ensure the integrity of the Social Security system. It simply says, it transcends this last hour or two of debate. It doesn't get into the profitability and loss, the shareholders, and so forth. It admits, okay, great idea. But put it on pause, and take the money that the chairman has found, take the money and put it into the Social Security Trust Fund. That is what this amendment says. It says put it on pause, and use it to fund our obligations.

Look, we have got a lot of moving parts in terms of problems in this

country. We have got the national debt, we have got veterans obligations, we have got pension obligations. We have got to lower gas prices. You name it. There is one thing after another that we need to do. And all this bill does is it says, great idea, terrific idea even; wrong time.

So I think the majority owes a great debt of gratitude to the chairman of the committee, because he has come up with \$3 billion that can be enacted in one rollcall this evening to make the Blue Dog Coalition promise come true.

Mr. FRANK of Massachusetts. Mr. Chairman, I rise to oppose the amendment.

Sometimes I am more impressed with the gentleman's work product than others. He just made a misstatement of his own amendment, if I have the right amendment. He says, instead of putting it in the Affordable Housing Fund, put it into Social Security.

Nothing in this amendment does that. This amendment says that if there is a deficit in the Federal budget, then you don't put the money from Fannie Mae and Freddie Mac into the Affordable Housing Fund. It does not say you put it anywhere else. It is unrelated. It simply says that if you don't have enough money to meet the deficit, then you don't take money that would not otherwise go to the deficit.

There is no connection between the money being spent from Fannie Mae and Freddie Mac. This one is scored at zero by CBO; so, not spending the Affordable Housing Fund would in no way reduce the deficit.

I would yield to the gentleman if he would show me where in his amendment it says that, if we don't spend on affordable housing, we would put it into reducing the deficit. I am reading the amendment. There is nothing like that in here. I yield to the gentleman.

Mr. ROSKAM. Here's the point.

Mr. FRANK of Massachusetts. No. I am yielding for the purpose of a question. Answer the question. The gentleman said, the choice is to either put it into affordable housing or put it into the deficit. It doesn't go into the deficit now. It is Fannie Mae and Freddie Mac profit. Nothing in his amendment that I read would put it into the deficit.

Would he please explain to me what his statement meant and how it is accurate, and I will yield for that purpose.

Mr. ROSKAM. Page 2, paragraph I, the term "actual on budget deficit" means, with respect to the fiscal years, for fiscal year the total outlays of the government, excluding for Social Security program, exceeds the total receipts of—

Mr. FRANK of Massachusetts. I understand that. That is a definition of the deficit. Good for the gentleman. But it does not put any money into the deficit. The gentleman said that if we passed his amendment, we would be choosing to put the money, instead of into affordable housing, into helping

Social Security. The amendment doesn't say that.

Mr. ROSKAM. Mr. Chairman, will the gentleman yield?

Mr. FRANK of Massachusetts. I will yield if the gentleman will give me an answer to the question. Reading his amendment doesn't get to the question. How does your amendment transfer money into Social Security?

Mr. ROSKAM. Maybe it is a two-step dance.

Mr. FRANK of Massachusetts. No.

Mr. ROSKAM. Will you yield?

Mr. FRANK of Massachusetts. I will yield, it is a two-step dance. Is the gentleman asking me to dance?

Mr. ROSKAM. The first step is to push the pause button, Mr. Chairman, and to recognize the current obligation—

Mr. FRANK of Massachusetts. I take back my time. The gentleman has now acknowledged that his statement was not accurate. The gentleman has now acknowledged that nothing in his amendment does anything about the deficit. He says it is a two-step dance. It is a Kabuki dance. It is a Dance of Seven Veils. It has got an unrepresentative argument here.

Nothing in this puts the money into Social Security. There is nothing in here that would do that. What it says is, let's not put any money into affordable housing from Fannie Mae and Freddie Mac if there is a deficit.

Frankly, the gentleman did not, it seems to me, clearly represent his amendment. He says it is a two-step dance. Is he proposing that we would then take the money from Fannie Mae and Freddie Mac, the 1.2 basis points, not 1.2 percent, and put that into the Social Security Trust Fund? He has now acknowledged that nothing in his amendment would help Social Security. I guess we will learn later what is the second step of the dance.

I am kind of older; I used to watch Arthur and Kathryn Murray teach dance, but I don't think even they could have taught us how this is going to spin into putting money into Social Security. So this amendment is a perfect definition of a non sequitur.

Mr. WATT. Mr. Chairman, will the gentleman yield?

Mr. ROSKAM. Maybe it is a two-step dance.

Mr. FRANK of Massachusetts. I yield to the gentleman from North Carolina.

Mr. WATT. I want to suggest the second step of the dance, from my perspective, is the money goes into the trust fund; housing is built; that generates economic activity and reduces the deficit. So the second step to this dance is a deficit reduction using the trust fund, not under the gentleman's amendment though.

Mr. FRANK of Massachusetts. That is a far more plausible explanation than we have got.

Does the gentleman want me to yield?

Mr. ROSKAM. I thank the gentleman.

In the same way, Mr. Chairman, you have demonstrated it to the committee, and you have been a leader in this dance, basically, by saying, "Trust me in how we are going to fund this."

Mr. FRANK of Massachusetts. I take back my time. That is absolutely untrue. I have never asked people to trust me. If he is talking about spending affordable housing later, what I have said is it will be spent in accordance with a bill to be passed by the Congress. That is not trusting me.

And I have never said that one thing was going to accomplish the other. We have said we would set some money aside and later decide how to spend it. It doesn't do that here. It leaves the money with Fannie Mae and Freddie Mac. This isn't public money. It is a non sequitur. I repeat.

It says we have a deficit in Social Security. That is too bad. Let's keep fighting the war in Iraq for hundreds of billions of dollars, let's keep doing all these other things, but let's not take money from Fannie Mae and Freddie Mac that would not otherwise contribute a penny to Social Security and spend it on affordable housing.

Mr. MCHENRY. Mr. Chairman, I rise to strike the requisite number of words.

Mr. Chairman, I don't want to speak to the dancing capabilities of any of my colleagues, whether it be a Kabuki dance or an Arthur Murray class or however else they want to dance.

But I would like to yield to my colleague from Illinois.

Mr. ROSKAM. I thank my colleague for yielding.

Mr. Chairman, I think it is important within this context to realize who has the gavel and who has the majority.

Mr. Chairman, you have the majority. You have the ability to direct vast sums of money. And what I am suggesting is that in your earlier conversation regarding those that were a part of the 2005 vote that you sort of felt like was somehow binding into perpetuity, 54 of us, Mr. Chairman, were not part of that conversation, and 54 of us didn't really find it informative.

There are 54 of us that came in this Congress totally new, fresh. We are the Etch-A-Sketch that is clean; 41 on your side of the aisle and 13 of us.

And so what I am suggesting is in the course of the campaigns that brought us here, many, many of us, and I Googled and searched several of yours and I didn't want to string them out by naming names and so forth. But many of your new freshmen said they were champions of Social Security. Well, you know what? They have got an opportunity to vote in favor of this bill.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. ROSKAM. Let me make my point, and I will reciprocate. But, like you do, you tend to finish your point.

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Mr. Chairman, we have to make priorities.

You know, I come from the O'Hare Airport area. O'Hare is in my district. And you know, the biggest challenge in O'Hare and why everybody hates flying through it is because there are so many planes in the air. This puts another plane in the air when nationally, you know what, we've got so many things circling, we've got one obligation after another that we're not doing well.

I commend the chairman. Look, you found \$3 billion. The Democrats should give you a legislative, well, I was going to say something that was a little over top. They should congratulate you for finding that type of, those type of resources. And what I'm suggesting, Mr. Chairman, is that we put this on pause. I'm not getting involved in the debate earlier about whether it's a good idea or a bad idea. Say, for the sake of argument, it's fabulous. Say, for the sake of argument, western civilization won't process forward without it. I still say that there are higher priorities. And I named any number of them.

And what you have done, Mr. Chairman, in your advocacy and the way that you have asked us to, I would characterize it as trust you on how this is going to be articulated and distributed in the future based on legislation that you will have a profound influence on. And I would also say that we've got the ability, it's a two-step process.

Mr. MCHENRY. Mr. Chairman, reclaiming my time. May I inquire how much time I have remaining?

The Acting CHAIRMAN. The gentleman from North Carolina has 2 minutes.

Mr. MCHENRY. At this point, I'd like to yield to the chairman of the Financial Services Committee for a question which is, I know the C-SPAN audience, Mr. Chairman, is very interested in my colleague's injury, and I know he circulated a Dear Colleague, but if you could explain your injury.

Mr. FRANK of Massachusetts. I decline to take up the time of the House at this late date.

Mr. SCOTT of Georgia. I move to strike the requisite number of words.

I will yield a word to my distinguished chairman.

Mr. FRANK of Massachusetts. Mr. Chairman, I'm disappointed in the gentleman from Illinois, having yielded to him, refused the same courtesy. It's my time, the gentleman from Georgia's time.

I never asked anyone to trust me. He repeats that. It is simply inaccurate.

I've said that I thought we should set some money aside for low income housing, a specific purpose, low income housing, and then in a later bill, not me personally, but the Congress, decide how best to disburse it. That is hardly saying trust me and I'm disappointed. The gentleman generally it seems to me is fairer than that.

Secondly, he says higher priority. Again, this is fantasyland. Nothing in his amendment does a penny for Social Security. And he says temporarily suspend. Hit the pause button until the deficit is over.

Let's be very straightforward. That means kill it forever. There's no pause here. No one is assuming that the deficit is going to be ended within the next 7 or 8 years, so the argument that the gentleman makes that it is more important to do Social Security trust fund than the housing fund is irrelevant because nothing, nothing in the gentleman's amendment puts a penny into the Social Security. It's one more way to kill the affordable housing fund reflecting an ideological opposition to the existence of the Federal Government helping build affordable housing.

Mr. SCOTT of Georgia. Reclaiming my time, I'd like to get into this dance just a little bit myself, because here we've got this little program that we're trying to offer to help the very, very poor. To show you how desperate the opposition is on the other side, they want to segue this program as a saviour for Social Security, when they spent the last 2 years trying to kill Social Security with private accounts.

And then to try to use, when you mentioned the Blue Dog Coalition, I want you to know I'm a member of the Blue Dog Coalition, and I take offense to that particular point. Nobody has been working harder to bring down the deficit that you all created.

Let the record speak for itself. How can you even think to take this little poor program here that we're trying to help, would get low income housing, and then claim it to try to use it to try to offset the deficit, when, in fact, we had over a \$3 trillion deficit, and under your control of this Congress for the past 4 years, since 2001, you and this President sitting in the White House has borrowed more money from foreign governments and foreign nations, yes indeed, you weren't here, your party, than all of the previous 42 Presidents put together, in other words, since 1789.

ANNOUNCEMENT BY THE ACTING CHAIRMAN

The Acting CHAIRMAN. The gentleman is reminded to address his remarks to the Chair.

Mr. SCOTT of Georgia. Mr. Chairman, what I am saying is that there is very serious hypocrisy here that must be pointed out so the American people can make plain and understand the debate that is before us. This issue has nothing to do with tax increases, nothing to do with raiding Social Security savings and nothing to do with anything dealing with the debt. And my whole point is that the reason it's so hypocritical is the opposition on this side has done so much to destroy Social Security, to raise the debt and not respond. And then to pour this on the backs of this little program that we have targeted to poor people is about as hypocritical as you can get.

Mr. BACHUS. Mr. Chairman, I move to strike the requisite number of words.

What we've said on both sides of the aisle tonight, one thing we ought to be able to agree on is that last year we took \$185 billion from the Social Security surplus, including everything that

we've paid in and all the interest earned last year, and we spent it.

This year, Republicans, Democrats, we passed a budget earlier today that takes \$190 billion, every bit of it, every bit of the FICA taxes paid in by all of us, citizens, young and old, we spent it. We spent the interest owed from previous years on the surplus. We spent every dime of it. Next year we're going to do \$200 billion.

And we can play the blame game. But I don't think the American people are interested in how much the majority is at fault, how much the minority is at fault. I think what the American people want is they want it to stop. It's, you can call it borrowing, that's a nice word. You can call it raiding. You can call it taking. But the long and short of it is we're taking money every day that the American people, the people we represent, are paying into Social Security, and they're expecting, upon their retirement, to start drawing that money out. And we all know it's not going to be there unless we change our behavior. Not you, not us, we.

In 2017, 10 years from now, 10 years from now, we're going to start having to reduce our benefits on Social Security.

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. BACHUS. I will yield.

Mr. FRANK of Massachusetts. I thank the gentleman. Will he explain to me what in the world that has to do with an amendment that does not provide a penny for Social Security?

Mr. BACHUS. Let me explain what it has to do. And I think it's a good point the tape. You said, well this doesn't come to that. Let me tell you, if there is validity in taking \$3 billion, there's \$3 billion over there that we can take from the GSEs and we can do it without affecting their stability, and let's just presuppose for the sake of argument that we can do it without increasing the cost to middle and lower income home owners. Let's just suppose we can do all that, or shareholders. Let's suppose we can take it from the shareholders, take it from the profits and it won't cost us anything. If we can do it, if we can do it, why don't we put it in Social Security? Why don't we start a new program?

No matter how much need there is, and the gentleman from Georgia continues to talk about the need. And I, listen, I agree with you. There is a need for affordable housing for low income Americans. I'm with you. There are 90 programs right now. A lot of them don't work, and for that reason, there is a need.

And so we're passing another \$3 billion over 5 years. I understand that. I understand there's a need. But you know, before we start addressing that need, let's keep our promises to the American people.

Isn't Social Security a sacred promise? How many of us, if we would raise our hands, how many of us would say no? And it is a sacred promise, why

don't we start tonight with this amendment and keep that promise to the American people?

We're going to, you know, the FHA bill was in committee. We made an amendment. Okay. If we can take some of the surplus fees, the chairman, others felt like it ought to go on to housing programs.

We said, let's start putting it all in Social Security. Let's start tonight. We said 2 weeks ago, let's start 2 weeks ago and let's start putting it in to the Social Security until we reach a situation where we're not taking everything out. And once we get to, and this is what this amendment says. It says once we get to the situation where we're not borrowing, then this money can go into this new housing program. But until the day that this Congress gets to the point where we can honor our promise to seniors and not have to borrow their money from them, instead of letting it earn interest and a return, until that day to where we quit borrowing from the Social Security trust fund no new programs, no new programs.

Mr. WATT. Mr. Chairman, I move to strike the requisite number of words.

I won't take 5 minutes. I just want to remind Members that we've just spent an awful lot of time arguing about something that has nothing to do with this bill, and that there are a number of other amendments. And I fear that at some point tonight, we will regret this detour on which we have engaged.

It illustrates, and the gentleman who is in his first term here will appreciate why the rules of the House are constructed as they are. You don't have a provision to transfer this to the debt because if there were a provision in your amendment to transfer it to the debt or to Social Security, this amendment would be non germane to this bill. And without germaneness rules, you can go off and talk about, for as long as you want, as they do in the Senate sometimes, about anything that they want to talk about.

But the amendment that you have offered is marginally germane because you didn't do what you say you wanted to do. And you've made the point that, Mr. Chairman, he's made the point that he wanted to make, I'm sure, to his constituents.

So I would hope that we could get back to the amendments that are germane and relevant to this bill, and maybe finish this bill tonight. It would be wonderful.

Mr. GARRETT of New Jersey. Mr. Chairman, I move to strike the requisite number of words.

Let me just say this very briefly, that I believe that the issue of the solvency of Social Security is significantly an important issue. And I appreciate your comments on germaneness. But I appreciate the opportunity for our constituents at home to be able to hear this debate and this discussion with regard to how we see it as important and doing everything humanly

possible to make sure that it is solvent and there for our seniors in the future.

I yield my time to the gentleman from Illinois.

Mr. ROSKAM. I thank the gentleman for yielding, and I appreciate my colleague's instruction on germaneness. I have drunk of that cup. I offered what I thought was a relevant but non-germane amendment and sort of learned the hard way the buzz saw of the parliamentarian on a previous bill and sort of learned my lesson. I thank the gentleman for that.

Mr. WATT. Would the gentleman yield just long enough to let me clarify that I'm not arguing about whether this is important. I'm arguing about whether it is germane, and there is a difference. I acknowledge that it is important.

□ 2000

Mr. ROSKAM. Mr. Chairman, if the gentleman from New Jersey will continue to yield, we can have a wonderful conversation about germaneness. But getting back to the chairman's point earlier about what I characterize as a "trust in me" argument. No, you didn't use the "words trust in me," but I think it is important that the body not be left confused about the implication at least that we took about a verbal interchange that the chairman had with the gentlewoman from Illinois (Mrs. BIGGERT) when she asked, and I am quoting from the committee transcript: "I know we have discussed the fact that there might be other ways to do this, but it seems if it is the chairman's plan to reconsider the details of the housing fund in the future, why not just take the fund out of here and then have the hearings and then make the decision."

And at that point Mrs. BIGGERT continued: "I cannot remember a time where we put something in and said maybe we will do this in this way but then we might do it another way and then we will go back and re-do it."

And then she yielded to the chairman, who then said: "The reason I do not want to leave it out now is I am very strongly committed to it, perhaps more than some other members. It is, I think, a rational part of this bill. It is a part of, frankly, an agreement."

"Let me be very clear. I believe that there is a great deal of interest on the part of the administration and some others in having a greatly increased regulatory structure for Fannie Mae and Freddie Mac."

"Not everybody who wants an increased regulatory structure for Fannie Mae and Freddie Mac is committed to that Affordable Housing Fund. If the Affordable Housing Fund was not established in this bill and was a stand-alone bill, it might get vetoed."

"I think it is less likely to cause vetoing of the whole bill. I like very much the idea of the Affordable Housing Fund. I do not believe it could stand on its own necessarily, and that is the reason for including it in this bill."

Now, I took from that, and I think it is a very reasonable inference, Mr. Chairman, the “trust in me” argument, and I think that that is a consistent argument.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of New Jersey. I yield.

Mr. FRANK of Massachusetts. Mr. Chairman, that, I must say, totally disappoints me. For the third time the gentleman has tried to put words in my mouth. The words “trust in me,” the gentleman read that, and the gentleman’s distortion, systematic distortion, has gone beyond what I can deal with in a brief intervention. But I will say this: I continually said we should address that in separate legislation. If the gentleman doesn’t know the difference between passing legislation which sets guidelines and saying “trust me,” then the gentleman understands less in this place than I had hoped he did.

Mr. GARRETT of New Jersey. Mr. Chairman, reclaiming my time, I yield to Mr. ROSKAM.

Mr. ROSKAM. Mr. Chairman, I am always one to learn and I am always open to instruction, and I appreciate that very much. But the point is when a question is asked in committee and the ranking member of a subcommittee asks it and it is essentially not answered, I think the subtext is “trust in me.” And I think that the opportunity as we move forward is to say, look, we have got an opportunity to take a \$3 billion fund here that has been created that the chairman of the committee has found and to do the right thing with it.

Mr. PERLMUTTER. Mr. Chairman, I move to strike the last word.

I would like to yield to the chairman of the committee, Mr. FRANK.

Mr. FRANK of Massachusetts. Mr. Chairman, the gentleman from Illinois apparently misremembered something. He looked diligently to try to find what he said, and he couldn’t find what he imputed to me. I never said “trust in me.” I didn’t imply it. His subtext notion makes as little sense as his argument that we are going to somehow help Social Security in an amendment that doesn’t touch Social Security.

What I said repeatedly was I want to reserve this now because I think this bill will not be vetoed and we will get the reservation, and for budgetary purposes, CBO scoring, it is a better way to do it, and we will then pass a separate piece of legislation. And his equation of my calling for a separate piece of legislation with my saying “trust in me” falls below the level that I had thought we would debate here.

I would again repeat, the gentleman from Alabama eloquently said let’s start now. Let’s do this. I want to be very clear, Mr. Chairman. I have never stopped him. The gentleman from Alabama had a new-found passion to help Social Security. Where is his amendment doing that? Where is his legislation doing that? This notion of let’s get

to Social Security, the central point is: The gentleman from Illinois’ amendment does not put one penny into Social Security. Passing it would not help it. It would kill this fund forever.

What we have had is a variety of amendments. This is the fifth one tonight that finds a different way to kill affordable housing. The gentleman from Alabama was straightforward. He said he just wanted to kill it. So this has nothing to do with Social Security. It has to do with killing the Affordable Housing Trust Fund.

And I would just add this, and I thank the gentleman from Colorado for yielding, I find it somewhat ironic that Members who continue to support spending hundreds of billions of dollars on that terrible war in Iraq, which does America more harm than good, lecture me because we are going to spend half a billion dollars a year on Affordable Housing Fund out of nontax funds. Yes, let’s do something about Social Security. Let’s do something about the war in Iraq. Let’s do something about other wasteful programs. But to take \$500 million, I didn’t see this concern for Social Security when we were doing the defense budget. I didn’t see it when we did the authorization earlier today. I didn’t see it when we were adding money.

I must be very clear, Mr. Chairman, within the rules, I am unpersuaded that the real motive of Members here is to do anything about Social Security. It is clear if you look at this pattern, they don’t like the notion of the Federal Government’s helping to build affordable housing, even if we do it, as we have succeeded in finding a way to do it in this bill, in a way that has no impact on the taxpayer, no impact on Social Security, and no negative consequences on the other government programs.

Mr. PERLMUTTER. Mr. Chairman, reclaiming my time, the bottom line here and the reason that I believe my friend from Illinois’ amendment is irrelevant and it isn’t germane is we are dealing with a government-sponsored entity that deals with affordable housing, and the purpose here is to provide affordable housing from a piece of the profits of the GSE that we are regulating tonight and we are trying to deal with. Over 5 years, this goes to \$3 billion, which is less than half of the misstatement in earnings from one year from one of the entities.

This amendment needs to be defeated. I urge my colleagues to vote “no.”

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. ROSKAM).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. FEENEY. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by

the gentleman from Illinois will be postponed.

AMENDMENT NO. 26 OFFERED BY MR.

BLUMENAUER

Mr. BLUMENAUER. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 26 offered by Mr. BLUMENAUER:

Page 93, after line 9, insert the following new section:

**SEC. 134. CONSIDERATION OF LOCATION AND ENERGY EFFICIENCY IN ENTERPRISE UNDERWRITING GUIDELINES.**

(a) FANNIE MAE.—Section 302(b) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)) is amended by adding at the end the following new paragraph:

“(7)(A) In establishing requirements with respect to quality, type, class, and other purchase standards for mortgages on one- to four-family residences, the corporation shall—

“(i) consider the location efficiency and energy efficiency of the residence;

“(ii) treat any savings resulting from location efficiency or energy efficiency as an equivalent reduction in recurrent monthly expenses of the mortgagor; and

“(iii) increase any limit on the amount of debt under the mortgage allowable for the mortgagor that is based on mortgagor income to account for the present value of location efficiency savings and for the present value of energy efficiency savings.

“(B) For purposes of this paragraph, the following definitions shall apply:

“(i) The term ‘location efficiency’ means, with respect to a mortgage for a residence, the difference between—

“(I) the average monthly transportation expenses predicted for the family of the mortgagor residing in the residence subject to the mortgage; and

“(II) the average monthly transportation expenses, for families of the same size and income as the family of the mortgagor, residing in the lower quintile of homes in the same metropolitan area or in the nation as a whole.

Location efficiency shall be determined on a neighborhood-scale basis by the use of statistically valid methods.

“(ii) The term ‘present value of location efficiency savings’ means, with respect to a mortgage, the monthly value of location efficiency savings multiplied by the number of months in the term of the mortgage.

“(iii) The term ‘energy efficiency’ means, with respect to a residence, the difference between the average monthly energy consumption predicted for the residence and the average monthly energy consumption for a similar home that minimally complies with State and local laws, codes, and regulations regarding housing quality and safety.

“(iv) The term ‘present value of energy efficiency savings’ means, with respect to a mortgage, the monthly value of energy efficiency savings multiplied by the number of months in the term of the mortgage.

“(v) The term ‘recurrent monthly expenses’ includes, with respect to a mortgage, the monthly amount of principal and interest due under the mortgage and the monthly amount paid for taxes and insurance for the residence subject to the mortgage, as calculated in accordance with standard practices in the financial services industry for calculating the qualifying ratio for a mortgagor.”

(b) FREDDIE MAC.—Section 305(a) of the Federal Home Loan Mortgage Corporation

Act (12 U.S.C. 1454(a)) is amended by adding at the end the following new paragraph:

“(6)(A) In establishing requirements with respect to quality, type, class, and other purchase standards for mortgages on one- to four-family residences, the Corporation shall—

“(i) consider the location efficiency and energy efficiency of the residence;

“(ii) treat any savings resulting from location efficiency or energy efficiency as an equivalent reduction in recurrent monthly expenses of the mortgagor; and

“(iii) increase any limit on the amount of debt under the mortgage allowable for the mortgagor that is based on mortgagor income to account for the present value of location efficiency savings and for the present value of energy efficiency savings.

