order to recruit and retain physicians in the Administration in hard-to-fill positions (as designated by the Secretary for purposes of this subsection), the Secretary shall repay, for each individual who agrees to serve as a physician for a period of not less than three years in an Administration facility in such a position, any loan of such individual as follows:

''(A) Any loan of the individual described in paragraphs (1) through (