“(B) For purposes of this paragraph, the following definitions shall apply:

“(i) The term ‘location efficiency’ means, with respect to a mortgage for a residence, the difference between—

“(I) the average monthly transportation expenses predicted for the family of the mortgagor residing in the residence subject to the mortgage; and

“(II) the average monthly transportation expenses, for families of the same size and income as the family of the mortgagor, residing in the lower quintile of homes in the same metropolitan area or in the nation as a whole.

Location efficiency shall be determined on a neighborhood-scale basis by the use of statistically valid methods.

“(ii) The term ‘present value of location efficiency savings’ means, with respect to a mortgage, the monthly value of location efficiency savings multiplied by the number of months in the term of the mortgage.

“(iii) The term ‘energy efficiency’ means, with respect to a residence, the difference between the average monthly energy consumption predicted for the residence and the average monthly energy consumption for a similar home that minimally complies with State and local laws, codes, and regulations regarding housing quality and safety.

“(iv) The term ‘present value of energy efficiency savings’ means, with respect to a mortgage, the monthly value of energy efficiency savings multiplied by the number of months in the term of the mortgage.

“(v) The term ‘recurrent monthly expenses’ includes, with respect to a mortgage, the monthly amount of principal and interest due under the mortgage and the monthly amount paid for taxes and insurance for the residence subject to the mortgage, as calculated in accordance with standard practices in the financial services industry for calculating the qualifying ratio for a mortgagor.”.

Mr. BLUMENAUER. Mr. Chairman, I appreciate the effort that has gone into this evening’s debate. It has been lively and at times amusing.

I rise to offer an amendment to extend the effort that is intended here to extend home ownership to a greater number of families.

The problem that I seek to focus on is that by having a uniform threshold for the loan limits understates the purchasing power of people in often high-cost, low-impact areas, people who live, for example, in urban areas, in central cities, who spend far less on energy and transportation than the typical person but often is faced with much higher home costs and they get caught in a double whammy. They are actually better credit risks because

they have more disposable income, but they are running up against loan limits that discriminate against them.

The average American family spent over \$5,100 in gasoline, home heating, and electricity last year. Families routinely list transportation cost as their second largest household expenditure on average. Sometimes it is the greatest.

Research shows that when these families live locally near where they work, shop, and socialize close to public transportation, they actually have more disposable income.

My amendment would instruct Fannie Mae and Freddie Mac to credit mortgage applications for the savings that a transportation-friendly location and energy-efficient home generate, making it easier for these homeowners to purchase these homes. By recognizing the added purchasing power home buyers generate from both transportation and energy savings, lenders can quantify these savings and place them in the “shelter” category of expenses. This would allow home buyers, based on his or her enhanced buying power, to either qualify for a mortgage or qualify for a larger mortgage.

This would have a particular benefit for lower income and first-time home buyers in locations that they tend to congregate that are more efficient. It will strengthen the communities that we wish to celebrate that are less impactful on the environment, requiring this energy. It would encourage families to reduce vehicle and energy use. This will translate into benefits for the larger community in terms of congestion, cleaner air, and reduced dependence on foreign oil.

Now, this is not an unknown concept. I know there are some that have some concerns about it. Fannie Mae has been a partner in pilot programs offering what are termed location and energy efficient mortgages in the past. It has been limited to just a few cities, but these programs have demonstrated that they make a difference on the lives of the families that have been able to benefit from them.

There was a pilot project in Illinois, in Chicago, for the first time, the first initiative, with the location, energy efficient mortgage, and it provided a \$53,000 benefit for the people involved in terms of the home that they could qualify for.

I would respectfully suggest that this amendment would extend the effort that the committee has to promote affordable housing. It would eliminate the discrimination against people in these energy and transportation efficient areas, and it would provide more justice to people in terms of what we are trying to provide in this system.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I do not think we are ready to put this into a nationwide operation at this point. It has a great deal to commend it, and the gentleman is right to talk about pilot projects.

In the Committee on Financial Services we have created a task force, headed by the gentleman from Colorado (Mr. PERLMUTTER), to look at all housing programs to promote energy efficiency. This is something that we should have looked at a while ago. We have been late. There are some various programs. There are some in public housing. We tried to put some into the FHA. The chairman of the Appropriations subcommittee, my colleague from Massachusetts (Mr. OLVER), is interested in doing this, along with the gentleman from California in HOPE VI.

What I think would be best would be if we could defer this now and give it some study. There are some implications for how you carry it. There are some fairly specific calculations. It is one thing when you do it in a pilot project; it is another for Fannie and Freddie to do this nationally. And, of course, they don’t do it directly. They do it through their various lenders.

So while I think in concept this is something we should be moving towards, I would hope we could do some further work on it. It is our expectation to bring out an overall housing energy promotion bill sometime this fall, and this would be an ideal candidate for inclusion in that.

I yield to my friend.

Mr. BLUMENAUER. Mr. Chairman, I thank the gentleman for yielding.

I have great respect for the chairman, and I do appreciate what he is saying, that there are some issues involved in going from a pilot project to a national effort.

I look forward to working with your task force under the chairmanship of my friend from Colorado. I understand what the gentleman is saying, and I would be happy to withdraw my amendment at the appropriate time and work with the committee in that fashion.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The Acting CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

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AMENDMENT NO. 17 OFFERED BY MR. GARRETT OF NEW JERSEY

Mr. GARRETT of New Jersey. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN (Mr. MORAN of Virginia). The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 17 offered by Mr. GARRETT of New Jersey:

Page 61, after line 4, insert the following new section:

**SEC. 116. PORTFOLIO GUIDELINES.**

Subtitle B of title XIII of the Housing and Community Development Act of 1992 (12 U.S.C. 4611 et seq.), as amended by section 115, is further amended by adding at the end the following new section:

**“SEC. 1369F. PORTFOLIO GUIDELINES.**

“(a) AFFORDABLE HOUSING REQUIREMENT.—In order for the enterprises to meet their

mission of providing for and promoting affordable housing, the Director shall require the enterprises to only hold, in their retained portfolios, mortgages and mortgage-backed securities that exclusively support affordable housing, and particularly mortgages extended to households having incomes below the median income for the area in which the property subject to the mortgage is located.

**(b) MORTGAGE-RELATED ASSETS LIMITATION.**—The enterprises may purchase and retain mortgage-related assets only to the extent that the Director determines such actions are necessary for the enterprise to maintain a liquid secondary mortgage market in a manner that cannot be achieved through the activities described in subsection (a) and are consistent with the public interest.”

Mr. GARRETT of New Jersey. Mr. Chairman, this amendment seeks to refocus the GSEs on what is their congressionally mandated responsibility, and that is, providing for and promoting affordable housing.

The amendment would direct the new regulator to require the enterprises to only hold mortgages and mortgage-backed securities that exclusively support affordable housing. That is, those mortgages that are extended to households falling below the area’s median income in their retained portfolios.

Mr. Chairman, the GSEs were created by Congress to do a couple of things. First of all, to create liquidity in the secondary market, and, very importantly here, to provide affordable housing for low and moderate families. Now, to effect this worthy goal, Congress granted these enterprises a number of advantages over private firms, including exemptions from State and local taxation, and also the ability to borrow at lower rates. In fact, Mr. Chairman, Fannie and Freddie used these advantages to borrow at interest rates barely above the Treasury rate. They then buy mortgages from originators and do one of two things; either they package these securities into MBSs, that’s mortgage-backed securities, and securitize them, or they retain the purchased mortgages on their own portfolio.

Interesting, the combined GSE portfolios have increased from \$130 billion in the early 1990s, today it is over \$1.5 trillion. The current practice of the GSEs buying derivatives to hedge against the interest rate risks created by these huge portfolios creates an enormous risk for us. And there should be some commensurate level of return on that risk to the taxpayer in the form of lower housing prices for low and moderate homeowners.

Federal Reserve studies, however, and those conducted by other organizations, have concluded, and this is important, that consumers receive no direct benefit from the GSE’s expansive portfolio holding. Although GSEs as business enterprises should return a profit to their investors, they really can’t lose sight of the purpose for which they were created and the additional people to whom they answer, given their special status. They are not simply another business entity.

Currently, GSE shareholders receive all of the benefits for the portfolios and none of the risk. In contrast, low and moderate income families bear all the risk and receive few of the benefits. By buying mortgages from banks that are part of the CRA requirement or holding more low income mortgages on their portfolios that might be difficult to securitize, this amendment will help the low and middle income American buyer buy their home and give low and middle income homeowners the benefits comparable to the risk.

Let me just end with this quote. Federal Reserve Chairman Bernanke, “Tying portfolios to a purpose that provides measurable benefits to the public would help ensure that society in general, and not just the shareholders, receive a meaningful return in exchange for accepting the risk inherent in the portfolios. Moreover, defining the scope and purpose of the portfolios in this way would reduce the potential for unbridled growth in those portfolios, while avoiding the imposition of arbitrary caps.”

Mr. Chairman, this is a common-sense, good government amendment that will provide the taxpayers, particularly low and middle income taxpayers, more benefits for the risks they bear by helping Fannie and Freddie refocus their job, which is affordable housing.

I ask my colleagues on both sides of the aisle to support this commonsense amendment.

Mr. SCOTT of Georgia. Mr. Chairman, I move to strike the last word.

The gentleman from New Jersey (Mr. GARRETT), I don’t know what his intention is, but this is probably the most terrible of all of the amendments to come before us tonight. This amendment not just guts the affordable housing program, this amendment guts Fannie Mae and Freddie Mac as a viable enterprise. And it would have significant adverse effects on the entire U.S. housing financial system.

Now, here’s what the amendment does that I understand. It would require that the new GSE regulator restrict Fannie Mae and Freddie Mac’s portfolio holdings to only mortgage and mortgage-backed securities that exclusively support affordable housing. That is devastating. Particularly mortgages that are extended to households who are having incomes below the median income.

Mr. Chairman, that’s like taking an orange and squeezing all of the juice out of it and then passing it off to somebody to get orange juice out of it. You are squeezing out of this operation the ability for it to have a very healthy, market-driven portfolio by restricting it to the lower elements of our economy, where there is no juice.

The portfolios of Fannie Mae and Freddie Mac play an important role in stabilizing the supply and reducing the cost of mortgage credit totally within the whole housing financial industry. So enter this effort, just to go after, I have never seen anything like it.

Mr. GARRETT of New Jersey. Will the gentleman yield?

Mr. SCOTT of Georgia. Not just yet.

This is just, again, a program designed to help very, very poor people. And you are willing to bring down the whole housing finance system just to get at it. Because this amendment would require a drastic reduction in the enterprise’s portfolio holdings and subject them to micromanagement by the regulator. And the amendment would require a drastic reduction in the GSE’s portfolios, which, in effect, reduces the access to competitive financing options from community banks and their home buying customers. This is a far-reaching, devastating amendment and must be rejected.

Mr. BAKER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I wish to compliment the gentleman from New Jersey on his intended goal and merely point out the defects that exist in the current system.

I want to make clear, I am a strong advocate of affordable housing and have gone to some trouble to examine the current portfolio of both Freddie Mac and Fannie Mae.

The one thing I think is consistent and hopefully will not be objected to is to observe that poor people generally don’t have money. And so when you go to a closing of a house, regardless of the price, that’s not an issue, you are going to try to get as much of that appraised value financed as possible, maybe come up with the closing costs. In a lot of cases, people are actually financing the closing costs too.

So it would make sense, if you looked at an analysis of the GSE’s portfolio mortgage holdings and determined the loan-to-value ratio, meaning, if it was a \$100,000 house and you were borrowing at least \$95,000, or up, 96, 97, 98, 99, maybe 101 because you needed help with the closing costs, that there ought to be a disproportionate amount of those loans in their portfolio as compared to, say, a commercial bank.

When you look at Fannie and Freddie’s portfolio holdings, you find that Freddie has 1.5 percent of their mortgages in a 95 percent plus range. You find Fannie Mae slightly better at 2.8 95 percent plus. So then you back off and say, my goodness, if only 1 or 2 percent is in those very high-leveraged loans, where are they making their money? And where you find the bulk of their loans is in two wage earners per household who are buying a second, third home because they have 60 to 70 LTV, meaning they are putting down a bunch of money. So even if you are a person buying a modest home of \$100,000, that means that you are putting down \$30,000 or \$40,000 at time of closing. That is not my definition of “poor person.”

If we really want to get focused, and this is a sincere observation about these corporations, they are driven to make a profit by their shareholders.

Nothing wrong with that. But they have been given special privilege by this Congress to accomplish a particular mission, and that is to help low-income first-time home buyers. That is why I am not as affronted by the chairman's concept as some may be. This is a specific requirement to spend \$500 million on affordable housing.

But to suggest that the gentleman is trying to somehow constrain the target of helping low-income people because they do such a wonderful job now, I have to suggest to you that that is really off the mark. They do a very poor job of helping first-time home buyers and low-income individuals get access to homeownership. They are in the business to make money. They do it quite well. They are the only corporation of their scale that returns double digit rates of return year after year, whether there is a housing crisis or a finance crisis, it's the facts.

I would love to work with the other side in focusing these huge corporations into the mission that Congress has described for them to perform.

Mr. Chairman, I would be happy to yield to the gentleman from New Jersey.

Mr. GARRETT of New Jersey. As many Members have said when they have come to this microphone in the past, that when you come to the floor, we can all have our own opinion on these matters, but we can't have all our own facts. To use the gentleman from Georgia and also Florida, too, I think said when it comes to the expression of squeezing all the juice out, that's maybe an appropriate expression, but then the question is where did that juice go to and what should it be used for?

Well, my suggestion is that the juice should not necessarily always be used for the benefit of the stockholders, but the juice should be basically used for, what was the intent here, to provide for affordable housing for low and moderate income. And as the gentleman from Louisiana just indicated, as we've heard from all the testimony in the committees, the GSEs have not been doing the job that we wanted them to do. And one of the reasons I believe that we now see a bill before us to put on this new housing fund is in part because they have not been doing their job. Had they been doing their job as Congress directed them to some time ago, we may not have come to this position today where we have to be debating the issue of the housing fund, which is a separate issue.

The point, though, as far as where the juice goes to and what the real facts are, we also heard testimony of Chairman Bernanke when he came to the floor, and there are also GAO studies that have looked at this as well, and what do they say? Where does the juice really go to when the portfolios expand to this level? And they include not just the low and moderate income, but the higher ones, since the low mod-

erate income is so small. Where does the juice go to now? The juice goes to the stockholders. That is not what I am interested in making sure happens. I am interested in making sure that the juice ends up with affordable housing.

Mr. FRANK of Massachusetts. I move to strike the last word.

I will yield briefly to my friend from Georgia.

Mr. SCOTT of Georgia. Let me explain carefully what the juice is of what we're squeezing out.

Your amendment, by limiting the portfolio, does an important thing to bring the juice out. It threatens the viability of Fannie Mae and Freddie Mac by bringing the juice out by what I mean is by limiting their portfolios to less liquid, lower yielding assets, which eliminates their ability to cross subsidize affordable housing products using the earnings of their more diverse—

Mr. FRANK of Massachusetts. I am going to take back my time.

Mr. GARRETT of New Jersey. Will the gentleman yield?

Mr. FRANK of Massachusetts. I will yield to the gentleman at the end.

First, let me say to the gentleman from Louisiana, I agree with him in many ways. Yes, they haven't done enough. I do find a great inconsistency, not on the part of the gentleman from Louisiana, who has been completely consistent on this issue for years, but first, we were being told that we should not interfere with the profitability of Fannie Mae and Freddie Mac because we would be driving up the cost for middle-income homeowners. We heard that in several of the arguments in trying to get rid of the Affordable Housing Fund.

Now we have a much more serious attack on the ability of Fannie Mae and Freddie Mac to help middle-income homeowners. This says no more middle-income homeowners, only people below the median. We were told before that if we took \$500 million from Fannie Mae and Freddie Mac's profits each year, we would inevitably be driving up the cost for middle-income borrowers. This would reduce Fannie Mae and Freddie Mac's profits by 7, 8, 10 times that amount. They get most of their profit from things held in the portfolio.

Mr. GARRETT of New Jersey. Will the gentleman yield now?

Mr. FRANK of Massachusetts. Yes, I will yield.

Mr. GARRETT of New Jersey. I appreciate that argument. But your argument before, if I heard you correctly, when we had a little dialogue before, was that it is your intent with the overall housing fund and where the money would come from is not from the homeowners. Your intention, if I understood correctly, was from the stockholders, from the investors.

□ 2030

My bill would do the exact same thing and say that it would not be com-

ing from the homeowner or the investor as far as any burden on them.

Mr. FRANK of Massachusetts. Mr. Chairman, taking back my time, the gentleman has completely misstated for about the fourth time my arguments.

Mr. GARRETT of New Jersey. I only stated it once. How can it be four times?

Mr. FRANK of Massachusetts. Regular order, Mr. Chairman. I yielded to the gentleman.

I have said that I do not think it is my intent or anybody else's intent that will override the economics of the situation. I do not think we can legislate that it comes either out of this or out of that. The money is fungible. My view is that in the competitive situation in which they find themselves, much of this will come out of shareholders' profits. Some may come out of the banks and others they deal with.

The point I am making is this: The gentleman and others on the Republican side argue, they were arguing before about a mortgage tax increase. They kept saying we are going to raise the cost of mortgages, not by anything we did directly. Their argument was that when you reduce the profitability of these entities, they will be driven to raise their prices and that will cost other people more.

I believe they are far more constrained in their ability to raise prices. I don't think they are holding prices down now out of love. I think they are getting them up as high as they can now in the competitive situation.

But if you believe that reducing their profits will cause them to increase their prices and thus hurt other people, in this amendment that has a much greater impact of that kind than the housing fund, because this restriction on the portfolio will cause a far greater reduction in the profit than 1.2 basis points. And it again emphasizes to me that what we have are people who don't like the Affordable Housing Fund, because they have had various contradictory ways of trying to get rid of it. Now, the gentleman from Louisiana is correct, they haven't done enough to help low income people.

One of the things we do in this bill is to greatly increase the goals. We impose goals on Fannie Mae and Freddie Mac which also reduce their profitability. We tell them to do more of this kind of thing and we increase the enforcement mechanism for doing it. So we do try to increase the goals in the enforcement mechanism and we create the Affordable Housing Fund.

I would say this: Maybe they shouldn't have created these hybrids in the first place. They are part profit making and part with the public enterprise. It is hard to run them that way, I understand that. That is why many of us decided that we will try to get them in the direction of helping low income people, but given the pull of profit, some of what we should do is to take a piece of the profit and put it directly into affordable housing.

That is why we have a hybrid solution dealing with a hybrid. That is why I hope the amendment is defeated.

Mr. HENSARLING. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I yield to the gentleman from New Jersey.

Mr. GARRETT of New Jersey. Mr. Chairman, I thank the gentleman.

To the point of the chairman, I am a little bit confused. He said that I have repeated his position four times differently. I have only been on the microphone three times now. But I am also confused on his position as to whether or not there really is an MTI, a mortgage tax increase, because initially he said it is going to be on the homeowners and it is not going to be on the stockholders. Now he says that money is fungible so it really can come from either place.

So, at the end of the day, I guess my original assertion was that there is an MTI, there is a mortgage tax increase, because they can come from the homeowners.

From the gentleman from Georgia, when he says there is a cross-subsidization from the larger portfolio, I would like to see the evidence of that. The evidence that we heard in committee on that point was from Chairman Bernanke and from the studies was there was not that cross-subsidization, and that in fact all the benefit comes not to the homeowners, the benefit comes to who? It comes to the shareholders.

In fact, under Chairman Bernanke's testimony, it would be better if the portfolios would be limited to this. Why? Because then they would do better than what the gentleman from Louisiana said, there is a fractional amount of work they are doing as far as helping the low income homeowners, and instead they would be holding those in their portfolios, those mortgages, as he said "difficult to securitize." That would help out. That is giving real juice to the low and moderate income homeowner.

The Acting CHAIRMAN. The Chair would remind Members that under the 5-minute rule, the Members recognized may not yield specific amounts of time to be enforced by the Chair, but rather must reclaim their time as they see fit.

Mr. HENSARLING. Mr. Chairman, reclaiming my time, I tried to listen carefully to my friend from Georgia, his comments. I am not going to follow with the juice analogy and I don't care to put words in his mouth, but what I think I heard was he described the gentleman from New Jersey's amendment as perhaps the worst one that had been offered this evening, that would essentially gut the ability of Fannie and Freddie to achieve their affordable housing mission, or to achieve the mission that Congress has set up for them, and the gentleman is certainly entitled to his own opinion.

But when it comes to the use of the portfolio holdings of Fannie and Freddie, which we know, number one,

according to the last two, the present and the past Chairmen of the Federal Reserve, creates huge systemic risk to our economy, which ultimately can bring down housing opportunities for all.

But if I could quote from a speech from Chairman Greenspan, who said, "The Federal Reserve Board has been unable to find any credible purpose for the huge balance sheets built by Fannie and Freddie other than the creation of profit through the exploitation of the market-granted subsidy."

To paraphrase, "Their purchase of their own or each other's mortgage-backed securities with their market-subsidized debt do not contribute usefully to the mortgage market liquidity, to the enhancement of capital markets in the United States, or to the lowering of mortgage rates for the homeowners."

Mr. Chairman, I would be happy to yield to the gentleman from Georgia.

Mr. SCOTT of Georgia. Thank you very much.

Let's get this right now. Anybody with any just basic common sense of how our investment system works in this country knows that if this amendment were effected here, if you were to put this amendment on any other enterprise, to dictate to that enterprise that your portfolio must exist at the lower yielding end of returns, you know good and well that that is not going to be helpful to that enterprise.

Mr. HENSARLING. Mr. Chairman, reclaiming my time, I am sure the gentleman from Georgia can get plenty of time from his side. All I am saying is the gentleman from Georgia is entitled to his own opinion, former Chairman Greenspan seems to have a different opinion of the use of the portfolio holdings in the housing mission. So in this particular case, I prefer to take the word of Chairman Greenspan and of Chairman Bernanke as opposed to my colleague from Georgia's expertise on the matter.

These portfolios have nothing, nothing to do with their mission and have everything, everything to do with systemic risk. And if we are going to leave them in place, they ought to at least be dedicated, somehow dedicated, to low income housing purposes, which ostensibly is what the purposes of Fannie and Freddie were in the first place.

Again, these are not operating, the GSEs are not operating in a competitive marketplace. They are operating in a government-sanctioned duopoly to where they have 80 percent of the market. There is not effective competition, there is not a check here, and we should approve the gentleman's amendment from New Jersey.

Ms. WATERS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would yield to the chairman so that he can straighten out some of that misinformation on the other side.

Mr. FRANK of Massachusetts. Mr. Chairman, I thank the gentlewoman,

and I will yield to my friend from New Jersey after I have propounded a question.

My position consistently today has been that it is not possible with absolute specificity to say an enterprise is paying for this out of this pot or that pot or the other pot. I do believe most of this will come from the shareholders.

But people on the other side argue no, reducing the profitability by \$500 million a year for both enterprises, levying 1.2 basis points on the portfolio, was going to raise the mortgage rates for the middle class. For people who believe that, I want them to explain to me how reducing the portfolio so substantially would not cost even more to the middle class?

Again, Members said taking \$500 million in profit, 1.2 basis points on the portfolio, would raise the rates on the middle class. I assume it doesn't do it specifically. It does it by reducing the profitability and inducing them to raise prices.

Since it would reduce profitability by many multiples of the housing fund, why would it not have a much greater effect?

I yield to the gentleman.

Mr. GARRETT of New Jersey. Well, it is a good question, but it was a question that was essentially raised during the committee and answered by Chairman Bernanke at the time.

If Chairman Bernanke said, yes, there was with regard to the portfolios held by the GSEs a cross-subsidization of the market and therefore a benefit to the low and moderate income mortgages that they have, then the chairman's argument would be a correct one. But Chairman Bernanke did not say that.

Mr. FRANK of Massachusetts. Excuse me, I am taking back my time to apologize for apparently not being clear in my question. I wasn't talking about cross-subsidization. Here is the point. I would have thought it was clearer, and I apologize for my inarticulateness.

The argument was that by taking \$500 million from profits, 1.2 basis points on the portfolio, we would be reducing profitability and inducing the enterprises to raise prices and therefore that would be a mortgage tax.

The gentleman's amendment would reduce the profitability by far more than \$500 million a year. It would be a far greater levy on them than 1.2 basis points. Now, the mechanism by which they claim that the fund is a mortgage tax is that as you reduce their profitability, they are driven to raise prices and that will cost more.

Now, it has nothing to do with cross-subsidy. Why does an amendment which would substantially reduce the profitability not have an even greater effect in terms of the middle class, who would not be benefiting from the portfolio, in raising what they have to pay?

The Acting CHAIRMAN. The Chair will remind Members that the Member

who has the time decides whether to yield.

Mr. FRANK of Massachusetts. I just yielded. I said I yield.

The Acting CHAIRMAN. The Chair would remind the gentleman that it is the gentlewoman from California who has the time.

Mr. FRANK of Massachusetts. I apologize. I would ask the gentlelady to yield.

Ms. WATERS. I am not likely to want to yield to him. I want you to finish this up.

Mr. FRANK of Massachusetts. Please yield.

Ms. WATERS. If you insist.

Mr. FRANK of Massachusetts. I do. I hope the Chair is happy.

The Acting CHAIRMAN. The Chair is trying to maintain order.

Mr. FRANK of Massachusetts. I apologize. The gentlelady has yielded.

Ms. WATERS. Reluctantly.

The Acting CHAIRMAN. The gentleman from New Jersey has been yielded to by the gentlewoman from California.

Mr. GARRETT of New Jersey. The gentleman, first of all, misstates the actual language of the underlying bill when he says that the housing fund is a tax on profits of the GSEs. It is not a tax simply on the profits of the GSEs. It is a tax of the overall activity.

Ms. WATERS. Reclaiming my time, I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I thank the gentlewoman.

That is not what I said. I said reducing the profitability. I would ask the gentlewoman not to yield any further. We are not going to get an answer. I apologize for starting the whole thing.

Mr. PRICE of Georgia. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am pleased to yield to my good friend from New Jersey.

Mr. GARRETT of New Jersey. Just one final point, and I do believe that the gentleman was saying that it was a tax on the profits of the GSEs as opposed to that. But be that as it may, remember, to the point the gentleman from Georgia made, the GSEs, even with this amendment, would still be allowed to securitize those larger loans.

This doesn't preclude them from doing that. It simply says that they should not be holding them in their portfolios, whereas the gentleman from Texas reiterated the point of Chairman Bernanke, that raises the overall risk to the overall functioning of the GSEs.

Finally, since they are able to continue to issue those large loans and therefore securitize those loans, the overall market of the GSEs is not hurt in one sense, and the profitability at the end of the day, as far as the money going to the low and moderate incomes, is not impacted.

Low and moderate income families are benefited by this bill. Taxpayers are benefited by this bill inasmuch as we reduce the risk of the GSEs on the

one hand and we address and make sure that the GSEs return to their basic function of providing liquidity to the marketplace and providing access for low and moderate income housing in this country.

Mr. PRICE of Georgia. Mr. Chairman, reclaiming my time, I commend the gentleman for his amendment.

Mr. TAYLOR. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I followed this debate for several hours now, both here on the House floor and in my office, and what I sense is some people having a lot of fun at the expense of the least among us.

In my State tonight, 75,000 people will go to sleep in a FEMA trailer that the United States Department of Health has ruled is a health hazard because they have carcinogens in them. They have formaldehyde in them. But it beats the heck out of sleeping in a Chevy Astro Van. It beats the heck out of sleeping on their mother-in-law's couch, if their mother-in-law has a couch.

□ 2045

In the State of Louisiana, there are 49,000 families who will go to sleep in a FEMA trailer. Down around Bayou La Batre, Alabama, another thousand; in Texas, another thousand. This isn't a joke. This is trying to help the least among us. That is why you see Mr. BAKER trying to help this bill, and that is why you see me trying to help this bill. It is not a joke.

We talk about we ought to be doing better things with this money. What is better than helping people who 2 years ago who were middle class, who had homeowners insurance, who got screwed by the insurance company and woke up to find out they were poor because they lost everything in one night and their insurance company didn't pay.

No, I won't yield. You've had hours.

And they can't get any housing built because the workers can't move is because there is no place for the workers to live to build the houses. And yes, it is still going on, for those of you who wonder.

I am a U.S. Congressman. I am living in my third place since the storm. You all know what we make. We make lots of money. It's not that I can't afford one, there is none to get.

I am a Congressman. If that is happening to me at my salary, what do you think is happening to a schoolteacher or a retired chief petty officer or a policeman or a fireman. I thought that was what we were about, was helping people.

All of a sudden you are concerned about borrowing and where this money should go. It didn't bother you when you borrowed money from the communist Chinese. It didn't bother you for the past 12 years when you took money out of the Social Security trust fund. It bothers you now when we want to help the average Joes? Well, that bothers me.

The chairman is exactly right. The same folks who say we should have no accountability of where the billions of dollars go in Iraq, all of a sudden, demand that this money that might help somebody who used to be an average Joe who now finds himself in a horrible situation, my God, you don't want to do that.

Cut the games out. This is serious. This is about housing, a basic need. A basic need for our fellow Americans, not Iraqis. Our fellow Americans.

I have sat here and watched this game go on for hours, and I have had enough. I think the people of America, if they are following this debate, they've had enough.

It is time to move this bill. If you don't think it is a good idea to take the profits from this organization and ask that they be directed towards the housing needs of our fellow Americans, vote against the bill. But I happen to think that is a pretty good idea because I know guys who used to live in 6,000 square foot houses who are going to spend tonight in a FEMA trailer. Not because they want to, because they got screwed by their insurance company. They are still going to work. They can't find somebody to build a house.

When you lose 60,000 houses overnight, it puts a heck of a strain on the system. And when the workers who want to come there and build those houses have no place to live, it makes it even worse. We are trying to address that. These are real needs for real people.

You've made whatever political points you want to make to your constituency, but now it is time to move on and help our fellow Americans.

Mr. FEENEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, before I yield to the gentleman from New Jersey to respond, I would say that, as has been pointed out earlier, this Congress has already provided some \$3 billion in housing relief, and I have an amendment coming up that would put the first year's funding into Hurricane Katrina relief for housing.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. FEENEY. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. People keep talking about \$3 billion for Katrina. There was no housing construction fund in the hurricane bill. If that is meant to be construction, it is simply not the case. We put vouchers into the hurricane bill, but there was not \$3 billion in any housing construction in the Katrina bill.

Mr. FEENEY. Reclaiming my time, my amendment up next, will help veterans in the long run, and in the short run will go to Hurricane Katrina relief.

I yield to the gentleman from New Jersey (Mr. GARRETT).

Mr. GARRETT of New Jersey. I thank the gentleman from Florida and the gentleman from Mississippi, although I cringe when Members on the

other side of the aisle characterize what our motivation is and our interest in these things.

I wonder whether the gentleman from Mississippi heard the gentleman from Louisiana speak about the dismal job that the GSEs have done so far with regard to what I believe both of us agree should be their intention which is to provide for low and moderate-income housing, such as the gentleman from Mississippi was talking about. A dismal job.

Part of the reason they do that dismal job, their explanation is, these loans, some of these loans are difficult to securitize. If you can't securitize the loans, they are not going to take them. That is their record. The numbers were given before that they hold in their portfolio. A very small percentage of these type of loans, which is the type of loans that the gentleman from Mississippi was talking about holding.

All this amendment does is this. It says GSEs, you are supposed to be doing everything the gentleman from Mississippi says we should be doing, and that is providing for housing for low and moderate-income individuals. You are not doing a good job right now. We are going to focus your attention on it. If you are having a problem securitizing these lower loans, fine, don't securitize them, but hold them in your portfolio and make that the crux of your business. Your business should not be, as it has been in the past, simply making larger profits than normal, the raises and salaries given to the top executives. Your business is helping the people in Mississippi and Louisiana.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. GARRETT).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. GARRETT of New Jersey. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from New Jersey will be postponed.

AMENDMENT NO. 5 OFFERED BY MR. AL GREEN OF TEXAS

Mr. AL GREEN of Texas. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Mr. AL GREEN of Texas:

Page 130, strike lines 6 through 11 and insert the following:

“(i) The allocation percentage for the Louisiana Housing Finance Agency shall be 45 percent.

“(ii) The allocation percentage for the Mississippi Development Authority shall be 18.333 percent.

“(iii) The allocation percentage for the Alabama Housing Finance Authority shall be 18.333 percent.

“(iv) The allocation for the Texas Department of Housing and Community Affairs shall be 18.333 percent.”

Page 149, lines 16 and 17, strike “and the Mississippi Development Authority” and insert the following: “, the Mississippi Development Authority, the Alabama Housing Finance Authority, and the Texas Department of Housing and Community Affairs”.

Mr. AL GREEN of Texas. Mr. Chairman, I support the affordable housing trust fund. Why, because I believe at some point on the infinite continuum that we know as time, I will have to account for my time. And at that point when I have to explain what I did for the least, the last, and the lost, I will be able to say I supported clothing the naked, I supported feeding the hungry, and I supported shelter for the homeless.

At a time when we are spending \$353 million a day on the war, what did you do, AL? I stood before the House and I requested that we support an affordable housing trust fund.

In a country where every day we have millionaires, in fact one of every 110 persons in this country is a millionaire. The question becomes what did you do when you had a chance to help the least, the last and the lost.

So today, I stand here to say I will try to help the least in Alabama. In Alabama, where we need an additional \$146 million to \$164 million to help Alabama recover from Katrina and Rita. In Texas, where we need an additional \$1.5 billion, I support an affordable housing trust fund to get the job done.

So, Mr. Chairman, my amendment is a simple one. My amendment would not only recognize that Louisiana and Mississippi have been harmed. My amendment also recognizes that Katrina and Rita have done damage in Texas and Alabama. And my amendment would also allow funds to go to these two States as well. Forty-five percent of the funds would go to Louisiana, and the remaining funds would be divided equally among Mississippi, Alabama and Texas.

Mr. Chairman, I yield to the chairman.

Mr. FRANK of Massachusetts. I thank the gentleman for yielding.

There has literally been no Member of the House who has been more dedicated to helping those who are in trouble than the gentleman from Texas. He represents a community that is a model community: Houston.

We don't always show neighborliness in reaching out to others. The city of Houston, its mayor, its congressional delegation, its citizens, its police department, has known an extraordinary degree of compassion for fellow human beings in trouble. There are few examples in this country's history of one community reaching out as generously as the people of Houston have to the people who were forced to evacuate the gulf, particularly Louisiana.

The gentlewoman from California and I listened to the gentleman from Texas, and we put some language into the bill that we did last time on the hurricane.

On this one, at this point I would ask the gentleman to withdraw his amend-

ment. We appreciate what has gone on. The destruction was greater in Mississippi and Louisiana. There are still unmet needs in Texas. We appreciate that. We have done something, and I acknowledge we have not done enough.

I promise the gentleman, we will continue to work with him to that end, but we have commitments in terms of the physical reconstruction to go to these two States.

There will be further years in this bill. Texas continues, particularly Houston, to have a big claim on us, and we will continue to try to work with the gentleman to try to resolve it, but we hope not to do it in a kind of zero-sum situation.

Mr. BAKER. Will the gentleman yield?

Mr. AL GREEN of Texas. I yield to the gentleman from Louisiana (Mr. BAKER).

Mr. BAKER. Mr. Chairman, I appreciate your courtesy. I will be very brief. I know your time is limited.

I just wish to express to you on behalf of the Louisiana delegation, our appreciation to you, your constituents, the city of Houston, and Texas, for your outstanding generosity and assistance. We hope to continue those feelings by having you leave our money alone.

Mr. AL GREEN of Texas. I thank the gentleman from Louisiana. I also thank the ranking member, MAXINE WATERS, for her efforts. I thank my chairman.

Mr. Chairman, I appreciate all you have done to help the least, the last and the lost. I assure you, I look forward to working with you as we continue on this journey.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The Acting CHAIRMAN. Without objection, the gentleman's amendment is withdrawn.

There was no objection.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the last word just to acknowledge the graciousness of the gentleman from Texas.

We will continue to work with him. Houston is entitled to more help and it will get it. The only thing, I want to be partially modest. He said I have the least, the last and the lost. I have tried hard tonight to help the least and the last. But in my debates with the other side, I haven't been able to make much of an impression on the lost.

ANNOUNCEMENT BY THE ACTING CHAIRMAN

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order:

Amendment No. 12 by Mr. BACHUS of Alabama.

Amendment No. 29 by Mr. HENSARLING of Texas.

Amendment No. 14 by Mr. MCHENRY of North Carolina.

Amendment No. 15 by Mr. KANJORSKI of Pennsylvania.

Amendment No. 27 by Mr. ROSKAM of Illinois.







Putnam	Saxton	Tiaht	Wilson (OH)	Woolsey	Wynn	Boyda (KS)	Hirono	Payne
Ramstad	Schmidt	Tiberi	Wolf	Wu	Yarmuth	Brady (PA)	Hobson	Perlmutter
Regula	Sensebrenner	Upton				Brady (TX)	Hodes	Peterson (MN)
Rehberg	Sessions	Walberg				Braley (IA)	Holden	Platts
Renzi	Shadegg	Walden (OR)	Baird	Faleomavaega	Maloney (NY)	Brown, Corrine	Holt	Pomeroy
Reynolds	Shimkus	Wamp	Bordallo	Fortuño	McMorris	Buchanan	Honda	Porter
Rogers (AL)	Shuster	Weldon (FL)	Burgess	Harman	Rodgers	Burton (IN)	Hooley	Price (NC)
Rogers (KY)	Smith (NE)	Weller	Cubin	Hastert	Peterson (PA)	Butterfield	Hoyer	Pryce (OH)
Rogers (MI)	Smith (TX)	Westmoreland	Davis, Jo Ann	Johnson (IL)	Radanovich	Calvert	Hulshof	Putnam
Rohrabacher	Souder	Wicker	Emanuel	Jones (OH)	Shays	Camp (MI)	Inslee	Rahall
Ros-Lehtinen	Stearns	Wilson (SC)	Engel	Lewis (KY)		Cantor	Israel	Ramstad
Roskam	Sullivan	Young (AK)				Capito	Jackson (IL)	Rangel
Royce	Tancredo	Young (FL)				Capps	Jackson-Lee	Regula
Ryan (WI)	Terry					Capuano	(TX)	Rehberg
Sali	Thornberry					Cardoza	Jefferson	Reichert

## NOES—245

Abercrombie	Green, Al	Napolitano						
Ackerman	Green, Gene	Neal (MA)						
Allen	Grijalva	Norton						
Altmine	Gutierrez	Oberstar						
Andrews	Hall (NY)	Obey						
Arcuri	Hare	Olver						
Baca	Hastings (FL)	Ortiz						
Baldwin	Herseth Sandlin	Pallone						
Barrow	Higgins	Pascarella						
Barton (TX)	Hill	Pastor						
Bean	Hinchey	Payne						
Becerra	Hinojosa	Perlmutter						
Berkley	Hirono	Peterson (MN)						
Berman	Hodes	Pomeroy						
Berry	Holden	Price (NC)						
Bishop (GA)	Holt	Rahall						
Bishop (NY)	Honda	Rangel						
Blumenauer	Hooley	Reichert						
Boren	Hoyer	Reyes						
Boswell	Insee	Rodriguez						
Boucher	Israel	Ross						
Boyd (FL)	Jackson (IL)	Rothman						
Boyd (KS)	Jackson-Lee	Royal-Allard						
Brady (PA)	(TX)	Ruppersberger						
Braley (IA)	Jefferson	Rush						
Brown, Corrine	Johnson (GA)	Ryan (OH)						
Butterfield	Johnson, E. B.	Salazar						
Capps	Kagen	Sánchez, Linda						
Capuano	Kanjorski	T.						
Cardoza	Kaptur	Sanchez, Loretta						
Chandler	Carnahan	Sarbanes						
Christensen	Carney	Kildee						
Clarke	Carson	Kilpatrick						
Cleaver	Castor	Kind						
Clyburn	Chandler	Klein (FL)						
Cohen	Christensen	Kind						
Conyers	Cooper	Klein (FL)						
Cooper	Costa	Scott (GA)						
Costa	Craig	Scott (VA)						
Costello	Cohen	Sánchez, Linda						
Courtney	Cole	T.						
Cramer	Coleman	Sanchez, Loretta						
Crowley	Conaway	Sarbanes						
Crowley	Congressional Record	Kildee						
Dalahan	Congressional Record	Kilpatrick						
DeLauro	Congressional Record	Kind						
Dicks	Congressional Record	Klein (FL)						
Dingell	Congressional Record	Kind						
Doggett	Congressional Record	Kildee						
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Davis, Tom	Congressional Record	Kilpatrick						
DeFazio	Congressional Record	Kind						
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Delahunt	Congressional Record	Kind						
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## NOT VOTING—23

Baird	Fortuño	Maloney (NY)
Bordallo	Harman	McMorris
Burgess	Hastert	Rodgers
Cubin	Herger	Meehan
Davis, Jo Ann	Hunter	Olver
Emanuel	Johnson (IL)	Peterson (PA)
Engel	Jones (OH)	Radanovich
Paleomavaaga	Lewis (KY)	Shays

□ 2146

So the amendment was rejected.

The result of the vote was announced as above recorded.

(By unanimous consent, Mr. HOYER was allowed to speak out of order.)

## LEGISLATIVE PROGRAM

Mr. HOYER. Mr. Chairman, ladies and gentlemen, I want to inform my colleagues that we expect no further votes tonight. We expect to proceed to completion of this bill tonight. All votes, further votes that are called for will be rolled and will be voted upon on Tuesday. But as long as the Members want to go tonight, we're going to go. We're going to finish this bill tonight.

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. HOYER. I yield to my friend

Mr. FRANK of Massachusetts. I wish the gentleman would have said that last sentence a little less assertively.

Mr. BLUNT. Would the gentleman yield?

Mr. HOYER. I'd be glad to yield to my friend.

Mr. BLUNT. While the gentleman has the floor, could you give us an idea of what else to expect next week?

Mr. HOYER. Well, we're coming back Monday. There will be votes at 6:30. There'll be suspensions. On Monday the House will meet at 10:30 a.m. for morning-hour business and noon for legislative business. We'll consider several bills under suspension of the rule as is usual. Notice of those bills will be given by the end of the week.

On Tuesday, the House will meet at 9 a.m. for morning hour business, 10 a.m. for legislative business. We'll consider additional bills under suspension of the rules. A complete list, as I said, will be announced by the close of business tomorrow. On Wednesday and Thursday the House will meet at 10 a.m. We expect to consider H.R. 1100, the Carl Sandburg Home National Historic Site Boundary Provision, and H.R. 2316, Honest Leadership and Open Government Act, and the conference report on the supplemental appropriations to fund Iraq, Katrina, veterans health and other matters.

Mr. BLUNT. If the gentleman would further yield. Our Members, I think, in agreement with the gentleman's view on this, said we'd prefer to stay until this supplemental is done. And is that your inclination at this time?

Mr. HOYER. It is our intention to pass the supplemental before we break for the Memorial Day Break, yes.

Mr. BLUNT. I thank the gentleman.

AMENDMENT NO. 16 OFFERED BY MR. FEENEY

Mr. FEENEY. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 16 offered by Mr. FEENEY: Line 16 on page 127, strike the dash and all that follows through line 10 on page 128 and insert the following: "to provide housing assistance, in 2007, for areas affected by Hurricane Katrina or Rita of 2005 and, after 2007, to provide housing assistance for supported rental housing for disabled homeless veterans."

Page 130, lines 23 and 24, strike "establish a formula to allocate" and insert the following: "provide for the allocation".

Page 131, line 1 insert "of" before "the".

Strike line 4 on page 131 and all that follows through line 2 on page 132 and insert the following:

"The funding shall be distributed to public entities and allocated based on the formula used for the Continuum of Care competition of the Department of Housing and Urban Development."

Page 136, lines 7 through 9, strike "For each year that a grantee receives affordable housing fund grant amounts, the grantee" and insert "Each grantee for 2007 that receives affordable housing fund grant amounts".

Page 138, line 1, strike "the" and insert "any".

Page 138, line 5, before the period insert "if applicable".

Page 138, line 7, after "grantee" insert "for 2007".

Page 140, after line 6 insert the following: "Affordable housing fund grant amounts of a grantee for any year after 2007 shall be eligible for use, or for commitment for use, only for rental housing voucher assistance in accordance with paragraph (19) of section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(19))."

Page 140, line 22, strike "or".

Page 140, line 25, after the semicolon insert "or".

Page 140, after line 25, insert the following: "(E) administer voucher assistance described in the matter in subsection (g) after and below paragraph (3);".

Page 142, line 3, strike "each year" and insert "2007".

Page 142, line 10, strike "each year" and insert "2007".

Page 147, line 20, before "the manner" insert "for each grantee in 2007,".

Page 151, line 15, before "requirements" insert "with respect to affordable housing fund grant amounts for 2007".

Page 153, strike lines 1 through 3 and insert the following:

"(F) for the grantees for 2007, requirements and standards for establishment, by the grantees, of per".

Mr. FEENEY. Mr. Chairman, picking up where we left off, we've had a considerable amount of debate about the affordable housing fund concerns that many of us in the minority party have about this fund. And I'm not going to put words in the chairman's mouth, as some people did. I promise not to do that to Chairman FRANK.

But there has been an ongoing debate from about 5 o'clock on about whether or not the affordable housing fund amounts to a tax. The truth of the matter is, government only gets money one of three ways. It either prints money, and there's nothing in this bill that tells the Treasury Department or the Mint to print any money. It borrows money, as in Treasury bonds, and nothing in this bill suggests that any-

body's going to be repaid the \$3 billion that the GAO says this will cost over the next 5 years. Clearly, the only other way government gets money is a tax. Whether we are taxing the shareholders, whether we are taxing ultimately the consumers of low income, middle income mortgages, or a combination of both, this is a tax.

Now, the question is what to do with this tax money. A lot of us have concerns about the fact that we're going to dump this \$3 billion into a fund that has not been created, does not have a specific mission, does not have guidelines and does not have any controlling organization or entity. It may turn out to be a wonderful way to spend \$3 billion. But we are very concerned with what we see.

I have fashioned a compromise here because some of the amendments on the minority side get rid of the fund or don't fund the fund. I actually fully fund the fund with the Feeney amendment. And we fund it to deal with housing issues for people that are needy. We've heard a lot of talk about lack of compassion for the needy.

What my amendment does is to take the first year's \$500 million plus and send it to the victims of Katrina. We heard passionately from the gentleman from Mississippi, from my friend from Louisiana about the needs in the aftermath of Katrina. We keep that funding in place in year one.

But beyond that, in the balance of the years, what we do is to fund necessary housing for disabled American veterans. We use a system to make sure that disabled American veterans who are homeless have access to an opportunity to have a home and a place to live through rental assistance.

I spoke to Secretary Nicholson today of the VA. He tells me that we estimate there are 195,000 homeless veterans. Many of those veterans are disabled, either mental disabilities that come from their battle scars, their battle wounds or physical disabilities. What better way to honor the commitment that the majority has made. We're going to deal with the truly needy in America. But also rest assured that we're going to be dealing with people that have earned the right to get housing assistance, than to suggest that after we take care of Katrina hurricane victims in year one, that we are going to take care of those veterans that are disabled, that are needy and that need a roof over their head.

Mr. Chairman, I commend this as a compromise between the majority's compassion for the needy and the minority's concern that the trust fund that has not been established and has no guidelines may go wayward with this \$3 billion.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the author of the amendment clearly indicates he would like to kill the housing fund altogether. He voted to do that in several

ways. We had several votes to do that. We're going to have about 10 votes on the same issue on this bill. I don't know, there's seven different ways to kill your lover. We have about 11 different ways to try to kill the affordable housing fund. Some of them contradict each other because they are joined only by the common opposition to the Federal Government constructing affordable housing. This bill continues that, this amendment, because the key change it makes is to strike the provision that says it will be used for the construction of affordable rental housing and says only vouchers. Now, the vouchers are useful as part of a balanced program. But the vouchers now have been, under the Republicans policy, annual vouchers. We haven't been able to change that yet. Maybe we will.

Mr. FEENEY. Would the gentleman yield?

Mr. FRANK of Massachusetts. Yes.

Mr. FEENEY. Will the gentleman show me in my amendment where we refer to the voucher program? I would express to him our intent clearly is not to participate in the voucher. This is a new program.

Mr. FRANK of Massachusetts. I will be glad to read to the gentleman his amendment, or at least the one that I have. Is this No. 16?

Mr. FEENEY. It's a modification. With the permission of the chairman and unanimous consent, we have a modification.

Mr. FRANK of Massachusetts. When did we get unanimous consent to modify? I don't remember hearing that request. Parliamentary inquiry.

The Acting CHAIRMAN. The Chair wishes to make clear the amendment has not yet been modified.

Mr. FRANK of Massachusetts. Well, I will then take back my time. The gentleman chides me apparently for telling the truth. I have the amendment as printed. I am reading the amendment. He says where in it is the voucher program? Here on page 2 on lines 2, 3 and 4. And it's not very arcane. Let me read it. Affordable housing fund grant amounts of a grantee for any year after 2007 shall be eligible for use or for commitment for use only for rental housing voucher assistance in accordance with paragraph 19.

Now, I apologize to the gentleman for reading his amendment. I had previously to apologize to the gentleman from Illinois for reading his amendment. The gentleman corrected me incorrectly. I would like to go on and correct his incorrect correction before I again yield. The gentleman's purpose may be confusing to people, but I just want to be clear.

Mr. FEENEY. Mr. Chairman, may I make a parliamentary inquiry?

Mr. FRANK of Massachusetts. I do not yield for the purposes of a parliamentary inquiry. Parliamentary inquiries are only done after the holder of the floor yields. And the fact is that I do want to make it clear I am reading the gentleman's amendment. It says

only for vouchers, and that's why I said that. Now I will be glad to yield to him.

Mr. FEENEY. Well, thank you. And when the gentleman had yielded previously, I had made a motion for unanimous consent to use the modified amendment which does not refer to the voucher program. And so I had made that motion and had not got a ruling.

Mr. FRANK of Massachusetts. I object.

The Acting CHAIRMAN. The gentleman from Florida has made a motion requiring unanimous consent.

Objection is heard.

Mr. FEENEY. Will the gentleman yield?

Mr. FRANK of Massachusetts. Yes.

Mr. FEENEY. Now we're back on the voucher program that the chairman has a problem with. But I still suggest that the voucher program is better than putting it back.

Mr. FRANK of Massachusetts. I take back my time. I've yielded to the gentleman for varying explanations of his varying amendments. But I want to talk about the one we have. First of all, I do not give consent because we had a pre-filing deadline precisely so that we can study these things. They are somewhat complicated. I think having them come right off the top of people's heads, particularly at 10 o'clock at night, after we've debated the same issue about seven times, it's not a good idea to come up with something brand new.

Here's the amendment. It says only vouchers, and it says it in several places, that it's for vouchers. And here's the problem with vouchers. He says it's still better than constructing housing. No, it is not, because a voucher program helps you compete for existing rental housing. But an annual voucher program, which is referenced in this bill, in this amendment, does not give you the ability to build new housing.

In parts of this country there is a housing shortage, that's a problem. In the gulf it's a problem because the housing was destroyed. So when you only do vouchers and do not help build affordable housing, you run into that problem.

Now, under our proposal, communities would have the ability to make choices. But what the gentleman says is in parts of the country where there is already a shortage of physical affordable housing, all his amendment would do would be to drive up the price by increasing the demand for it without in any way adding to the supply.

Now the gentleman's apparently acknowledged the flaws in the amendment by trying to modify it after he had previously submitted it. I don't believe this kind of last minute changes ought to be made at this point. And so we are left with the flawed amendment.

I understand the gentleman's desire to kind of disown it. But the fact is, it is what it is. And a voucher-only program does not add to affordable housing supply and that's what we need.

Mr. BUYER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I'm not going to get into the detail here that you have. We have an opportunity to utilize a fund that will help our disabled veterans and get many of them off the street.

I would yield to the gentleman and ask him is that not yet a worthy cause.

Mr. FRANK of Massachusetts. Yes, it is. And here's the point. And if the gentleman would yield to me. I do not think, and it says, disabled homeless veterans. I would agree between now and when we get to conference to give a first preference to disabled homeless veterans. I have two problems with this amendment. First of all, it is not clear that there are that many disabled homeless veterans to absorb 800 million a year. If there are you could deal with it.

But secondly, I do not think in many parts of the country, including my own, that if you only did vouchers you would be doing enough for them. I'd like to build some housing, some with supportive services. But I will give the gentleman my commitment that in the final bill we should be giving a very high preference to disabled homeless veterans.

Mr. BUYER. Thank you very much. I reclaim my time. That's the commitment that I came to the floor here today knowing that yes, you wanted to create this trust fund and understanding whether or not there are any guidelines, your commitment to me to work with me and others who have an interest, that you'll give preference to homeless veterans, I take you at your word, Mr. Chairman, and I'll work with you.

□ 2200

Mr. FRANK of Massachusetts. And the localities will have the ability to do it by voucher or by construction, including, as the gentleman well understands from his work, maybe places that have supportive housing as part of it. That would be an eligible use.

Mr. BUYER. I rise here today to work with you as we go here and into conference.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. FEENEY).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. FEENEY. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Florida will be postponed.

AMENDMENT NO. 8 OFFERED BY MR. PRICE OF GEORGIA

Mr. PRICE of Georgia. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Mr. PRICE of Georgia:

Page 144, after line 19, insert the following:

“(8) ACCEPTABLE IDENTIFICATION REQUIREMENT FOR OCCUPANCY OR ASSISTANCE.—

“(A) IN GENERAL.—Any assistance provided with any affordable housing grant amounts may not be made available to, or on behalf of, any individual or household unless the individual provides, or, in the case of a household, all adult members of the household provide, personal identification in one of the following forms:

“(i) SOCIAL SECURITY CARD WITH PHOTO IDENTIFICATION CARD OR REAL ID ACT IDENTIFICATION.—

“(I) A social security card accompanied by a photo identification card issued by the Federal Government or a State Government; or

“(II) A driver’s license or identification card issued by a State in the case of a State that is in compliance with title II of the REAL ID Act of 2005 (title II of division B of Public Law 109-13; 49 U.S.C. 30301 note).

“(ii) PASSPORT.—A passport issued by the United States or a foreign government.

“(iii) USCIS PHOTO IDENTIFICATION CARD.—A photo identification card issued by the Secretary of Homeland Security (acting through the Director of the United States Citizenship and Immigration Services).

“(B) REGULATIONS.—The Director shall, by regulation, require that each grantee and recipient take such actions as the Director considers necessary to ensure compliance with the requirements of subparagraph (A).”.

Mr. PRICE of Georgia. Mr. Chairman, I appreciate the conversation that just went on and the gentleman from Florida’s amendment and his desire to modify his amendment because I think it brings out the point clearly that this is, in fact, a closed rule and should be recognized as such by our colleagues and by the American people.

This amendment I am offering, along with Representatives CAPITO and CAMPBELL and PEARCE, and I want to thank them for their leadership on this issue and urge my colleagues to look at this amendment carefully. This amendment would prevent illegal immigrants from owning or renting housing built by funds from the Affordable Housing Fund by requiring the adult occupants of that housing to establish their legal residency through the use of secure forms of identification.

Across the country, whether it is Denver, where in 2006 there was an estimated 20,000 illegal immigrants holding FHA-insured loans, or L.A., where banks have begun offering them credit cards, clear reform and oversight is necessary.

In some of these cases, like the FHA loans, the documents submitted with their applications to GSE are later proved to be false, resident alien numbers that have never been issued, Social Security numbers that belong to other people, and W-2 forms that are fabricated.

In the case of financial institutions, minimal documents are required by their regulators to establish a new customer’s identity to open accounts, and then after a few short months pass, banks are giving these illegal immigrants credit cards.

So the current loopholes in Federal law are an invitation to illegal immi-

gration, and we shouldn’t reward those coming here illegally with the privilege of the services afforded to American citizens. This would clearly result in back-door amnesty.

Our amendment would require the Director of the Federal Housing Finance Agency to ensure that any assistance provided from the Affordable Housing Fund should be for adults who are legal residents in the United States. Occupants of this housing may either use a foreign service or U.S. passport; a Citizenship and Immigration Services, CIS, photo ID card; or a Social Security card in conjunction with a State or Federal ID. These forms of identification are considered to be the most secure types of identification because they are harder to forge or to duplicate. They are all issued by a government agency which has more checks and balances against illegal immigrants, criminals, or terrorists from obtaining these documents.

The current regulations to establish a customer’s identity do a disservice to the American people. And I am confident that greater clarification in this area will help stem the tide of illegal aliens, which has been promoted due to a lack of clarity on this issue. The Federal Government should not be operated under obscure parameters that do not serve our Nation. We can strengthen these regulations to help protect America.

The CBO estimates that over the period from 2008 to 2011 that the housing fund created by this bill will generate roughly \$3 billion. This is not an insignificant amount of money, and that will be available to build new housing as a result of this legislation.

To the best of our ability, we must eliminate the ability of someone here illegally to use new taxes from hard-working Americans to “buy a home.” That is not leadership and it is the wrong incentive.

So I urge my colleagues to reject back-door amnesty for illegal immigrants and to support this common-sense amendment.

Mr. SCOTT of Georgia. Mr. Chairman, I move to strike the last word.

Mr. Chairman, to my distinguished friend from Georgia, whom we served in the legislature together there in Georgia, whom I respect greatly, but I have got to disagree with this amendment, with all due respect.

First of all, we already have this in an accepted amendment by Mr. BOOZMAN that requires that recipients of housing assistance under the bill’s Affordable Housing Fund be able to demonstrate with sufficient evidence that they are lawfully present in the United States. That is sufficient. It is already in there.

But let me just point out the real problems and the complexities with this REAL ID. First of all, the REAL ID Act would have States implement new standards, new technology, and new procedures for processing and ap-

roving driver’s license applications by May of 2008. On March 1 the Department of Homeland Security issued 162 pages of proposed REAL ID regulations acknowledging this one undeniable fact, that compliance by May 2008 would be in their statement an “impossible task.” So we could not even do it. By the time the comment period closed last week, the Department of Homeland Security had received over 12,000 comments opposing what the gentleman from Georgia is talking about. The proposed cost for the states, by DHS’s own estimation, would be \$23.1 million that would be added if the gentleman from Georgia’s idea would be incorporated. Only \$40 million has been appropriated so far, an amount that wouldn’t even begin to cover the costs in one State alone, which would be, let’s say, Maine, where the estimate for compliance there is \$180 million.

The astronomical cost of this mandate is not our only concern with the gentleman from Georgia’s amendment. REAL ID requires that States would have to link their DMF databases with every other State in the Union, raising major concerns about privacy issues and security risks of a nationwide interoperable system.

The amendment by the gentleman from Georgia may be well intended, but it would throw our entire system on top of its head and would not even begin to even deal with this issue that is already being dealt with in a more appropriate way by Mr. BOOZMAN’s amendment, which has been accepted. We have got to ensure that all of our identity documents are secure, but REAL ID will not work in its current form. We need to bring together DHS, DOT, States, and experts in privacy, civil liberties, constitutional rights to establish national standards that will protect both our national security and the privacy of American citizens. This amendment would not deal with that, so we must urge everyone to oppose it.

Finally, my point is that immigration is, indeed, a big issue. It is a complex issue, and we are going to deal with that. But, again, you have tried it with the veterans. You have tried it with the debt. You tried it with restricting portfolios. You have even tried to tie it to Social Security and the veterans. And now you are trying to tie this immigration fight onto this simple program to try to bring some affordable housing to the most needy people that need it in our country and especially those that have been devastated from the hurricanes down in Louisiana and in Mississippi.

So, Mr. Chairman, I urge defeat of this amendment. Vote “no” on the gentleman from Georgia’s amendment.

Mr. PEARCE. Mr. Chairman, I move to strike the last word.

I thank both gentlemen from Georgia for their work, either plus or against this amendment.

I offer to support the amendment tonight, have helped cosponsor it. I appreciate the work that the gentleman from Georgia has done.

Mr. Chairman, our amendment simply requires secure forms of identification. It can be any form. It can be a foreign passport, a U.S. passport. It can be a Citizenship and Immigration Services photo ID card, a Social Security card with some State or Federal ID.

These secure forms of identification are relatively easy for legal residents and citizens to accomplish and to acquire. They are relatively difficult for illegals to acquire. So I think that the gentleman's amendment is very appropriate.

We are finding that more and more services that should go to legal American citizens are being soaked up by those who come here illegally. In the Second District of New Mexico, we are on the southern border of the United States bordering Mexico, and I will tell you that our hospitals are overwhelmed. Good tax-paying citizens come to me and ask why is it that one's daughter whose husband and she make \$30,000 or \$40,000 a year just paid \$5,000 to have a baby and the girl in the bed next to her got it for free?

We are finding that this is the case over and over. And so requiring this fund to establish some sort of legality, some sort of legal residency or citizenship is not an onerous burden, and in fact it is one that most Americans would expect that we would accomplish.

I will tell you that the underlying bill, in establishing one of the trust funds, is a very problematic situation. We heard the left declare when they came into power in this Congress that they would spend the profits of companies like Exxon, and now we are seeing them actually reach down and pluck those profits away, put them into a fund, and with no discretion, no declaration of how those funds are to be spent. I don't think that is what Americans want.

And just so we understand the real process, this same technique of establishing funds that simply appear in the authorization bills is also accomplished in H.R. 6 and the Hardrock Mining bill. Those attempts to reach out and take money from corporations to spend it because the left declared that to be their intent when they came to power in this House of Representatives.

So my friends, I would suggest that making a requirement for U.S. citizenship is not too much.

I would say also we have received a lecture tonight about hypocrisy, we on the Republican side. I would comment that just earlier today we have heard promises from the other side that they were not going to have secret votes to increase the debt limit, and yet even today almost \$1 trillion in debt limit was increased without a vote, without the transparency that we were promised. We were promised under the new majority earmark reform, and within the last couple of weeks we have seen a little \$23 million earmark slid into the bottom of a bill with no ability to even comment about it.

We were told that we are going to protect the American soldiers, and yet we see funding mechanisms that take money from the operational troops and placed only for training.

So my friends, when we are told to trust us, that we will create this fund and we will write the specifications later, I say in New Mexico we have a saying "trust your neighbor but brand your cows."

This bill with the Affordable Housing Fund is no cow. It is mostly bull. But we had still better brand it and watch for what we are doing.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the last word.

I also want to strike a few misconceptions. First, the gentleman quite inaccurately said that the money here is authorized with no direction about how it is spent. The only money that will be spent if the bill becomes law, unless there is further action by the Congress of the United States, is the money that will go to Mississippi and Alabama, and the bill is quite clear that that will go to the States of Mississippi and Alabama. No further expenditures will be authorized until a second bill goes forward describing how they will be done. So the bill does describe how they will be done for Mississippi and Alabama. And, yes, there will be a second bill that will, we believe, describe how this money will be spent.

Secondly, he said we are reaching down to corporations like Exxon and taking their money. Well, Fannie Mae and Freddie Mac are very different than other corporations. They are federally chartered and have very specific Federal advantages. So, no, there is not an analogy between directing them and, in fact, other corporations, as was recognized, for instance, by Secretary Jackson of HUD as he began to criticize them for not doing enough in their affordable housing goals.

□ 2215

But the more important issue I have to say, Mr. Chairman, is I am somewhat puzzled by the, I don't know if it's a clash of egos or what, the inability of people on the other side to coordinate.

There were four separate amendments that seek to do exactly the same thing. Yes, we agree; people who are in the country illegally should not be the beneficiaries of this program. In fact, we accepted the amendment offered by the gentleman from Arkansas (Mr. BOOZMAN) who says that very clearly. It does say that you can't be here unless you are here legally, and says that the director shall issue requirements calling for sufficient evidence to show that. Now, one difference between that amendment and this one is this one gets people back into the controversy over the REAL ID Act. That was controversial when passed. A number of States, governors and legislatures have expressed disagreement.

Now, we already have accepted into the bill the amendment of the gen-

tleman from Arkansas to deal with the question of keeping out people who are here illegally. Three other amendments, I guess people all want to get credit for the same thing, but one of the things they do is to get into the REAL ID Act.

So Members should understand that in voting for this amendment, you will be going beyond simply keeping people out of this program who are here illegally; we've already accepted an amendment directing that that be done. Instead, you will be getting the privilege of getting back into the controversy of the REAL ID Act. If you come from a State where that's not popular, then you get a chance to vote for it unnecessarily, since we already have the restriction.

Mr. Chairman, I will now yield to the gentleman from New Mexico.

Mr. PEARCE. I thank the gentleman for yielding.

I would point out that the REAL ID Act is not the only source of documents, that people who are here illegally should have some sort of U.S.—

Mr. FRANK of Massachusetts. Mr. Chairman, I will take back my time to say yes, that's true. That is why the gentleman from Arkansas' amendment, which was adopted, sets forward the requirements.

This does mention the REAL ID Act. It is an affirmation of the REAL ID Act. It doesn't say it's the only way. But Members should understand, in adding this to what we have already accepted from the gentleman from Arkansas, what Members will be doing will be getting a chance to, once again, tell their State they may have a problem. Yes, we like the REAL ID Act and you've got to stick with the REAL ID Act. I don't understand why Members would want to reintroduce that controversy when we already have accepted an amendment that says there shall not be anybody in here who is not here legally. And it says, "Regulations, as the director shall issue, setting forth requirements for sufficient evidence that they are lawfully present in the United States."

So we have an amendment that has been accepted that will be part of the bill if it becomes law that says you must, according to the director, be able to show, the gentleman said there are various ways to do it. Now, this bill gets more specific and it gives some examples, including, they said, the REAL ID Act. And I don't think all the Members are eager once again to take a position about the REAL ID Act in the face of a lot of opposition from governors and legislatures when exactly the same purpose has been identified here.

You know, people used a cliche before, everybody's entitled to his own opinion, but everybody's not entitled to his own facts. But I guess on the Republican side, the rule is everybody is entitled to his own amendment on a popular issue, because we have four identically on this. We had 11 on the fund. We have six on something else.

Now, far be it from me to try to get them to coordinate, but we're going to be here for a couple more hours mostly debating amendments that were offered by people on the same subject of a previous amendment, some of which were offered because somebody didn't get the credit for it. So maybe this isn't the REAL ID Act, it's the "Real-Credit-For-Me Act." And we already have in the bill, as I said, an amendment that accomplishes this purpose.

Mr. NEUGEBAUER. Mr. Chairman, I move to strike the last word.

Certainly the distinguished chairman would want to make sure that anybody that got any of the funds from this housing fund would want to make sure that they are United States citizens. We would never want to deprive a United States citizen the ability to get homeownership at the expense of someone who is here in this country illegally.

And someone was talking about this as being an immigration bill. Immigration is about a legal process. We are talking about someone who has committed an illegal process.

Mr. Chairman, I yield to the gentleman from Georgia (Mr. PRICE).

Mr. FRANK of Massachusetts. Will the gentleman yield for 30 seconds?

Mr. PRICE of Georgia. I thank the gentleman for yielding.

Mr. Chairman, I appreciate the concerns that have been voiced from the other side, but in fact, they are not legitimate concerns. We've heard a lot about the REAL ID Act. We're not debating the REAL ID Act. What we are debating is the requirement of specific pieces of identification in order to be eligible for these loans.

As the gentleman from New Mexico stated over and over, the Social Security card with photo identification works, a driver's license works, a passport works, U.S. Citizenship and Immigration Services works. So we are not debating the REAL ID Act.

We've heard from a couple of gentlemen on the other side of the aisle that this has already been adopted in the amendment that was accepted by the gentleman from Arkansas. And although we appreciate the magnanimous nature of the chairman, in fact, this is a significantly different amendment because it provides specificity to the documents that would be required.

If the chairman truly believes that the director or a regulatory body makes certain that individuals are here legally, then I would suggest that the gentleman look at the issue of the ability to gain access to credit from illegals in many areas across this Nation with banks that are indeed regulated. And they are regulated with the same kind of language that says that you ought not provide credit to individuals who are here illegally.

So I would urge my colleagues to appreciate and understand that greater clarification, greater specificity in the documents that ought to be required should be accepted. I think it's a com-

mon sense amendment. I appreciate my colleagues for supporting it.

Mr. FRANK of Massachusetts. Will the gentleman from Texas yield to me?

Mr. NEUGEBAUER. I yield 30 seconds to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Yes, I do agree that it should only be—the gentleman didn't mean citizens, because it means citizens or lawful immigrants. Yes, I agree. That is why I supported the amendment from the gentleman from Arkansas.

I would say the other language that the gentleman from Georgia was talking about does not have this direction. It directs the director to require sufficient evidence that they are lawfully present in the United States. Yes, I do think some flexibility is there.

And while the gentleman from Georgia wants to back away from the REAL ID Act, if you vote for his amendment, you are once again reaffirming the REAL ID Act and saying only drivers licenses from those States are good, and it specifically gives very great prominence to the REAL ID Act, as opposed to telling the director, with some flexibility as things change, to accomplish the same goal.

Mr. NEUGEBAUER. Reclaiming my time, I yield to my good friend from New Mexico (Mr. PEARCE).

Mr. PEARCE. I thank the gentleman for yielding.

We are not trying to engage the REAL ID Act at all, what we are trying to engage is a situation that exists right here in Arlington County, Virginia, the immigration status of applicants for local housing subsidies is not checked. Illegal immigrants are allowed to receive taxpayer-funded rent assistance. That is the thing that we are trying to address.

Also, the chairman says that somehow these firms are not the same as other firms that get profits. The truth is that they were commissioned as government-sponsored enterprises, but then the government sponsorship was pulled away. They are simply for-profit businesses. The government does not anymore, and if the gentleman from Texas will yield, are you saying that the government still backs up, with full faith and credit of the United States Government, to the transactions of these—

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. NEUGEBAUER. I will yield to the gentleman.

Mr. FRANK of Massachusetts. No. I did not say that, never have. But I have said that there are a number of links, and everybody except the gentleman from New Mexico, apparently agrees that government-sponsored enterprises, we do many things to them that we wouldn't do to a purely private corporation. They have a line of credit, they have a supervisory board. There is no OFEHO for private corporations. So, no; we treat them very differently, because they continue to be linked to the

government, than other corporations in a variety of ways, including giving them housing goals, having OFEHO set up, giving them a line of credit and doing other things. They are subject to many more restrictions than a purely private corporation.

Mr. NEUGEBAUER. Reclaiming my time, I yield again to the gentleman from New Mexico.

Mr. PEARCE. I would point out that one similarity, that we are willing to treat them similar with for-profit businesses is reach down and extract profits away from them in the way that we're going to do under the Hard Rock Mining Act, and the way we are going to do under H.R. 6. And then these three assistances, and I suspect more instances than this, we are actually fulfilling a promise of the left to take the profits of large companies and spend it. And that to me is an abomination in this free enterprise society.

The Acting CHAIRMAN (Mr. WEINER). The question is on the amendment offered by the gentleman from Georgia (Mr. PRICE).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. PRICE of Georgia. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Georgia will be postponed.

AMENDMENT NO. 10 OFFERED BY MR. SESSIONS

Mr. SESSIONS. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 10 offered by Mr. SESSIONS:

Page 100, after line 17, insert the following new section:

**SEC. 136. COST INCREASE DISCLOSURE REQUIREMENTS FOR MORTGAGES OF REGULATED ENTITIES.**

(a) IN GENERAL.—Subpart A of part 2 of subtitle A of title XIII of the Housing and Community Development Act of 1992 (12 U.S.C. 4541 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

**“SEC. 1330. COST INCREASE DISCLOSURE REQUIREMENTS FOR MORTGAGES OF REGULATED ENTITIES.**

“(a) LIMITATION.—The Director shall by regulation establish standards, and shall enforce compliance with such standards, that—

“(1) prohibit the enterprises from the purchase, service, holding, selling, lending on the security of, or otherwise dealing with any mortgage on a one- to four-family residence that does not meet the requirements under subsection (b); and

“(2) prohibit the Federal home loan banks from providing any advances to a member for use in financing, and from accepting as collateral for any advance to a member, any mortgage on a one- to four-family residence that does not meet the requirements under subsection (b).

“(b) DISCLOSURE REQUIREMENTS.—The requirements under this subsection with respect to a mortgage are that, before or at settlement on the mortgage, the mortgagor

is provided a written disclosure in such form as the Director shall require, clearly stating the dollar amount by which the requirements on the enterprises to make allocations under section 1337(b) to the affordable housing fund established under section 1337(a), if borne by mortgagors on a pro rata basis, could have increased the amount to be paid under the mortgage by the mortgagor over the entire term of the mortgage (in comparison with such amount paid absent such requirements), as determined in accordance with the determination of the Director pursuant to section 1337(o) for the applicable year.”

(b) FANNIE MAE.—Section 304 of the Federal National Mortgage Association Charter Act (12 U.S.C. 1719) is amended by adding at the end the following new subsection:

“(g) PROHIBITION REGARDING DISCLOSURE REQUIREMENT.—Nothing in this Act may be construed to authorize the corporation to purchase, service, hold, sell, lend on the security of, or otherwise deal with any mortgage that the corporation is prohibited from so dealing with under the standards issued under section 1330 of the Housing and Community Development Act of 1992 by the Director of the Federal Housing Finance Agency.”.

(c) FREDDIE MAC.—Section 305 of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454) is amended by adding at the end the following new subsection:

“(d) PROHIBITION REGARDING DISCLOSURE REQUIREMENTS.—Nothing in this Act may be construed to authorize the Corporation to purchase, service, hold, sell, lend on the security of, or otherwise deal with any mortgage that the Corporation is prohibited from so dealing with under the standards issued under section 1330 of the Housing and Community Development Act of 1992 by the Director of the Federal Housing Finance Agency.”.

(d) FEDERAL HOME LOAN BANKS.—Section 10(a) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)) is amended—

(1) by redesignating paragraph (6) as paragraph (7); and

(2) by inserting after paragraph (5) the following new paragraph:

“(6) PROHIBITION REGARDING DISCLOSURE REQUIREMENTS.—Nothing in this Act may be construed to authorize a Federal Home Loan Bank to provide any advance to a member for use in financing, or accept as collateral for an advance under this section, any mortgage that a Bank is prohibited from so accepting under the standards issued under section 1330 of the Housing and Community Development Act of 1992 by the Director of the Federal Housing Finance Agency.”.

Page 144, after line 19, insert the following:

“(8) USE OF AMOUNTS FOR COSTS OF REQUIRED MORTGAGE DISCLOSURES.—Of the amount allocated pursuant to subsection (b) in each year to the affordable housing fund, the Director shall set aside the amount necessary to cover any costs to lenders, mortgagees, and other entities of making disclosures required under section 1330, and shall use such amounts to reimburse lenders, mortgagees, and other entities for such costs. The Director shall by regulation provide for lenders, mortgagees, and other entities to apply for such reimbursements and to identify such costs.”.

Page 153, after line 14, insert the following:

“(o) DETERMINATION OF COST INCREASES.—For each year referred to in section 1337(b)(1), the Director shall make a determination, taking into account the results of the study conducted pursuant to section 139(d) of the Federal Housing Finance Reform Act of 2007, if available, and the amount of allocations made under section subsection (b) of this section to the afford-

able housing fund established under subsection (a), of the amount by which the requirements on the enterprises to make such allocations have increased the amount to be paid by mortgagors under mortgages for one to four-family residences over the entire terms of such mortgages in comparison with such amount to be paid absent such requirements, expressed as an increased cost per \$1,000 financed under a mortgage. The Director shall make such determination for each such year publicly available and shall provide for dissemination of such determination to lenders, mortgagees, and other entities incurring costs of making disclosures required under section 1330.”.

Page 153, line 15, strike “(o)” and insert “(p)”.

Mr. SESSIONS. Mr. Chairman, my amendment will provide useful information to middle-class home buyers about the real cost of the \$2.5 billion stealth tax included in this legislation, and how it will affect these consumers’ wallets.

The amendment requires that the director of the Federal Housing Finance Agency will determine how much the new tax created by this housing fund will increase total costs for home buyers whose mortgages are purchased by housing GSEs.

This information would then be disclosed to the home buyer at or before closing for these mortgages to qualify for future GSE purchase. To ensure that it does not create a costly regulatory burden for mortgage originators, the amendment also provides that additional costs created by this new disclosure requirement would be paid for by the Housing Fund.

I believe that if we are going to pass a new stealth \$2.5 billion tax on the middle class to pay for affordable housing, then Congress should, at the very least, be up front about the true cost of this fund with those who are being asked to foot the bill.

My amendment simply provides for transparencies for consumers about the true cost of this new government mandate. I would encourage all my colleagues from both sides of the aisle to support it.

Mr. Chairman, a consistent fact about the free market is that new taxes to build big government programs are always passed on to the consumer. The Housing Fund created by this legislation raids the portfolios of the GSEs for funding. And the GSEs in turn, you guessed it, have to pass the increased costs associated with compliance with this new Federal mandate along to the middle-class home buyers in the conforming loan bracket.

I think it is bad public policy to tie the fate of families that need housing support to the success or failure of Fannie Mae and Freddie Mac’s portfolios, as this Housing Fund does. I think that it is bad policy to discourage middle-class home buyers from achieving their American Dream of homeownership by creating a new \$2.5 billion stealth tax.

But I think it is absolutely awful public policy to pass this stealth tax and not let consumers know how their

pockets are being picked to fund this new big government program brought to us as the courtesy of the Democrat majority in Congress.

I encourage all my Members to support this amendment to provide transparency and funding for the Housing Fund.

Mr. WATT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to the amendment.

I have been reading the amendment. And the first part of the amendment really does exactly what the bill does, it tells the director to set up some guidelines, and that is what the director is authorized to do under this bill. So that’s not troublesome.

But then you get to page 2 of the amendment, and then you have the requirement that there be a settlement procedure which is duplicative of the settlement procedure that already exists under law. You have the Home Mortgage Disclosure Act already in place. There is going to be a separate set of disclosures now related to this. And then the gentleman has the nerve to say that we are creating a bureaucracy and adding costs to the closing process.

□ 2230

I, for the life of me, can’t understand why this would be a good idea.

The first part of the amendment is fine, because that is what the bill is all about. But it is already in the bill. Why would you have two disclosures, two sets of disclosures? We have had hearing after hearing after hearing about how to simplify the disclosure process at closings. Mr. McHENRY from my own State offered an amendment to the bill in committee that tried to put forth a one-page disclosure statement, and here we are now with you all telling us we ought to have a second set of disclosures at a closing under this trust fund. It is inconsistent, and it is obvious what this is about, is to throw every stumbling block in the way that you can to discourage the trust fund.

We had an amendment earlier that was defeated in the last series of votes. Mr. BACHUS offered the amendment, the ranking member of the full committee, that would have stripped the trust fund out of the bill. You lost that amendment. You lost that amendment. To go every other conceivable way to try to do identically what the overwhelming majority of this House has already said it is not willing to do seems to me to be counterproductive.

Let me just address one other issue. Mr. PRICE from Georgia raised this earlier. We have to at some point say, look, we have had more open rules out of committee under Chairman FRANK’s chairmanship this year than all of the last 8 years in this House, and at some point the notion that we can continue to bring bills to the floor under open rules when we have 15 different amendments that essentially say the same thing over and over again, and then

have one of your Members get up and say, well, because one of your Members was not allowed to amend his faulty amendment it is not an open rule, it is insulting to the Chair of this committee and it is insulting to this institution.

So this is yet another example to do what was failed to be done in the ranking member's amendment, and I ask my colleagues to defeat it once again.

ANNOUNCEMENT BY THE ACTING CHAIRMAN

The Acting CHAIRMAN. The Chair would remind all Members to address their remarks to the Chair.

Mr. NEUGEBAUER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I yield to my good friend from Texas (Mr. SESSIONS).

Mr. SESSIONS. Mr. Chairman, I thank the gentleman for yielding, and I do thank the gentleman from North Carolina. So that he is aware, this is unlike any of the other amendments.

This is very straightforward. It offers an opportunity for consumers to see straight up exactly what those costs are that are being passed to them. There is no duplication. There is nothing about this amendment or about the reporting process that would be duplicative. It would be straightforward, and it would be full transparency.

As I recall it, just a few weeks ago the new Democrat majority was intensely interested in making sure that every single person who was a shareholder would have transparency and understanding about the compensation of executives, in the best interests of shareholders.

Now, here we are talking about middle class home buyers who are attempting to understand, to know what costs they are to pay for, whether there is a FedEx package, if there is a notary charge. We are trying to make sure that this money, which would add up to be about \$2.5 billion over a short period of time that would be passed to them, they would simply have a statement of exactly what that charge was for.

I think this is good government. I think it is transparency. I do not find any way that it is duplicative. I do not find where there is necessarily additional work. It would be paid for by the fund. The fund that we are saying tonight we are supportive of would simply need to make sure that it becomes transparent to those people who will be paying the money.

I think if you checked out of any restaurant, if you checked out of any store, that you would want to know what you paid for. There would be a line item for it. That is what we are asking for. This is really not very confusing. It makes the bill a little bit better.

It provides transparency. In my opinion, that is still what Congress, both sides, Republicans and Democrats, should strive for, if middle class taxpayers are having to pay for it. I think it makes sense.

Mr. SCOTT of Georgia. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to talk about this amendment very, very briefly, but just prior to getting to that, I wanted to make a very, very important point about the previous amendment, because I think it is very, very important for the record to reflect, for there was denial about the REAL ID Act and its implications on the gentleman from Georgia's amendment.

It is very important that I read the language in the bill, in the amendment, that the gentleman from Georgia had previous to this.

It says on page 2, starting at line 3, that a driver's license or identification card issued by a State, a State that is in compliance with title II of the REAL ID Act of 2005, title II of division B of Public Law 109-13; 49 USC 30301 note.

That is the language that is in the bill. The REAL ID is in the bill. Now, it is there. This is the amendment. This is what we are voting for. The REAL ID is in the language.

Now I want to spend the remainder of my time on the gentleman from Texas' amendment. Let us talk about your amendment, the gentleman from Texas, Mr. SESSIONS.

That disclosure that you are requiring, you must admit first of all it is a highly speculative cost. Number two, it does not provide a benefit to consumers. It will add another disclosure to an already cumbersome settlement process, further confusing the homeowners and the home buyers. Again, these are basically poor people who we are trying to help who have been victims of a hurricane. We are also going to, in the process after that first year, apply it to States so that they can apply their own criterion.

But, Mr. SESSIONS, where your amendment really causes a problem is in the broader community of the housing financial market. For example, your amendment would also make it difficult for a Federal Home Loan Bank, for example, to make advances or loans to a community bank member based on a blanket lien on the bank's overall mortgage portfolio, thus raising mortgage costs. These community banks depend on these advances to provide home buyers with competitive credit.

So, again, in each of the previous amendments, I cannot understand for the life of me why the Republicans want to so overreach to basically undermine the entire housing financial market just to get at this one small effort to help low income people get relief and get some assistance in becoming homeowners, in the rental capacity as well as the construction of new homes.

Mr. PRICE of Georgia. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I appreciate the comments of my good friend and colleague from Georgia about the previous amendment. I wasn't interested in revisiting it, but I was compelled to do so because of the obfuscation that I believe occurred.

The amendment, my amendment, states on line 9, page 1, that the personal identification shall be one of the following forms. "One of the following forms."

The first item is Social Security card. The second item is in fact a driver's license with a State complying with REAL ID. And then there is an "or" between the two. An "or" means one of them. Not all of them. Not always in compliance with REAL ID.

Then it goes on to have the two small ii's on page 2, line 9, where it says a passport.

Then there is even a third way that you can do it. Line 12, page 2, United States Citizenship and Immigration Services Documentation.

Lo and behold, it is just one of those, Mr. Chairman. It is not all of them.

So I would suggest that my good friend from Georgia be complete in his characterization of my amendment.

Mr. Chairman, I am pleased to yield to my good friend from Texas (Mr. SESSIONS).

Mr. SESSIONS. Mr. Chairman, I thank the gentleman.

In reply to the gentleman from Georgia, this amendment does not require originators to provide this disclosure to home buyers. It simply says that the disclosure must be given if the originator wants the mortgage to qualify for the purchase by the GSEs.

This is not the first time that Congress has asked that mortgage originators provide blanket disclosures to home buyers, regardless of whether or not the disclosure applies to their specific mortgage. The Cranston-Gonzalez National Affordable Housing Act mandated disclosure to consumers about the mere likelihood that a mortgage's servicing rights would be transferred without regard to whether any specific mortgage servicing rights would actually be transferred. The gentleman, Mr. FRANK, was an original cosponsor of the bill in the 101st Congress, and voted in favor of it on August 1, 1990.

Mr. Chairman, I will insert into the RECORD an example of the precedent for this nonspecific mandated mortgage disclosure requirement supported by our chairman, Chairman FRANK.

RESPA SERVICING DISCLOSURE

Lender: Indiana Members Credit Union, 4790 East 96th Street, Ste. 120, Indianapolis, IN 46240. Notice to first lien mortgage loan applicants: the right to collect your mortgage loan payments may be transferred. Federal law gives you certain related rights. If your loan is made, save this statement with your loan documents. Sign the acknowledgement at the end of this statement only if you understand its contents.

Because you are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA)(12 U.S.C. Section 2601 et seq.) you have certain rights under the Federal law. This statement tells you about those rights. It also tells you what the chances are that the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest and escrow account payments, if any. If your loan servicer changes, there are certain procedures that

must be followed. This statement generally explains those procedures.

#### TRANSFER PRACTICES AND REQUIREMENTS

If the servicing of your loan is assigned, sold, or transferred to a new servicer, you must be given written notice of that transfer. The present loan servicer must send you notice in writing of the assignment, sale or transfer of the servicing not less than 15 days before the effective date of the transfer. The new loans servicer must also send you notice within 15 days after the effective date of the transfer. The present servicer and the new servicer may combine this information in one notice, so long as the notice is sent to you 15 days before the effective date of transfer. The 15-day period is not applicable if a notice of prospective transfer is provided to you at settlement. The law allows a delay in the time (not more than 30 days after a transfer) for servicers to notify you, upon the occurrence of certain business emergencies. Notices must contain certain information. They must contain the effective date of the transfer of the servicing of your loan to the new servicer, and the name, address, and toll-free or collect call telephone number of the new servicer, and toll-free or collect call telephone numbers of a person or department for both your present servicer and your new servicer to answer your questions. During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

#### COMPLAINT RESOLUTION

Section 6 of RESPA (12 U.S.C. Section 2605) gives you certain consumer rights, whether or not your loan servicing is transferred. If you send a "qualified written request" to your servicer, your servicer must provide you with a written acknowledgment with 20 Business Days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer which includes your name and account number, and the information regarding your request. Not later than 60 Business Days after receiving your request, your servicer must make any appropriate corrections to your account, or must provide you with a written clarification regarding any dispute. During this 60 Business Day period, your servicer may not provide information to a consumer-reporting agency concerning any overdue payment related to such period or qualified written request. A Business Day is any day in which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

#### DAMAGES AND COSTS

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section.

#### SERVICING TRANSFER ESTIMATES

1. The following is the best estimate of what will happen to the servicing of your mortgage loan:

We may assign, sell or transfer the servicing of your loan while the loan is outstanding. We are able to service your loan and we will not have not decided whether to service your loan, or

We do not service mortgage loans, and we have not serviced mortgage loans in the past three years.

We presently intend to assign, sell or transfer the servicing of your mortgage loan. You will be informed about your servicer.

We assign, sell or transfer the servicing of some of our loans while the loan is out-

standing depending on the type of loan and other factors. For the program you have applied for, we expect to:

Sell all of the mortgage servicing retain all the mortgage servicing assign, sell or transfer \_\_\_\_% of the mortgage servicing.

2. For all the first lien mortgage loans that we make in the 12-month period after your mortgage loan is funded, we estimate that the percentage of mortgage loans for which we will transfer servicing is between: to 25% (or None) 26 to 50% 0 51 to 75% 0 76 to 100% (or ALL)

This estimate does not include assignments, sales or transfers to affiliates or subsidiaries. This is only our best estimate and it is not binding. Business conditions or other circumstances may affect our future transferring.

3. We have previously assigned, sold or transferred the servicing of first lien mortgage loans. or

This is our record of transferring the servicing of the first lien mortgage loans we have made in the past:

Year percentage of loans transferred (Rounded to the nearest quartile—0%, 25%, 50%, 75%, or 100%).

2003: 50%;

2004: 50%; and

2005: 25%.

This information does not include assignments, sales or transfers to affiliates or subsidiaries.

Date: \_\_\_\_\_

Present Servicer or Lender: Indiana  
Members Credit Union.

#### ACKNOWLEDGMENT OF MORTGAGE LOAN APPLICANT

I/We have read this disclosure form and understand its contents, as evidenced by my/our signature(s) below.

I/We understand that this acknowledgment is a required part of the mortgage loan application.

Applicant \_\_\_\_\_ Date  
Applicant \_\_\_\_\_ Date

Mr. Chairman, it is clear to me that what we are talking about here is that our friends on the other side simply don't want people to know who is footing or paying the bill. It is so important to get this money to poor people that middle class taxpayers can't be told the truth. It is that simple.

It is not duplicative. It is not anything that requires a great calculation. There would simply be one line that says for every \$1,000 of your loan, it is estimated that you are paying X amount. It would be aggregate totals. It would be something that could be calculated very quickly. It is not by a loan, a particular loan; it is by an aggregate total. It could be done. It would be disclosure. It would be the right thing to do.

Mr. Chairman, I think if anybody is confused by this, they simply do not want consumers to know the truth about who is making laws, who is making people pay extra money, where the money comes from and how much money they would be expected to pay themselves. I find that blatantly anti-American not to be open about who is doing what and how much the cost might be.

□ 2245

Americans are entitled to know these sorts of things as consumers. As con-

sumers, they are entitled to know. That is what this amendment is about. If you don't want to be for it, I encourage you to vote "no." But people who are for full disclosure and who want to let the middle class know what they are paying for, who are equally entitled to the American dream, are entitled to know under this amendment.

Mr. PRICE of Georgia. I thank the gentleman for his amendment and appreciate his leadership on this issue, and I appreciate his leadership in defending the hardworking American taxpayer.

Mr. FRANK of Massachusetts. Mr. Chairman, I move of to strike the last word.

I have heard the pejorative "anti-American" used in some ludicrous contexts, and I think I have seen now the champion application of that inappropriately.

If you are not for a complicated amendment, adding some language to a disclosure that is somewhat controversial, you are anti-American. I hope the debate bounces up from here.

I would then also say to the gentleman from Georgia, my colleague from Georgia quite correctly pointed out that his amendment would call on people to reaffirm the value of the REAL ID Act. And it is true that the REAL ID Act is only one of four things, but some Americans don't have passports. In fact, the majority of American citizens don't have passports.

A Social Security card with a photo ID issued by the Federal Government, some people don't have that.

And a certificate from the Department of Homeland Security Immigration, if you are a regular American citizen, you don't have that. So of the things people would have of those four, that would be the most common. We don't prescribe it in the amendment adopted by the gentleman from Arkansas. We leave it up to the director because things may change. Things may evolve. There may be new documents. Prescribing this now for 4 and 5 years from now seems to be an error. But it is true, the gentleman from Georgia does give Members a chance to vote once again in favor of the REAL ID Act, as a major, not as an exclusive, but a major premise here.

As to the gentleman from Texas' amendment, I note that he makes a point of saying that the cost of the disclosure will be paid for by the housing fund. He also believes that the housing fund comes at the cost of the mortgage borrowers. I don't understand why with this great flourish he says, hey, we'll make the housing fund pay for this because by his reasoning, that is an additional amount for the mortgage borrowers.

If the existence of the housing fund costs them money, adding to the housing fund simply would add to their costs.

My objection to it is this. It is a complicated, additional calculation of a sum that is de minimus. Even if all of

the cost of the housing fund went to individual mortgages, we are talking about a very small, 1.2 basis points of the portfolio. In fact, I believe most of it won't come from the mortgage holder, it will come from the shareholders. It is a complicated calculation. People will differ about how to make it.

So this notion that if it is going to be a real calculation, and if it is just plucked out of the air it is some pro rata thing and it doesn't mean anything, but to impose additional bureaucracy for a cost that is de minimus is a mistake.

That is why my friend from North Carolina said this is part of the "we don't like the housing trust fund."

And by the way, when the gentleman said a housing trust fund created by the Democrats, we were being given too much credit; 43 Republicans joined us in voting against the amendment of the gentleman from Alabama to kill the housing trust fund. So it wasn't just Democrats; 43 Republicans is a pretty significant chunk. It was somewhat bipartisan.

But the point is only if you believe the housing trust fund is going to be some significant cost does it make sense to go through all of this trouble to add this line.

We who believe it is will be de minimus in terms of how it affects each mortgagor, think it will probably cost them more to do this calculation and charge them for it than they would otherwise have to pay.

I yield to the gentleman from Texas (Mr. SESSIONS).

Mr. SESSIONS. I thank the gentleman. The gentleman wants to argue that shareholders should pay for this. Yet just a couple of weeks ago we were arguing on this floor about who should pay to know about executive compensation. We definitely understood it shouldn't be shareholders there. But tonight it is okay.

Mr. FRANK of Massachusetts. Reclaiming my time, reclaiming my time, first of all, to say that is the most baffling thing I have ever had said. It is going to take me a while to figure out what it could possibly mean, if anything.

But secondly, with regard to executive compensation, of course the shareholders would bear the cost if there was one. Our point there was since the SEC has mandated the disclosure and mandated the disclosure be printed in the proxy, there will be no cost to voting on it.

Mr. PEARCE. Mr. Chairman, I move to strike the last word.

I yield to the gentleman from Texas (Mr. SESSIONS).

Mr. SESSIONS. I thank the gentleman for yielding.

You know, we are once again arguing what, first, is a "de minimus" amount of money. Then it turns out to be a lot of money. And now we understand it is really not that much money at all that these consumers are having to pay.

But somebody has to pay the \$2.5 billion, and that is a new tax. And it is in

this legislation. This money is just not going to come out of anywhere. We do expect if there is going to be money that is going to be owed by somebody, that they ought to know where it comes from. It just doesn't come from home buyers. It will come from Fannie Mae and Freddie Mac shareholders. And excluding them from the decision-making process seems like a significant backward step for shareholder rights. But just a few weeks ago the chairman brought legislation to the floor that would mandate a new, non-binding shareholder vote on executive compensation.

I think that shareholders and Fannie Mae and Freddie Mac, if they are, in fact, the ones to foot the bill for this new fund, at least deserve a little bit of participation. They ought to understand it and know.

I ask the chairman in the name of shareholder rights and shareholder participation to include the language during any conference negotiations, and to make sure he does the same thing thereto.

The bottom line is that shareholders or middle class home buyers all deserve a right to know how much they are being charged. It is a simple request. The gentleman almost got it right. I think it is an American thing that consumers ought to know what they are paying for, and it is unAmerican not to to know what you are paying for.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. SESSIONS).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. SESSIONS. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Texas will be postponed.

AMENDMENT NO. 34 OFFERED BY MR. BRADY OF TEXAS

Mr. BRADY of Texas. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 34 offered by Mr. BRADY of Texas:

Page 130, line 8, strike "75 percent" and insert "70 percent".

Page 130, line 11, strike "25 percent" and insert "20 percent".

Page 130, after line 11, insert the following:

"(iii) The allocation percentage for the Texas Department of Housing and Community Affairs shall be 10 percent."

Page 130, line 19, after "in connection with" insert the following: "(i) in the case of the grantees specified in clauses (i) and (ii) of subparagraph (A);".

Page 130, line 20, before the period insert ", and (ii) in the case of the grantee specified in clause (iii) of subparagraph (A), Hurricane Rita of 2005".

Page 149, line 16, strike "and" and insert a comma.

Page 149, line 17, before the semicolon insert the following: ", and the Texas Department of Housing and Community Affairs".

Mr. BRADY of Texas. Mr. Chairman, we have had a lot of debate tonight about the need for the affordable housing fund. This amendment relates to what I hope will be the fairness of the affordable housing fund. Right now in the first year the allocation for the affordable housing fund is restricted to Hurricanes Rita and Katrina, but only in Louisiana and Mississippi.

This is Hurricane Rita, the fourth largest hurricane in the gulf coast history. It was actually larger than Hurricane Katrina. On the Texas side, the area that I represent, as you can see here, we had 70,000 homes damaged or destroyed. That is 70,000 homes damaged or destroyed by Hurricane Rita.

Today, 18 months after that hurricane, what no one in America knows is that 10 percent of those who fled Hurricane Rita have yet to return to southeast Texas. Ten percent have not come home because they have no home in southeast Texas.

What this amendment does is provides a fair treatment for Texas communities devastated by Hurricane Rita. It takes the principle, same hurricane, same devastation, we should have same treat.

Under this amendment, Louisiana and Mississippi would still receive the bulk of the allocation at 70 percent and 20 percent, and Texas would be eligible for 10 percent. My preference would be to not take a dime from Louisiana and Mississippi. I understand how devastated those communities are. But I have seen the devastation in our southeast Texas communities. Our roofs are torn off and our homes are destroyed. Our people can't come back to their communities because there is no housing. And these counties are predominantly Democratic, poor, with heavy African American populations. Ironically, these were the same counties across the Louisiana line who were the very first to open their homes and shelters and churches to those fleeing Hurricane Katrina. Yet today, they can't rebuild their own homes, they can't return to their own communities because this is often called "the forgotten hurricane."

What I am hopeful is that the current allocation is an oversight. And the fact of the matter is that the national media moved over so quickly over Hurricane Rita that not many people understand just how badly the communities were devastated.

I am hopeful that the majority will agree with me that we don't divide a hurricane along State lines and don't provide different treatment for the same hurricane for the same communities. Where we don't have homeowners in Orange whose homes have been destroyed with no help, but their cousin down the road in Lake Charles gets the help they deserve. That is not what this government is about.

Mr. Chairman, I urge support for my amendment. We ought not have two classes of citizens in America: Those who have help from hurricanes and

those who are left stranded. I think this Congress is better than that.

Mr. JEFFERSON. Mr. Chairman, I move to strike the last word.

I appreciate the arguments that are being made. I thank the people of Texas and Georgia and of Tennessee and all over the country who have taken in our residents who have had to flee in the face of a devastating storm.

Louisiana lost 225,000 housing units. The bulk were homeowner units, and the rest were rental properties. The city was 80 percent underwater and severely devastated.

Louisiana suffered 75 percent of the gulf coast housing damage, and that is why the number is as it is. It wasn't pulled out of the air. They tried to apply some remedy here. Initially when the money was first allocated, Louisiana, although it suffered 75 percent of the housing damage, and overall, about 80 percent of the damage of the storm, it nonetheless got some number around 50 percent of the allocation.

This is an effort to correct what was not done properly in the first place, and try to line it up with the damage in Louisiana.

Mississippi had some number in the 20s with respect to their losses. So it is an attempt to line it up with the damage there.

I can tell you we are looking to get, in the case of folks who are in the east part of Texas, we hope that we are making arrangements to get a whole lot of those folks back home and out of Texas. This is about rebuilding. It is not really about housing people.

I heard some arguments early on about how many folks are still in Houston. There are about 30,000 people in Houston from my home area, and there are a number of people in San Antonio and Dallas, also. There are also people in Atlanta and Memphis, as I have said. We want to get all of these folks back home. We still have 225,000 of our citizens not back in town. It is a great tragedy that has occurred there.

You might remember, a great part of what happened to us in Louisiana, at least, maybe less so in Mississippi, is not really because of the hurricane itself, it was because of the failure of the Federal levees that drowned our city. The design was poor. Construction was inadequate, and the maintenance was not good. As a consequence, the levees broke and it drowned our city.

We believe there is not just a legal responsibility, but a moral responsibility to fix the problem because the Federal Government broke it and we think it ought to fix it.

So we have a devastated area. Half of our city's tax base is back. Half our schools and hospitals are closed. Our housing isn't there, and our people need a lot of help. The money so far hasn't done it, and we want to get more to apply to the problem. That is all we are saying.

That is why the committee has gone to great pains to try to make this allo-

cation. I know there is pain in some other places, but we have to apply the limited resources we have to take care of the place that is the most devastated, and that is clearly in Louisiana and Mississippi.

I would urge the House to reject this amendment. I do understand there is a need to help in other places, but I hope we find a way to do it in some other bill and some other time, but not here and not now and not in this particular place.

Mr. NEUGEBAUER. Mr. Chairman, I move to strike the last word, and I yield to the gentleman from Texas (Mr. BRADY).

Mr. BRADY of Texas. Mr. Chairman, I appreciate the arguments that my friend from Louisiana has made, but I think it is important to understand that you can't tell someone in one State, your home is destroyed, your roof has been torn off, a tree has gone through it; but you are in this State, so we will help you. The exact same hurricane and the exact same devastation, forget it, take a hike. You deserve no help from us.

□ 2300

I don't think any citizen in America who has seen their home destroyed ought to have to compete against someone else in another State to get Federal help. I mean, aren't we supposed to be treating our citizens equally?

And when you have a hurricane that's devastated both sides of the State line, why are we dividing that hurricane along the State line? Mother Nature can't do it, and Congress shouldn't either.

We should help those people, regardless. One hurricane, same treatment, same devastation. I think we have a moral responsibility to help people who no longer can return to their homes, whether it is in New Orleans or whether it is in Orange, Texas. We have the exact same moral responsibility to help, and I cannot see how we, as a government, can justify different treatments, treating one group as second-class citizens when they've done nothing but suffer devastating damage and open their own homes and hearts and churches to help others. It is wrong.

Let's not divide this hurricane along State lines. Let's help these folks.

Mr. NEUGEBAUER. Mr. Chairman, I reclaim my time and I ask the gentleman so I make sure I understand your amendment here, but currently the allocation is 75 percent for Louisiana and 25 percent for Mississippi. And all the gentleman is asking here is that Texas get 10 percent of this housing fund, 5 percent taken from Louisiana and 5 percent from Mississippi. So you're requesting 10 percent for the people of Texas that suffered the same devastation and loss as the people in Louisiana and Mississippi; is that correct?

I yield to the gentleman.

Mr. BRADY of Texas. It is a negligible change for our friends in Lou-

isiana and Mississippi. It is a huge help for the people in southeast and east Texas who have no homes.

Mr. NEUGEBAUER. I thank the gentleman, and I, like the gentleman, encourage this is a fair amendment. We have passed out a tremendous amount of resources for Mississippi and Louisiana.

I've been to the gentleman from Louisiana's and to the gentleman from Mississippi's district. I have seen the recovery efforts down there, obviously a lot of devastation in those States, and a rebuilding program is going on. Quite honestly, I have to compliment the gentleman from Mississippi. They are doing a much better job of moving forward with their rebuilding program.

But one of the things that we need to understand is these natural disasters affect all Americans, and that when we begin to ask this Congress to pass out resources to help people in America rebuild their lives, that we don't do it along State lines.

And I agree with the gentleman, and I encourage everyone to support the gentleman's amendment. I think it is a very fair amendment.

ANNOUNCEMENT BY THE ACTING CHAIRMAN

The Acting CHAIRMAN (Mr. WEINER). The gentleman will remove the visual aid while he is not under recognition.

Mr. TAYLOR. Mr. Speaker, I move to strike the last word.

Mr. Speaker, the events of the fall of 2005 were horrible to a large portion of the gulf coast. I understand the gentleman's concern. I would have appreciated if he'd have voted against the Bachus amendment, which would have struck all of this money, but you voted for it.

But one thing I wanted to point out is the somewhat arbitrary nature of his amendment. There's no real good way to judge who lost a house. One of the things we can look at, though, is those who asked for the help which was offered by our President which was delivered by FEMA.

They said if your house is uninhabitable or if it's gone, we'll make a trailer available for every four inhabitants. In Louisiana today, based on FEMA's numbers, there's still 49,000 FEMA trailers being occupied. In my home State, there are 24,500 FEMA trailers still being occupied. In the gentleman's State, there's 1,700 FEMA trailers being occupied.

What I have a problem with is arbitrarily taking a substantial amount of money from a State like Mississippi, that had substantially, according to this, more people lose their homes and just giving it to Texas.

Now, if the gentleman is now for the bill, that's wonderful. If the gentleman would ask the chairman to include the word "Texas" so that when this goes to conference hopefully with the other body, in the time between now and then we can find some fair way to adjudicate those claims, I think that would be wonderful.

But what I object to is literally picking a number out of the sky in a State that's got less than 1/10th of the people living in those trailers tonight, as my State, and asking for half the money that my State is getting.

I have been for this proposal. I have sat on this floor for this proposal. The gentleman has objected to this proposal.

So, again, if the gentleman wants to make the request of the chairman that somehow the words Louisiana, Texas, Alabama and Mississippi are included in there, and that between now and conference we find a fair way to distribute these funds, I'm with you. But to just pick a number out of the sky and say just because we're from Texas and we've got a huge delegation, we think we ought to get half as much money as Mississippi, even though 1/10th of the people that are in trailers in Mississippi are in trailers in Texas, I just can't buy that. That's not responsible.

Mr. PRICE of Georgia. Mr. Chairman, I move to strike the last word, and I'm pleased to yield to my good friend from Texas.

Mr. BRADY of Texas. I appreciate the gentleman from Georgia giving me a few minutes.

I don't know anyone who would support a housing fund that turns its back on your citizens who were devastated by the fourth largest hurricane in gulf coast history. I also don't understand a Congress that has citizens compete against each other who have both lost their homes, who aren't just living in trailers.

My people, maybe we have 1,700 living in trailers, but we have another 10 percent who don't live in trailers who can't even come back to the communities that they used to live in, can't even come back. They're not living in trailers. They've moved away. They can't come back because there is no housing.

Their only fault apparently is that they were on the wrong side of the State line for the exact same hurricane, and it seems to me I would prefer not to pick a 70 percent, a 20 percent, a 10 percent figure. I wish there were a better way to do it.

But I do know this. We ought not pit families against each other for competing for dollars that they all need and provide one on one State line all the help they can get and another, we just turn their back.

I know how much this has harmed Louisiana, Mississippi and Alabama. There's no question about the need there. What I'm saying, there is an equal need for each family in southeast Texas who are poor, who are predominantly Democratic counties, heavily African American communities, the ones who rely and need this housing. I just think this body ought to look at all of them equally to provide that help if we can do it.

Perhaps this body will turn its back on these people. Well, I will tell you

what, when it came to Hurricane Katrina, they didn't turn their back on the evacuees from New Orleans. One little town of 500 took in 500 evacuees on the very first night, doubled their whole population just to help. We had folks in Orange who stayed up for 72 hours straight helping people from New Orleans on buses who had lost everything and lost families. These are the same people we're turning our backs on tonight.

I don't know what the allocation is, Mr. Chairman, a fair one is. I honestly don't. I do know that we ought to provide equal help and equal hope to these communities devastated by the exact same hurricane.

Mr. WATT. Mr. Chairman, will the gentleman yield?

Mr. PRICE of Georgia. I yield to the gentleman from North Carolina.

Mr. WATT. Mr. Chairman, I would like to ask the gentleman a question. Did the gentleman vote for the Bachus amendment that would have not provided any assistance to any of these people? Didn't the gentleman vote for that amendment?

Mr. PRICE of Georgia. Reclaiming my time, I'd be glad to yield to the gentleman from Texas.

Mr. BRADY of Texas. If the question is did I vote for a housing fund that would turn its back on my communities, well, no, I did not vote for that housing fund.

Mr. WATT. Will the gentleman yield once again?

Mr. PRICE of Georgia. Be pleased to.

Mr. WATT. Is the gentleman saying that his community is just Texas? He's not worried about Mississippi or Louisiana, in the general context—

Mr. PRICE of Georgia. Reclaiming my time, I'd be glad to yield to the gentleman from Texas.

Mr. BRADY of Texas. I don't know anyone in this body who intentionally turns their back on any communities. I do know that my district is Texas, but with redistricting I never know what State I may end up in.

But as of this moment, I know my communities well and I think, just as Mr. JEFFERSON, just as Gene and others know their communities and how much heartache they've gone through, I feel strongly that this body ought to try to help equally communities devastated by the exact same hurricane.

Our policy ought to be no second-class citizens in recovery and hurricane relief. Treat them equally for the same hurricane.

Mr. PRICE of Georgia. Mr. Chairman, I commend the gentleman for his amendment and urge my colleagues to adopt it.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the requisite number of words.

My problem with the answer the gentleman from Texas gave my friend from North Carolina is he voted for the amendment from the gentleman from Alabama to kill this fund before he knew whether his amendment would be accepted or not.

The gentleman says he doesn't know anybody in this body who would turn his back on communities. He has a far more limited circle of acquaintances than I would have thought for someone who had been here this long.

The fact, though, is that the amendment from the gentleman from Alabama would have, if it passed, killed the fund. The gentleman from Texas voted for it. Had he been successful in that vote, there would be no fund for him now to ask for.

Now, I thought my friend from Mississippi who has been an eloquent and passionate defender of the interests of all the people in the gulf made a very good point. As I said to the gentleman from Houston, Mr. GREEN, yes, I think we should look at the needs of Texas. We did some in the hurricane bill in terms of vouchers.

I'm prepared, if this bill gets to conference, to accommodate. We may have underestimated the physical destruction in parts of Texas. I don't think we should now pick a number, but no one had approached me. Mr. GREEN from Texas had approached me, and I said I would work with him. I would be glad to work on it.

I do think when the gentleman says we couldn't expect him to vote for a housing fund that ignored his community, he voted to abolish that fund before he knew what would happen to his amendment. Maybe he just thought the die was cast, but I'm perfectly prepared to work on this.

I hope the amendment is defeated. I don't expect the gentleman to withdraw it, and I would be glad to then look at the arguments about how much destruction there was in Texas, and I would undertake to find some way to try to help in Texas. Of course, the gentleman will probably vote against the whole bill, and if he succeeds, I won't be able to help him, but you can't help everybody all the time. All you can do is offer.

So I hope that we do get a bill through, that it has the housing fund. I hope this amendment is defeated, but I do think that when we look at the concentrated destruction in the part of Texas, something not statewide, and the reason we did Mississippi and Louisiana was we felt the destruction there was more statewide, not the whole State, but it was fairly widely distributed. It would appear there was a more narrow geographic impact in Texas, and I would think that is worth looking at.

And if the housing fund survives the four or five more Republican efforts to kill it, chop it, dice it and slice it, which are probably coming in their infinite list of amendments, and we do get it to conference, I will be glad to work with the gentleman.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. BRADY).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. BRADY of Texas. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Texas will be postponed.

AMENDMENT NO. 25 OFFERED BY MR. DOOLITTLE

Mr. DOOLITTLE. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 25 offered by Mr. DOOLITTLE:

Page 128, line 6, strike "and".

Page 128, line 10, strike the period and insert ";" and".

Page 128, after line 10, insert the following: "(6) to increase the investment in public infrastructure activities in counties determined to be economically disadvantaged by virtue of receiving payments under the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note).".

Page 140, line 3, strike "and".

Page 140, line 6, strike the period and insert ";" and".

Page 140, after line 6, insert the following: "(4) public infrastructure activities, including activities to benefit the public safety, law enforcement, public education, and public lands, carried out only in counties which are determined to be economically disadvantaged by virtue of receiving payments under the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note).".

Page 140, line 22, strike "or".

Page 140, line 25, after the semicolon insert "or".

Page 140, after line 25, insert the following:

"(E) in the case of an eligible activity under subsection (g)(4), administer such activities in counties described in such subsection, except that this subparagraph shall apply only to government agencies.".

Page 144, after line 19, insert the following:

"(8) REQUIRED AMOUNT FOR CERTAIN PUBLIC INFRASTRUCTURE ACTIVITIES.—In the case of any grantee that is a State in which are located counties determined to be economically disadvantaged by virtue of receiving payments under the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note), all of the affordable housing fund grant amounts provided for each year other than 2007 to such grantee shall be used for activities under paragraph (4) of subsection (g).".

Mr. FRANK of Massachusetts. Mr. Chairman, I reserve a point of order.

The Acting CHAIRMAN. The gentleman from Massachusetts reserves a point of order.

Mr. DOOLITTLE. Mr. Chairman, in 1908 in response to the mounting opposition to the creation of forest reserves in the West, Congress passed a bill which created a revenue sharing mechanism to offset for counties the effects of removing those lands from economic development.

The 1908 act specified that 25 percent of all revenues generated from the national forests would be shared with the counties where those revenues were generated to support public roads and public schools. From 1986 to the present, these payments, because of the decline in timber sales, have decreased precipitously.

Responding to this urgent need, in 2000, the Congress passed the Secure Rural Schools and Community Self-Determination Act to compensate for the loss in revenue for these counties, providing the necessary funds for schools, roads and public lands.

This funding benefited 4,400 school districts in 615 counties throughout 37 States.

In September of 2006, this authorization expired, and in December the last payments were made. While several attempts have been made to reauthorize this legislation, none has succeeded to this point, and as a result, our counties are left without the funds that they were promised and they depend upon to provide public infrastructure activities to maintain their roads and send their children to school.

□ 2315

The results have been devastating. In California's Fourth Congressional District, let me just talk about three instances. In Plumas County, where 70 percent of the land is owned by the Federal Government, layoff notices went to 55 teachers and its school districts, and the county is compensating for this by increasing class sizes, closing all school libraries, closing cafeterias and possibly even closing entire schools.

In Sierra County, which is 75 percent opened by the Federal Government, the county is planning to lay off almost 40 percent of its entire education staff, and the superintendent spoke to me about the potential of shutting down one entire school district and being forced to bus children across State lines into the adjoining State of Nevada to receive a public education.

Finally, in Modoc County, which is 75 percent owned by the Federal Government, they will layoff one-third of its entire roads department and over 12 percent of its teachers.

These hardships are not unique and have spread to other States. You will hear in a minute from Mr. WALDEN of Oregon. Before the government makes any new promise for funding, it should make good on the obligation it already made to the 615 counties across the country which are now struggling to deal with a lack of funding for basic infrastructure needs.

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. DOOLITTLE. Well, I would like to yield to Mr. WALDEN.

Mr. FRANK of Massachusetts. I will cede to Mr. WALDEN. If only the gentleman will yield to somebody.

Mr. DOOLITTLE. I yield to Mr. WALDEN.

Mr. WALDEN of Oregon. I thank the chairman. I want to thank the gentleman from California for bringing this amendment. This is the newspaper from the largest county in my district. This is the April 7 edition. All 15 branches of the library system in Jackson County closed the day before because the Congress did not keep its commitment dating back 100 years.

Yesterday afternoon, after the local counties tried to pass resolutions to fund these services, make up for the lost Federal funding that has been there for 100 years, the county workers in virtually every county, I will pick on Josephine right here, got together to get their pink slips. The county workers, dedicated public servants, laid off their jobs; 28 juvenile justice employees in Josephine County, gone; 11 in the District Attorney's Office, gone; half the sheriff's office, gone. There will be no sheriff's patrols, period, end of discussion.

You all are familiar with the case of the Kim family that was lost, devastatingly so in the Federal forest of Oregon last winter, and Mr. Kim died. This is the county. This is the county where these sheriffs' deputies and others tried to find and rescue them. Because the government isn't keeping its commitment, no sheriff's patrol, period; 1642 square miles will have no sheriff's patrol. Sheriff Gilbertson is beside himself. He has to meet the State mandates to keep the jail open, but they are going to end up going from 140 beds to 30 beds.

Senator WYDEN and I were at the White House today passionately making our case to the President to help us on this. This Congress needs to help us on this. We are extraordinarily frustrated, as you can tell, by Mr. DOOLITTLE and others, that even though I supported this housing trust fund, if we've got money we ought to take care of these commitments first so the Federal Government keeps its word, so we can reopen libraries so we can have search and rescue and sheriffs' deputies out on patrol, not only in my counties, but out in the west.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the last word.

POINT OF ORDER

Mr. FRANK of Massachusetts. Mr. Chairman, I am going to insist on my point of order.

I am moved, and I mean this, by the eloquence of these arguments for adequately funded public service. I hope all Members will listen to this.

But unfortunately, this is beyond the scope of this bill, which is housing related. I, therefore, must insist on the point of order, not out of lack of sympathy for my two colleagues, but because if we open the floodgates, we would get swamped. So I do insist on the point of order. It is not germane.

The Acting CHAIRMAN. Will the gentleman state the point of order.

Mr. FRANK of Massachusetts. Yes, the point of order. This is beyond the scope of this bill.

The Acting CHAIRMAN. Does the gentleman wish to be heard on the point of order.

Mr. DOOLITTLE. Mr. Chairman, the underlying bill makes numerous references to public infrastructure. We feel this, indeed, is public infrastructure, and that it deals with roads and schools. There are certainly needy

counties by virtue of being included in this Secure Rural Schools Act. That's why we thought the amendment would be germane.

Mr. FRANK of Massachusetts. Mr. Chairman, if I might say in response, it is all within the context of housing. This is a very narrowly specifically defined housing bill.

The Acting CHAIRMAN. Does the gentleman of Massachusetts make a point of order that the amendment is not germane?

Mr. FRANK of Massachusetts. Yes.

The Acting CHAIRMAN. Without further discussion, the Chair is prepared to rule.

The amendment offered by the gentleman from California provides funding for various infrastructure projects, including law enforcement and public education.

The bill is confined to housing and housing-related matters. Clause 7 of rule XVI precludes amendments on a subject different from that under consideration.

In the opinion of the Chair, the infrastructure projects addressed in the amendment represent a subject matter different from that under consideration. As such, the amendment is not germane.

The point of order is sustained.

AMENDMENT NO. 32 OFFERED BY MR. HENSARLING

Mr. HENSARLING. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 32 offered by Mr. HENSARLING:

Strike line 23 on page 85 and all that follows through line 15 on page 86.

Strike line 19 on page 87 and all that follows through line 10 on page 88.

Strike line 12 on page 90 and all that follows through line 9 on page 93.

Mr. HENSARLING. Mr. Chairman, the purpose of this amendment is quite simple, and that is to keep the status quo with respect to the conforming loan limits. The underlying bill would raise it to 150 percent in what are known as certain high-cost areas. I think there are several reasons, Mr. Chairman, why I think the underlying bill contains misguided policy.

Number 1, when you look at why were the GSEs chartered in the first place, they receive a panoply of Federal benefits that we are all familiar with. But supposedly, they received these benefits from the Federal Government for a specific purpose, to support the purchases of mortgages made to low- and moderate-income families, mortgages on properties located in underserved areas, mortgages made to very low-income families and low-income families in low-income areas.

I do not believe that the charter was to help subsidize housing by the government for the wealthiest in our society. That's not why they were chartered. The Conforming Loan Limit

right now, I believe, is already too high. To qualify for the \$417,000 mortgage right now, a family would have to earn at least \$130,000, more than twice the median family income in this country, not by the standards of the Nation, a low or moderate income.

But in the House bill to increase the conforming loan limit by 50 percent to \$625,000 in any area where the average home price is over the limit, to qualify for that mortgage, a family's income on an 80/20 LTV would have to be \$180,000, almost three times the national median, and that ranks at roughly the top 5 percent of all family incomes in America.

According to OFHEO, the regulator, of the GSEs, using data supplied by the National Association of Realtors in 2007, there were only seven areas that would be affected by this, and that would be comprised of areas in about eight or nine different States, which means that 40 to 42 other States would gain nothing by this and arguably might lose something.

The other argument that I would pose is that after all the behavior of the GSEs, all of the misrepresentations to the public, misrepresentations to investors, misrepresentations to Congress, billions and billions of dollars of accounting misstatements, earnings being manipulated so that executives could receive bonuses, what does Congress do? We reward them. We expand their market share. We give them an opportunity to make even greater profits.

I mean, it leads one to believe that if Enron had been clever enough to change their name to the Enron Housing Corp. we might have done something to still keep them in business. We are expanding their market share.

Another point to make is that, and I will grant that any time you have a Federal subsidy, certainly you can lower the price, but the arguments that somehow people can't get in a home without increasing the loan limits to 150 percent, I don't understand.

The industry experts have estimated the rate on the spread on the rate to be about 20 basis points, and a current 30-year rate fixed mortgage, that amounts to about \$80-a-month difference we are talking about. At least under one scenario, CRS, we are looking at about \$28 a month. I am having a hard time believing that knowing how competitive the marketplace is, in almost all communities in the jumbo market area, that this is somehow preventing people from getting into a home.

Now, some will speak to a disparity, and I agree. There is the disparity, but I don't think raising the conforming loan limits to 150 percent in only a limited number of areas in the Nation is the solution to that particular challenge.

So I have great reservations about expanding the conforming loan limits. But having said that, given the lateness of the hour, given the outcome of this particular amendment in com-

mittee, I do think these were important points to be made.

But at this point, Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The Acting CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. GARY G. MILLER of California. Mr. Chairman, I move to strike the last word.

I thank Mr. HENSARLING for withdrawing the amendment, but I think it's only fair to place on the RECORD the other side of the argument. To assume there's only seven areas that benefit from this is a wrong assumption.

If you look at the current law, Guam, the Virgin Islands, Alaska and Hawaii all benefit from 150 percent of the amount conforming allows in the rest of this country. All we are saying in our high-cost area is saying aren't we as good as Alaska, Hawaii, Guam, and the Virgin Islands.

I have been working on this thing for 3 years, I asked that this be put in the bill. I didn't say let's do it like Alaska, Guam, the Virgin Islands and Hawaii. Let's not make it statewide. Let's go specifically to a region. You could have a situation where Brea, in Orange County, could qualify for \$625,000; yet Pomona, within 8 miles, might only need \$400,000. But it's easy to extract something from a bill that has no impact on you at all.

For example, the Dallas region that the gentleman represents, the median home price is \$146,400. Yet, you can borrow \$417,000 through a GSE, three times the amount of the median.

Yet, in Maxine Waters' district, which is four times the median, which is no fault of any of ours, it just happens to be \$565,000, she can only borrow \$418,000. In my part of Orange County, it's \$695,000. I can only borrow \$418,600. So we are saying if it is fair for other parts of the country, why isn't it fair for all of the country.

Now had the gentleman had introduced an amendment that said, well, we think we should have fairness throughout the country, and let's limit it to the median as my amendment did, in this bill that got enacted in the bill so far, that says you can have it conforming, but it cannot exceed median. Well, the gentleman, I am sure, would have a very difficult time going home and telling his people that now they can only borrow \$146,400 from Freddie and Fannie because that is the median we are willing to apply to the rest of our districts.

Now the argument was made in the past that while the people in these high-cost areas make more money, the median income in Dallas, Texas is \$65,500; the median income L.A. County is \$61,300. They make \$400,000 or more a year in his district, that has a median income, median home price of \$146,000. Yet in Maxine's and part of my area of L.A. county, people have to pay \$565,000 for a median income home, and yet they make \$4,000 less.

So, yes, in many cases it's easy to present something to a body and make a very good statement that you are concerned about the quality of a GSE. But let me state, based on the requirements and the restrictions placed upon the GSEs, these loans are very safe.

□ 2330

AMENDMENT NO. 33 OFFERED BY MR. GARY G. MILLER OF CALIFORNIA

Mr. GARY G. MILLER of California. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 33 offered by Mr. GARY G. MILLER of California:

Page 86, strike “, except that” in line 9 and all that follows through “corporation” in lines 14 and 15.

Page 88, strike “, except that” in line 4 and all that follows through “Corporation” in line 10.

Strike line 12 on page 90 and all that follows through line 9 on page 93.

Mr. GARY G. MILLER of California. Mr. Chairman, I rise to offer an amendment to strike the requirement that high-cost area loans be securitized. And what we have done in this bill is we have said that, in these high-cost areas, to eliminate concerns by many, we are willing to say that the GSE must securitize those loans in high-cost areas; so, therefore, they cannot keep those loans. Those loans have to be transferred to the bond market. And there is no concern nor could there ever be any risk to the GSE, because those loans are not being kept by the GSE.

Now, understand clearly that when a loan is made in Alaska, Hawaii, Guam and the Virgin Islands, they are not securitized, and it has not proven to be a risk or a problem so far at all. And if you look at the problems in the real estate market today, they are not in the conforming market at all; they are not even in the high-cost areas that complies with. They are in areas that are not available, such as the jumbo loan market in California and other areas.

I am going to withdraw this amendment, but I am making a statement that it is not fair that we try to provide fairness throughout this country, and yet in doing that we are creating a situation that is less fair to those high-cost areas than it is to the rest of the Nation. It is only fair that borrowers in high-cost areas should be able to get a loan through a GSE, that that loan be kept by a GSE, thereby reducing the cost to the person getting the loan. And the statement that there is only a statement of \$25, in a high-cost area this saves a buyer \$175 a month in payment or a loan through a GSE.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. GARY G. MILLER of California. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I thank the gentleman, and he and I have been working together on a lot of

this. I am glad he is going to withdraw it and we won't be proceeding further, but I would note that a number of recent developments in the mortgage field have made it clear that securitization is not the absolute unmixed blessing that people once thought it was. There are advantages to portfolio and there are some disadvantages. There are obviously advantages in terms of liquidity being created through securitization, but there are some problems. So I thank the gentleman for raising this issue, and it is one we will continue to work.

Mr. GARY G. MILLER of California. And I think there is more reason to eliminate securitization than there ever was to place it there in the first place. But, irrespective of that, I withdraw my amendment.

The SPEAKER pro tempore. Without objection, the amendment is withdrawn.

There was no objection.

AMENDMENT NO. 9 OFFERED BY MR. PRICE OF GEORGIA

Mr. PRICE of Georgia. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. PRICE of Georgia:

Strike line 21 on page 128 and all that follows through line 7 on page 129, and insert the following:

“(2) REQUIREMENTS FOR CONTRIBUTIONS.—

“(A) TIMING.—An enterprise shall not be required to make an allocation for a year pursuant to paragraph (1) unless the Director, pursuant to the study under paragraph (2) for such year, makes a determination that such allocation by the enterprise for the year—

“(i) will not contribute to the financial instability of the enterprise or impair the safe and sound operation of the enterprise;

“(ii) will not cause the enterprise to be classified as undercapitalized;

“(iii) will not prevent the enterprise from successfully completing a capital restoration plan under section 1369C; and

“(iv) will not result in increased costs to borrowers under residential mortgages.

“(B) STUDY.—The Director shall, for each year referred to in paragraph (1)—

“(i) conduct a study to determine the effects on each enterprise of making allocations in such year under such paragraph; and

“(ii) submit to the Congress a report containing the findings of such study and the determinations of the Secretary regarding the issues set forth in clauses (i) through (iv) of subparagraph (A).”

Mr. PRICE of Georgia. Mr. Chairman, I offer this amendment which I believe enhances the oversight of the Director over the payments into the Affordable Housing Fund.

The underlying legislation takes the responsible step of providing criteria that the Director of the new regulatory agency should use to suspend contributions to the Affordable Housing Fund created by this bill, and that is a responsible step. However, I and others are concerned that this language doesn't go far enough to ensure the GSE safety and soundness, which in-

deed is the intent of this important legislation that we are dealing with today.

In the underlying legislation, if the Director finds that contributing to the Affordable Housing Fund would contribute to the instability of the GSE, would cause the GSE to become undercapitalized, or would prevent the GSE from successfully completing a capital restoration plan, then payments to the Housing Fund would be suspending.

I have three specific concerns.

First, nowhere in this language does this legislation provide an explicit requirement for the Director to actively seek out this information and to report on his or her findings.

Second, the language in this section doesn't explicitly list the safe and sound operation of the GSE as one of the factors that the Director should consider.

And, third, the Director does not consider the extent to which these payments into the Housing Trust Fund will result in an increase in costs to the borrowers under residential mortgages.

This amendment very simply would require the Director to study the additional factors that I just mentioned, safety and soundness, and increased costs to the borrowers. Along with those factors already in the text of the underlying bill, and to certify to Congress that they won't be adversely affected before the GSE makes a payment into the Housing Fund, it is imperative that we make certain that all of the hard work that went into creating this new world-class regulator in the underlying legislation isn't undone because of the mandatory payments the GSE will have to make into the Affordable Housing Fund. And we can do that by requiring the Director to look at all of these safety and soundness issues that might be affected, and to provide a responsible signoff requirement before payments are made into the Housing Fund.

I think this greatly improves the accountability and the success and the appropriateness of this bill, and I urge my colleagues to adopt the amendment.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is another version of the effort to kill the fund. It is very similar to amendments we have had before. I will ask Members to draw on their memories. I think at this point they would try to remember than stay up an extra 10 minutes listening to the debate very similar to what they have had before.

It is subject to the frailty which the gentleman from North Carolina (Mr. WATT) pointed out before, since we have had a similar amendment before; namely, that it would give to the Director the right to cancel this. It doesn't ask just for information from

the Director for us to take into account when we do this after the sunset; it empowers the Director to end it.

And it also says: Will not result in increased costs to borrowers on their residential mortgages.

There may be a *de minimis* cost increase. The way this is worded, a director would have to find that there would be no cost increase at all, not 10 cents, not \$1 a mortgage.

I do not think it is intended mainly to deal with the soundness of the enterprise; I think it is dealing, once again, with an effort to try to kill the fund, which we have had five or six votes on already and a couple of more pending amendments.

The other factors, other than it might raise the cost of the mortgage, are already in the text of the bill and they are already factors that the Director is required to study.

So since we have talked about this before, I do not think at this hour anybody is going to bring any new knowledge.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. PRICE).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. PRICE of Georgia. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Georgia will be postponed.

AMENDMENT NO. 19 OFFERED BY MR. DOOLITTLE

Mr. DOOLITTLE. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 19 offered by Mr. DOOLITTLE:

Page 100, after line 17, insert the following new section:

**SEC. 136. MORTGAGOR IDENTIFICATION REQUIREMENTS FOR MORTGAGES OF REGULATED ENTITIES.**

(a) IN GENERAL.—Subpart A of part 2 of subtitle A of title XIII of the Housing and Community Development Act of 1992 (12 U.S.C. 4541 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

**“SEC. 1330. MORTGAGOR IDENTIFICATION REQUIREMENTS FOR MORTGAGES OF REGULATED ENTITIES.**

“(a) LIMITATION.—The Director shall by regulation establish standards, and shall enforce compliance with such standards, that—

“(1) prohibit the enterprises from the purchase, service, holding, selling, lending on the security of, or otherwise dealing with any mortgage on a one- to four-family residence that will be used as the principal residence of the mortgagor that does not meet the requirements under subsection (b); and

“(2) prohibit the Federal home loan banks from providing any advances to a member for use in financing, and from accepting as collateral for any advance to a member, any mortgage on a one- to four-family residence that will be used as the principal residence of

the mortgagor that does not meet the requirements under subsection (b).

“(b) IDENTIFICATION REQUIREMENTS.—The requirements under this subsection with respect to a mortgage are that the mortgagor have, at the time of settlement on the mortgage, a Social Security account number.”.

(b) FANNIE MAE.—Section 304 of the Federal National Mortgage Association Charter Act (12 U.S.C. 1719) is amended by adding at the end the following new subsection:

“(g) PROHIBITION REGARDING MORTGAGOR IDENTIFICATION REQUIREMENT.—Nothing in this Act may be construed to authorize the corporation to purchase, service, hold, sell, lend on the security of, or otherwise deal with any mortgage that the corporation is prohibited from so dealing with under the standards issued under section 1330 of the Housing and Community Development Act of 1992 by the Director of the Federal Housing Finance Agency.”.

(c) FREDDIE MAC.—Section 305 of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454) is amended by adding at the end the following new subsection:

“(d) PROHIBITION REGARDING MORTGAGOR IDENTIFICATION REQUIREMENTS.—Nothing in this Act may be construed to authorize the Corporation to purchase, service, hold, sell, lend on the security of, or otherwise deal with any mortgage that the Corporation is prohibited from so dealing with under the standards issued under section 1330 of the Housing and Community Development Act of 1992 by the Director of the Federal Housing Finance Agency.”.

(d) FEDERAL HOME LOAN BANKS.—Section 10(a) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)) is amended—

(1) by redesignating paragraph (6) as paragraph (7); and

(2) by inserting after paragraph (5) the following new paragraph:

“(6) PROHIBITION REGARDING MORTGAGOR IDENTIFICATION REQUIREMENTS.—Nothing in this Act may be construed to authorize a Federal Home Loan Bank to provide any advance to a member for use in financing, or accept as collateral for an advance under this section, any mortgage that a Bank is prohibited from so accepting under the standards issued under section 1330 of the Housing and Community Development Act of 1992 by the Director of the Federal Housing Finance Agency.”.

Mr. DOOLITTLE. Mr. Chairman, this amendment will prevent the government-sponsored enterprises, or GSEs, from purchasing any mortgage from a lender where the person who received the mortgage did not use a valid Social Security number.

In my State of California, it has been calculated that each legal resident in the State pays approximately \$1,200 every year for illegal immigrants to use taxpayer-funded resources, including our highways, hospitals, and schools. Reducing the opportunities for illegal immigrants to purchase primary residences in the United States will be an important step toward decreasing the burden illegal immigrants impose upon our society.

Fannie Mae and Freddie Mac support the residential mortgage market by purchasing mortgages from lenders that, in turn, use the proceeds to make more loans available to home buyers. These organizations, chartered by Congress, should not be in the business of assisting illegal immigrants to purchase homes.

The size of the GSE’s portfolios represents a concentration of mortgage market risks, and this has been observed before, that led former Federal Reserve Board Chairman Alan Greenspan and others to urge Congress to consider ways to shrink the size of the GSE’s asset portfolios.

What better way to reduce the size of these portfolios than to prohibit mortgages for illegal immigrants. Not only will this change decrease the market risk, but it will also eliminate one more incentive that draws illegal immigrants to our country.

When a person applies for a mortgage, he is asked whether the loan is for a primary residence, a secondary home, or an investment property. According to my amendment, only a person seeking to buy a primary residence would be required to have a Social Security number. Therefore, this amendment does not discourage foreign investment in the United States. Should a foreign investor wish to obtain a mortgage for a real estate investment, he would be able to do so. However, no person illegally in this country should be allowed to purchase a primary residence here.

Since all people who are legally allowed to work in the United States are able to receive a work authorized Social Security number, this bill only targets those that are here illegally. Lending institutions should not be allowed to reward individuals violating U.S. law. Please vote “yes” on this amendment.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the requisite number of words.

And I do want to congratulate the gentleman from California for a very nonduplicative amendment. It is an amendment that is different from all the other amendments, and I am glad to see it. I almost feel like it was Pass-over; we finally have an amendment that is different from all the other amendments.

The question I have for the gentleman that was raised here, and he may have explained it as I was going over this. He did submit it in a timely fashion, so we should have checked it earlier. What about a foreign visitor who is in the country legally, say on a student visa. Would you be able to purchase a home on this?

I would yield to the gentleman.

Mr. DOOLITTLE. Yes. I did indicate that this only applies to a primary residence. A foreign investor could indicate that—

Mr. FRANK of Massachusetts. Not an investor, but someone who is here under a student visa that might not have a Social Security number, is not working, is here under a student visa and maybe can’t work. Could that individual buy a home?

Mr. DOOLITTLE. You would have to be entitled to have a Social Security number, which, as I understand it, would be someone who is employed here.

Mr. FRANK of Massachusetts. But we do have people here, for instance, who are here as students. There are wealthy people who come here to study. In fact, if you find someone paying full tuition in a college, she is probably from another country. And if that parent wanted to buy a home for that student, I don't believe they would have to get a Social Security number; I believe under a student visa you might not be able to work.

Mr. DOOLITTLE. A parent wouldn't need the Social Security number.

Mr. FRANK of Massachusetts. I understand that. But does every student here under student visa have to get a Social Security number? I am told in some cases under a student visa you can't work. If you are here as a student with wealthy parents, the parents want to buy you a home, you might not have a Social Security number and this would keep you from buying a home.

Mr. DOOLITTLE. Well, if the parents want to buy you a home, it would be their investment.

Mr. FRANK of Massachusetts. No, excuse me. The gentleman first said it wasn't the parents. The parents live in another country. The student is here under a student visa, not working, for a 4-year course of study. Could the parents from another country buy that student a home under this bill if the student didn't have a Social Security number?

Mr. DOOLITTLE. As I understand it, Mr. Chairman, the answer to that would be yes.

Mr. FRANK of Massachusetts. How could they if the students don't have a Social Security number, how could you buy them a home?

Mr. DOOLITTLE. Well, because the owner of the home is the parents.

Mr. FRANK of Massachusetts. No. The gentleman is obfuscating now. The parents live in another country. The parents give the student the money so that the student can buy the home. What about a student lawfully in the U.S., under a student visa, whose parents in another country want to finance the purchase of that home? The student doesn't have a Social Security number, maybe under the visa can't work. I think that is the case. The student wouldn't be able to buy a home.

And I do agree that we should tighten up the rules on people here illegally, but as I read this I think it may sweep too far, impose too broad a mandate on Fannie and Freddie over things they can't control. And there may be other categories, but somebody here under a student visa whose family lives in another country, is prepared to finance the purchase of a home, it would appear to me that would make that impossible.

I yield to the gentleman.

Mr. DOOLITTLE. It is true the student himself wouldn't be able to purchase the home. But the parents—

Mr. FRANK of Massachusetts. Again, the gentleman is simply misrepresenting the question. The parents live

in another country. People in Saudi Arabia don't have to have Social Security numbers. So the parents are in another country; the student is here without a Social Security number. How does the student buy the home?

Mr. DOOLITTLE. Mr. Chairman, I thought I made clear, the bill allows for foreign investment in the country. The student, under the provisions of this amendment, himself would not be able to buy the home if he were a student not able to work, therefore not having a Social Security.

Mr. FRANK of Massachusetts. The gentleman's interpretation in foreign investment is the parents buy the home for the student. Well, if the student had enough money on his or her own, then the student couldn't buy it.

Mr. DOOLITTLE. Then the student couldn't buy it.

Mr. FRANK of Massachusetts. Well, I don't understand why we would say that. There might be students who have the money to buy it. And this fiction that students who buy a home, parents who buy a home for their own child to live in are foreign investors seems to me to import a fiction to get around an excessively rigid bill. And there may be other categories of people who are lawfully in this country who don't have Social Security numbers and could have the money to buy a home, and I am unpersuaded that we should prohibit that.

Mr. SCOTT of Georgia. Mr. Chairman, I move to strike the last word.

Are you saying that this amendment would prevent home buyers without Social Security numbers from obtaining home loans? Is that correct?

Mr. DOOLITTLE. That is correct.

Mr. SCOTT of Georgia. Is it Social Security number, or valid Social Security number?

Mr. DOOLITTLE. Well, obviously the intent is valid Social Security numbers.

Mr. SCOTT of Georgia. But you don't have valid Social Security number in here. And my point is this: That one of the problems we have got in immigration is there are many illegals, if you are getting at illegal immigrants, who have Social Security numbers. We would place on these this system, much like it is in the employer system, where employers will come and tell you that all of our employees are legal because they have Social Security numbers.

□ 2345

But I will also tell you, there is a burgeoning industry within the illegal immigration area of falsified Social Security numbers. That's a big deal. So I think that this raises a very serious problem within your amendment, because if you simply say Social Security Number, you're not really getting at the problem that you feel you're getting at.

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. SCOTT of Georgia. Yes, I yield to the chairman.

Mr. FRANK of Massachusetts. We might be able to work this out. I am really concerned about the students and others. I am prepared to say that I would be willing to see that this bill is in conference. The gentleman obviously can press ahead. I going to vote against it at this point because it does seem to me that there are categories of people who can lawfully be in the country who have money who could buy a house, and I don't think we want to stop it.

There will be some enforcement issues that we could work out, but I would hope we could more clearly define it; that is, I do think it's important that we say that this be confined to people who are illegally here. But relying on the Social Security number as the exclusive validator of someone's legal presence in the U.S. seems to me not good policy.

Mr. SCOTT of Georgia. Reclaiming my time, again, that does create a problem with your amendment. And further, another problem it creates is because under current requirements, lenders may use any legitimate form of identification, so it would compound the difficulty, because it would make it difficult, again, for community banks to use blanket liens to pledge collateral, raising costs. The point I'm trying to get at is while the intention is good, I think that when you look at all of the problems with immigration, when you look at the problem of the fact of the cottage industry of providing bogus Social Security numbers, unless you put into this feature some mechanism to check to make sure that the Social Security number is valid, then the amendment seems to be moot.

The Acting CHAIRMAN (Mr. ALTMIRE). The question is on the amendment offered by the gentleman from California (Mr. DOOLITTLE).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. DOOLITTLE. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from California will be postponed.

SECOND AMENDMENT NO. 22 OFFERED BY MR. GARRETT OF NEW JERSEY

Mr. GARRETT of New Jersey. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Second Amendment No. 22 offered by Mr. GARRETT of New Jersey:

Page 129, after line 22, insert the following:

“(4) PROHIBITION OF PASS-THROUGH OF COST OF ALLOCATIONS.—The Director shall, by regulation, prohibit each enterprise from—

“(A) treating the costs to the enterprise of making the allocations required under paragraph (1) as a regular business expense of the enterprise; and

“(B) redirecting such costs, through increased charges or fees, or decreased premiums, or in any other manner, to the originators of mortgages purchased or securitized by the enterprise.”

Mr. GARRETT of New Jersey. Mr. Chairman, I come to the floor at this late evening time now to offer this amendment and, in essence, what we're trying to do here is to, bottom line is to help protect middle class American home owners as we move forward with this legislation with the housing fund in it, with the world class regulator, and to protect the American taxpayer from what we heard not only on the floor tonight, but going all the way back to testimony when this bill was being first considered from Chairman Bernanke, the potential for an MTI, a mortgage tax increase.

We know how the underlying bill works. H.R. 1427 takes 1.2 basis points of the GSE's total annual business, not their profit, but the total annual business and directs those funds to help in an appropriate manner, some would say, to provide for low income housing.

What this amendment does not do, and I know we have heard from the other side every time we tried to make any improvement to this legislation, that we characterize our efforts to improve the legislation to try to kill the underlying fund in this bill. Anyone making a clear reading of this amendment would realize this amendment does not do that in any way shape or form. This does not kill the fund. It improves the fund and it does so in a manner consistent with what the chairman said he has intended for the underlying bill in the first place, and that is to say that the increased tax would not hit those who we're trying to help, the low and moderate income earners.

How does it do that? Well, if you just look to the text of the amendment, section 4, prohibits pass through of costs of allocation. The director shall by regulation prohibit such enterprises, the GSEs from treating the cost of enterprises of making allocation required under paragraph 1 as regular business expenses. In essence, what the amendment does is says it cannot pass those costs down the line to the originator and to the home owners. It has to be just where the chairman has said he intended it to be all along, on the stockholders and the investors in the GSEs.

So I would hope that this common-sense amendment which basically effectuates what the Chairman said he intended for this legislation would seek unanimous support.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the last word. The gentleman overstated what I said. I do agree as to B. I would say this, and B, I think is perfectly reasonable. I think it might be hard to administer, but I would certainly, I would want to agree to B.

I have a problem with A for this reason. We got CBO to score this. CBO scored it based on a tax reduction, and then there's a repayment in the REFCORP bonds. There's a fairly complicated proposal that we accepted from CBO to keep it revenue neutral, and it includes a tax deduction at one

end, but a payment back at the other end. If the gentleman would be willing to ask unanimous consent to strike A, I would be prepared to be in favor of B. We could go back into the whole House, we could get unanimous consent. The problem is that if we strike A, I'm afraid it could unravel or scoring from CBO which assumes that they could deduct it and they would get the deduction, but CBO then said the government will lose money because you deducted it and we make up for another way with payments for the REFCORP bonds. I don't always understand what CBO says, but I can say that it's revenue neutral, recognizing the tax deduction, but making a payment that offsets that.

So if the gentleman would agree, I would certainly agree, because I think B is a reasonable effort to do this. I'm not sure how effective it will be, but I agree we should try. We are not sure about the pricing. I know procedurally we could do this, so if the gentleman would be agreeable, I would hope we could do that. If you would ask unanimous consent to modify the amendment by dropping A. If not, I will oppose this amendment, but I will move to, if I am successful in opposing it move to incorporate B when we get to conference. But I think a better way to do it would be to get unanimous consent to modify the amendment.

I will yield to the gentleman.

Mr. GARRETT of New Jersey. Thank you. Would the gentleman, by chance, have at your fingertips there the language from the CBO?

Mr. FRANK of Massachusetts. No, I do not. I can tell the gentleman that what CBO, we asked them about the scoring, they said there would be a cost because it would be a tax deduction. But they then made up for that by requiring some of the funds to go to help pay off the REFCORP bonds which are left over from the S&L bailout. And I do know that's what was done.

I yield to the gentleman.

Mr. GARRETT of New Jersey. I'm not looking for a yield. I'm looking for a moment.

Mr. FRANK of Massachusetts. I will just talk for a while, Mr. Chairman.

Mr. GARRETT of New Jersey. I'm not looking for that either. Just for a moment.

Mr. FRANK of Massachusetts. Yes, I was just going to kill time while you were looking so that, you know, we look like even though it's midnight, we're not all comatose. And as I said, alternatively, because it does cause us problems in the scoring and technical ways. It does seem to me the key is section B, and I would be agreeable to accepting section B now. Alternatively, I would hope that it would be defeated and we would put section B in conference.

I'll yield to the gentleman.

Mr. GARRETT of New Jersey. I would agree with the gentleman's comments. And we can proceed with the procedural matters.

#### PARLIAMENTARY INQUIRY

Mr. FRANK of Massachusetts. Parliamentary inquiry, Mr. Chairman.

The Acting CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. FRANK of Massachusetts. What steps would be needed for us to have the gentleman get unanimous consent to modify his amendment by striking section A?

The Acting CHAIRMAN. The gentleman from New Jersey could request unanimous consent to modify his amendment the way he so chooses.

#### MODIFICATION TO SECOND AMENDMENT NO. 22 OFFERED BY MR. GARRETT OF NEW JERSEY

Mr. GARRETT of New Jersey. Mr. Chairman, I ask unanimous consent to modify my amendment by striking lines 4 through 7, which would be paragraph A, and I guess appropriately renumbering or relettering paragraph line A, paragraph B to correspond.

Mr. FRANK of Massachusetts. If it's only one paragraph, we probably don't have to call it A. It can just be the paragraph.

Mr. GARRETT of New Jersey. That's why I say to appropriately reflect the change and deletion of that.

The Acting CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Second amendment No. 22 offered by Mr. GARRETT of New Jersey, as modified:

Page 129, after line 22, insert the following:

“(4) PROHIBITION OF PASS-THROUGH OF COST OF ALLOCATIONS.—The Director shall, by regulation, prohibit each enterprise from—

“(A) redirecting such costs, through increased charges or fees, or decreased premiums, or in any other manner, to the originators of mortgages purchased or securitized by the enterprise.”

The Acting CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Acting CHAIRMAN. The question is on the amendment of the gentleman from New Jersey (Mr. GARRETT), as modified.

The amendment, as modified, was agreed to.

#### AMENDMENT NO. 30 OFFERED BY MR.

HENSARLING

Mr. HENSARLING. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 30 offered by Mr. HENSARLING:

Page 153, line 14, after the period insert close quotation marks and a period.

Strike line 15 on page 153 and all that follows through line 6 on page 154.

Mr. HENSARLING. Mr. Chairman, the first thing I'd like to do is really thank the chairman of the full committee. There are many on this side of the aisle who talk a lot about making this the most open and democratic and fair Congress. Many of their deeds do not match their words. But I want to congratulate the committee chairman for this open process this evening and

his commitment to the institution, his commitment to democracy and permitting these amendments to be offered. And although I have two remaining, Mr. Chairman, I have decided to only offer one. The amendment I offer at this moment, No. 30, achieves one very simple purpose.

I understand that our side has lost on the creation of the so-called affordable housing fund, but in the underlying legislation, there is a place holder for something called an affordable housing trust fund. And apparently, if this fund, which is rather ill-defined, is created at some later time, the bill would authorize funds to be transferred from the affordable housing fund to the housing trust fund. I've been pretty diligent in my attendance of our sub-committee and committee hearings. I don't recall a hearing on the housing trust fund. I don't remember a markup on the housing trust fund. And I don't know exactly what the housing trust fund is, but I'm nervous about it. I'm nervous about it because when I look at almost every other government trust fund, what I see is an entitlement. Entitlement spending, Mr. Chairman. And the last thing we need to do is to be authorizing spending for a yet to be created entitlement spending fund.

The number one fiscal challenge in the Nation is to reform entitlement spending. And I believe the Chairman's passion about wanting to create affordable housing. I have profound philosophical differences with our chairman, but I don't doubt his passion. I don't doubt his sincerity.

But I have my passion. I have my passion. And right now, according to the Office of Management and Budget, the Congressional Budget Office, the Federal Reserve chairman, we are on the road to bankrupt the next generation. Ask anybody who has looked at the long-term spending patterns of entitlement spending in America today and they're going to tell you, we're facing a fiscal fork in the road. In one generation, in one generation, either there will be almost no Federal Government except for Medicare, Medicaid and Social Security, there will be no HUD. None of these housing programs will exist. And the other fork in the road, Mr. Chairman, is that we're going to have to double taxes, on the next generation just to balance the budget. Don't take my word for it. Go to the Web site of OMB, GAO, CBO. They're all going to tell you the same thing.

□ 0000

And yet here we are tonight deciding that we are going to transfer funds to this yet-to-be-created housing trust fund, create yet another entitlement spending.

I am a Member of Congress, but let me tell you something else. I also happen to be a father of a 5-year-old daughter and a 3-year-old son who are already looking at paying for unfunded obligations in this entitlement spend-

ing of \$50 trillion and now we are going to add to it. And I have heard many speakers on this side of the aisle eloquently speak about the least of these among us. Well, I maintain the least of these among us are those who cannot vote and those who are yet to be born. So I don't particularly care to take it on trust or faith that I am not somehow enabling the next new entitlement to hopefully hasten the bankruptcy of next generation.

The Comptroller General of America has said we are on the verge of being the very first generation in America's history to leave the next generation with a lower standard of living. I myself will not sit idly by and allow that to happen.

So perhaps the chairman has a good idea of what he intends to with the housing trust fund. I do not and I will not create another entitlement program.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this is not an entitlement. It isn't close to one. It cannot get out of control. The only money that can come from this is very clearly limited to 1.2 basis points on the mortgage portfolio of Fannie Mae and Freddie Mac.

The gentleman misstates the problem of entitlements if he thinks this is a problem. An entitlement is when the Federal Government, without necessarily a funding source, says if you are X, if you have these characteristics, you are entitled to this amount of money. That is Social Security and that is Medicare. That is not this bill. This bill does not entitle anybody to an affordable housing fund. It does not say if the population grows at a certain rate, then there is the demand for spending. It defines the spending source, a nontax spending source. It says 1.2 basis points of the mortgage portfolio. It doesn't entitle anyone to housing.

Social Security and Medicare, he mentioned. Those are entitlements. That means if you are a certain age and have a certain characteristic, you are entitled to receive the funding.

No one is entitled under this bill to receive housing funding. This is an authorization of spending, but it is not an entitlement to receive it.

Secondly, there is nothing secret here. It says it will be transferred if there is enacted a provision of Federal law establishing the Affordable Housing Trust Fund. That means it only becomes operational if this Congress decides in open session, with another 47 duplicate amendments from the Republican side, to deal with it. We will have a dozen roll calls to make sure that it happens.

I should also point this out. Why do we do it this way? To make sure we meet the PAYGO issue. This bill creates a fund out of Fannie Mae and Freddie Mac profits. We have not yet got any consensus on how best to spend

it after the first year when it goes to Louisiana and Mississippi. So we say to meet budgetary requirements, we don't want to be in a situation where we create a pot of money in one bill and then in the second bill decide how to spend it. This means that when we get to the collective decision in open session about how to spend it, whether it goes through the States, whether it is goes through HUD, whatever method we choose, we will not be charged with a source of funding. We will simply take the source of funding and hold it in limbo after Mississippi and Alabama and it will catch up if this Congress decides to do it with the method of distribution. That is not an entitlement. An entitlement is when you as an individual are legally entitled to receive money from the Federal Government because of your status. No one is entitled under this bill. No one gets the right to say I'm such and such, build me a house, rent me an apartment. This says a fixed sum will go at a limited rate, a percentage of the mortgage portfolio, and Congress will decide how it will be distributed.

Mr. NEUGEBAUER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I yield to my good friend from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I thank the gentleman for yielding.

And, again, I guess the chairman has a whole lot more confidence on the attributes of an ill-defined housing trust fund than I do. I have read earlier comments that the chairman has made: 'The placeholder would similarly preserve from this bill to the next bill our ability to spend money on a housing trust fund.' And I know that the chairman, I believe in the same markup of March 28, in responding to a question: 'Would the gentleman be willing to accept an amendment that explicitly states that it would be subject to PAYGO?' the chairman replied, 'No.'

So knowing that PAYGO, as the Democratic side has defined it, applies to new entitlement spending and to tax relief, it makes one a little bit suspicious thinking maybe there could be a new entitlement here. The housing trust fund does not appear to be defined; so maybe it is an entitlement; maybe it is not an entitlement. But if it is defined, I don't know. I just happen to be very passionate about not wanting to be part of an effort that might ultimately lead to helping create a new entitlement program and exacerbate the number one fiscal challenge in America. But I don't know how the chairman can say with such great definition if we are going to potentially create a funding stream for a housing trust fund, we don't define it, that he knows absolutely it will not or ever have the attributes of an entitlement.

I thank the gentleman for yielding.

Mr. SCOTT of Georgia. Mr. Chairman, I move to strike the last word.

I yield to the chairman of the committee.

Mr. FRANK of Massachusetts. Mr. Chairman, I very much resent the gentleman from Texas simply doubting my words so blatantly. You do not create an entitlement by accident. Secondly, of course, he misstates the word "entitlement." An entitlement means that you as an individual are entitled to receive the money. That has never been contemplated here. Nothing I ever suggested says it. I repudiated the notion. The gentleman says, yeah, but who knows what he is thinking? I really do not believe the gentleman has any basis for impugning these kinds of motives to me. I am simply repeating what the gentleman said. Well, he says it is not an entitlement but how can we be sure?

Because the committee which I chair where I have talked frequently with all the members, including certainly the majority, I know what we intend. It is not to create anything remotely like an entitlement. An entitlement means that individuals will be able to say give me housing, I am entitled to it legally. What we are saying is we will set up a housing fund. We will debate how it is distributed, but it will never be close to an entitlement. No one has ever suggested that any individual would have the right to demand, as you do on Social Security and Medicare, which makes then entitlements, the funding.

I said no to PAYGO because I rejected the assumption that it was necessary. This meets PAYGO. It totally meets PAYGO. Has scored this as revenue neutral. We asked them from the standpoint of the Federal Government, and it is revenue neutral. You don't need PAYGO with something that is revenue neutral. What it says is that the Congress, not me personally or a small cabal, will decide that we are going to create an entitlement when no one is looking. It says that having reserved this money in a revenue-neutral way, we will then decide as a Congress how best to distribute it but to distribute it as a housing fund, not as an entitlement. There has never been any suggestion that it would be an entitlement. It is not remotely going to be like Social Security and Medicare, and it cannot be a runaway fund. It is limited to 1.2 basis points of the mortgage portfolio of Fannie Mae. That is an entirely different funding mechanism than an entitlement funding mechanism.

I thank the gentleman for yielding.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. HENSARLING).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. HENSARLING. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule, further proceedings on the amendment offered by the gentleman from Texas will be postponed.

AMENDMENT NO. 1 OFFERED BY MR. NEUGEBAUER

Mr. NEUGEBAUER. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. NEUGEBAUER:

Page 128, strike lines 18 through 20 and insert the following: "amount equal to the lesser of (A) 1.2 basis points for each dollar of the average total mortgage portfolio of the enterprise during the preceding year, (B) the number of basis points for each dollar of the average total mortgage portfolio of the enterprise during the preceding year, which when applied to such average portfolios of both enterprises, results in an aggregate allocation under this paragraph by the enterprises for the year of \$520,000,000, or (C) a lesser amount, as determined by the Director, if the Director determines for such year that allocation of the lesser of the amounts under subparagraphs (A) and (B) poses a safety or soundness concern to the enterprise."

Mr. NEUGEBAUER. Mr. Chairman, this is a pretty simple amendment. We have had a lot of debate this evening about whether to have a housing fund or not to have a housing fund, and the votes are in and we are going to have a housing fund.

One of the things that I feel very strongly about is this is a substantial amount of money to any entity. While these are large entities, \$520 million, over \$3 billion over a 5-year period, is a lot of money. If we are going to ask these entities to make this kind of commitment, I think we owe them some certainty here.

Now, the current formula is that we will take 1.2 basis points times the portfolio. But what I believe is fair is to set a ceiling on what that amount can be. Now, the current scoring by is that at 1.2 on the total portfolio that we would have about \$520 million. What I am saying is let's cap it at \$520 million.

When you start looking at an entity, you don't want them making a decision on whether to make additional loans available for people in America that need loans, affordable loans, of saying if we increase our portfolio, we are going to have to pay more money into the housing fund. So what I believe is a fair balance is saying that as they bring their portfolio up and down to meet the market demands and adjust to the market conditions that we just give them a number that they know that is not going to exceed so what when they are budgeting, making sure that they are going to have a safe and sound entity, that they know what the number is.

I am a small businessman, Mr. Chairman, and when I was sitting down every year, I made a budget for my business. And one of the things that we tried to do was to fix a lot of our costs so that we would know what our costs would be because variable costs many times are causing you not to be able to control those or they are counter to being profitable in many cases. These

are entities that have provided housing opportunities for Americans for many, many years. And I was in the real estate business and the home building business in the 1980s, and I will tell you if it was not for Fannie Mae and Mae and the Federal Home Loan Bank board buying mortgages in America, many people would not have been able to buy a house during that time because a lot of the players got out of the market.

So, number one, the original purpose of this legislation was safety and soundness. That is how this debate got started. So if we are really concerned about the safety and soundness of it we have come up with a number here, and it is a big number. This is a lot of money. When I came to Washington, I was a little surprised. People use a billion around here like it is not a lot of money. But everybody in this room should understand what \$1 billion is. If you and I started a business the day that Jesus Christ was born and that business lost \$1 million not every week, not every year, but that business lost \$1 million every day since the birth of Christ, we wouldn't have yet lost \$1 billion. So we are talking about a large sum of money. That may not be large to people in Washington, but let me tell you to people in West Texas it is a lot of money.

So if we are going to ask a company to make that kind of contribution to a housing fund, I think we owe them some certainty. And I believe that \$520 million a year is a certain number. It is a big number. It a accomplishes a lot of the things that the other side, I think, wants to do with this fund. So whether you agree with the fund or not agree with the fund, I don't see how you can disagree with the opportunity to come up with a fair compromise for these entities to say that we are going to cap this contribution requirement at this level.

As I mentioned, and it was somewhat turned around in our committee meeting when I offered this, when I sit down and make a commitment to a charity, they say to me sometimes we want you to make a multi-year commitment. Now, I don't always make that multi-year commitment based on whether I am going to make money that year or lose money that year. I make a commitment and I stick to it. But I always make a commitment that I think I can live up to.

So it is important for several reasons: That, number one, that we give some certainty; and, number two, that we make sure that when these contributions are asked for that the regulator is given some ability to be able to say we think in this particular year, because of the market conditions, because of the profitability of this company, that that may be less.

So I encourage Members on both sides let's give some certainty.

The Acting CHAIRMAN. The gentleman's time has expired.

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Ms. WATERS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we have reached a very interesting point in this debate and in this discussion. It has been a long one and it has been a rather interesting one. This amendment that my friend, Mr. NEUGEBAUER, is attempting was attempted in committee and it was defeated.

I find it very interesting because we have seen all kinds of attempts here this evening by the opposite side of the aisle to deny this Housing Fund. We have seen attempts to try to diminish or cut the Housing Fund, to redefine the Housing Fund, to use it for economic development. We have seen everything. And we are at the point now that I guess if you can't stop it, somehow cap it. Cap it no matter how much money under this formula it will bring in. We are going to take an arbitrary amount at \$520 million or so and just cap it, even if the actual funds under the formula exceed the estimated \$600 million a year. I don't think so.

I would ask my colleagues to vote against this amendment again because it does not make good sense. This particular fund that has been developed by our chairman is one of the most creative items that have happened here in this House in a long time.

We don't have a lot of money to do some of the things we need to be doing for the domestic agenda. As a matter of fact, yes, we support PAYGO because our deficit has gotten out of hand. Our friends on the opposite side of the aisle, in cooperation with this administration, have been spending like drunken sailors. So now we have a way that we can help the least of these in our society attain quality, decent housing, low and moderate income people, and not tap the general fund at all.

And so we have this very, very creative way to do this led by our chairman. And a lot of people are going to benefit from it. And again, we have had attempts to deny it, and now we have an attempt to cap it.

I am saying we should not support this amendment. We should debate it in the way that we have been debating basically this Housing Trust Fund all evening. You have tried everything that you can possibly think of. You have tried to redefine it. You have tried to talk about it in different ways that certainly it was not meant to be described. And you are not winning at this. As a matter of fact, I am hoping that since you are now at the point where you see that there is a lot of support for this Housing Trust Fund, and that you have tried everything that you can possibly try and it hasn't worked, that you will just fold your tent, roll over, come on in, and in the final analysis, vote for this bill which will include this Housing Trust Fund.

I am so tired. I don't have another word that I can share about it. And I hope you feel the same way, too, so we can wrap it up and go home.

Mr. HENSARLING. Mr. Chairman, I move to strike the last word, and I yield to the gentleman from Texas.

Mr. NEUGEBAUER. I thank the gentleman, and I thank the distinguished chairwoman of the Housing Committee. I enjoy serving with her.

You know, I think one of the points I would make here is my bill does not try to kill the Housing Fund. My bill tries to say that, you know what? We're asking these entities to step up and make a big contribution, and we want to make sure that they do it in a safe and sound manner.

You know, I will tell you, the problem here is that if these entities, if we do something that jeopardizes the health of these entities by taking money out of their capital structure, these entities will not be able to perform the functions that they have been performing in the marketplace. And so what this is, I believe, is a realistic approach at looking at how we begin to go down this road.

Now, even the majority has put a sunset in this bill, a 5-year sunset I believe, if I am correct. What that allows us to do is we are going to see, you know, \$520 million roughly over a 5-year period, we are going to see what happens to how does that Housing Fund perform, how does that impact the entity that is paying these monies? If we want to come back at the end of 5 years and you want to raise the cap, let's look at the cap. But let's also let the regulator look at the cap during that process and make sure that we're not doing something that is causing harm.

The worst thing we can do for the housing market in this country is to disrupt one of the envies of the world, and that is our financial structure, how we finance housing in this country.

When I was in the home building industry, I was on the National Board of Directors of Home Builders, people from all over the world wanted to come and say how is it that America has such a high ownership rate and such a robust financial market for housing. They wanted to know how to copy ours. So we need to preserve that and not sit around and figure out ways to necessarily harm it.

So I encourage Members to support this. This is a fair proposition. This is not killing anything. This is a fair proposition. It's saying that we believe that how we got to the ownership rate that we have in America today is by protecting the companies and the entities and the financial structure that allowed us to get here, and not by trying to somehow cause it harm.

In closing, I want to say this to Chairman FRANK and to the ranking member, this has been a very deliberative process. And Mr. FRANK, in our full committee, allowed us the opportunity to offer as many amendments as we would like to. We had a lot of dialogue there. We've had a lot of dialogue here tonight, and maybe some of it has been duplicative. But I think the good

thing about it is that we have aired all of the concerns that people have about this. Because this is a very important piece of legislation. It has a tremendous amount of impact on the future of the financial markets in America. And so if it takes 1 day or it takes 2 days, and if it takes 20 amendments or 100 amendments to get to the right place, then I think that is a good process. But I want to thank the chairman for allowing us to get to this point.

Mr. SCOTT of Georgia. I move to strike the last word.

Let me see if we can put some of this in perspective for tonight as we wind down in this successful debate.

Here we've got an extraordinary emergency problem affecting the very poorest of people. Not just the very poorest of people, but people who have been devastated by the worst natural disaster in the modern history of our country; and on top of that, people who have been denied and denied. What comes to my mind are those images of those individuals who lost everything standing on rooftops to get saved. In a way, they are still standing on those rooftops, without homes. And here we've got a measure to go and address that.

This evening has just been an illustrative of attempt after attempt. First you wanted to make this equate to saving Social Security or raiding Social Security. Then you put this program in as being a measure to add to the deficit. Then came immigration. That wasn't enough. Then you want to restrict the means of the GSEs to have the most profitable way of arranging their portfolios. And you want to clamp down and make it so that the only investments they could get would be those at the bottom of the economic heap yielding the lowest return. Because you knew that this would not require a tax increase. You knew that this was based upon shareholders, non-taxable funds, a very creative way. And yet you tried to slam it in. Here are these Democrats raising your taxes again. But the American people are not buying that. That is not the case.

Then the game comes that again, this is an entitlement, where nowhere in the legislation is it an entitlement. All of tonight just reminded me, when I remember those images of those poor people still looking for help, but what you have offered them tonight is a massive cut, cutting the legs out from under them and then condemning them for being a cripple. That's devastating.

Now we come to the last amendment. Having failed all of that, my good friend from Texas says we're going to cap it. Oh, that's not going to do anything. But your fellow Congressman from Texas game down to that floor, Congressman GREEN and Congressman BRADY asking for help, wanting to help, but no money, and here you are wanting to crimp it, wanting to cap it.

Now, you say the cap doesn't mean anything, that it is going to be the lesser of 1.2 basis point average total

mortgage portfolio for the prior year, or \$520 million, or a lesser amount determined by the director. The director determines either the higher amount possesses a safety or soundness concern.

But what this amendment actually does, it reduces the amount available in the affordable housing program from an estimated \$600 million a year down to \$520 million a year. But it goes more than that. It just doesn't cap that. It would also cap the amount that the \$520 million, even if the actual funds under the formula exceeded the estimated \$600 million a year.

Chairman FRANK has put a very creative measure in. He has tagged it to no set amount, he just put it at 1.2 of the basic points so it allows a free marketplace. And then it allows these GSEs and the shareholders, based upon the profit that they make, to take some of that and help the most needy among us.

This has, indeed, been a tremendous debate tonight. We have been going at it since 5 o'clock this afternoon. But it has been worth it because there is no greater thing you can do for your fellow citizens than make sure they have a roof over their heads.

ANNOUNCEMENT BY THE ACTING CHAIRMAN

The Acting CHAIRMAN. Members on both sides are reminded to address their comments to the Chair.

Ms. JACKSON-LEE of Texas. I move to strike the requisite number of words.

I want, first of all, to start with a loud applause for the Financial Services Committee. As I said in my office, to see this story unfold, something that has never happened in this Congress during the tenure that I have had, is a real legislative initiative that addresses the question of the deficit in housing in America.

This bill, for the first time, will provide a stable and well-regulated mortgage market. And my good friend from Texas, the spirit that he has offered this amendment, I assume that he is both serious, and, of course, concerned. But coming from Texas as well, I don't know how many Texans my good friend speaks for because this particular Affordable Housing Fund does start off the first year in funding the devastation of Louisiana and Mississippi, but what it continues to do is provide a \$500, \$600 million affordable Housing Trust Fund that the people of Texas will benefit from.

□ 0030

Maybe my good friend has not been to East Texas and seen the devastation of Hurricane Rita. Those people, just a few miles down from Houston, are still living without housing.

This is a very measured legislative initiative, for the fund prohibits any hanky-panky. It has nothing to do with administrative costs, political activities, advocacy, lobbying, counseling, travel expense, preparation or advice on tax returns. It is all about housing.

It even limits administrative costs. And it is sunsetted after 5 years.

We in Houston are still suffering from Storm Allison, and an affordable housing plan will allow housing to be restored to those who are unable to find housing. In fact, what this particular legislation will do is to answer the question why 71 percent of extremely low income renters pay more than half of their income for housing and 64 percent of homeowners who are low income pay more than half. There is a housing crisis. Right now there is an epidemic of foreclosures because of a broken mortgage system that has preyed upon eager Americans to be able to buy a home.

The capping of this strategic and innovative formula for affordable housing will only dumb-down the opportunities for people to gain housing. I can assure you that the throngs of Americans are begging for the passage of this legislation tonight, because all an American wants to do when you hear them talk about we all are created equal with certain inalienable rights, it is all about the quality of life, the ability to send a child to school for a good education, a good home and good healthcare.

My friend talks about money, \$520 million, it may go up a bit, for one year. We are spending \$1 billion a day almost in Iraq and certainly we have a difference of opinion on that use of money. But the real question is, what can we do to fix the broken predatory lending system, the broken mortgage system, the lack of housing for people who want housing? We can pass H.R. 1427.

It is interesting that I am looking at a letter to our colleagues, and it says signed by BARNEY FRANK, MEL WATT, RICHARD BAKER and GARY MILLER. To me, that seems like a bipartisan commitment to this reform.

So I am confused by the gentleman's amendment to cap and to dumb down this affordable housing trust fund that would in fact provide money for Texas. Those of us in Houston in districts like mine and districts that are surrounding all know of the many hard-working survivors who are in our community trying to make it from Hurricane Katrina and Hurricane Rita. We have ceased calling anyone a deadbeat or someone who doesn't want to work or doesn't want housing. I would venture to say if you walked along any block, inner-city block, you would find people saying give me an opportunity.

Chairman FRANK, all I see in this bill is an opportunity; a regulated, precise opportunity for affordable housing, and I ask my colleagues to defeat the Neugebauer amendment and vote for H.R. 1427.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. NEUGEBAUER).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. NEUGEBAUER. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Texas will be postponed.

Mr. FRANK of Massachusetts. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Ms. JACKSON-LEE of Texas) having assumed the chair, Mr. ALTMIRE, Acting Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 1427) to reform the regulation of certain housing-related Government-sponsored enterprises, and for other purposes, had come to no resolution thereon.

DISPENSING WITH CALENDAR  
WEDNESDAY BUSINESS ON  
WEDNESDAY NEXT

Mr. FRANK of Massachusetts. Madam Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

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

There was no objection.

ADJOURNMENT TO MONDAY, MAY  
21, 2007

Mr. FRANK of Massachusetts. Madam Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10:30 a.m. on Monday next for morning-hour debate.

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

There was no objection.

DAY THREE OF THE FOOD STAMP  
CHALLENGE

(Mr. McGOVERN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McGOVERN. Madam Speaker, today is the third day of my week on the Food Stamp Challenge, where public officials live for 1 week on a food stamp budget in order to raise awareness about the Food Stamp Program. Representatives JO ANN EMERSON, TIM RYAN, and JAN SCHAKOWSKY are also taking part.

Although critics of the Food Stamp Program frequently speculate that it runs rampant with fraud, waste, and abuse, this is simply and utterly untrue. Don't just take my word for it. Go ask the Government Accountability Office. According to the GAO, the Food Stamp program currently operates at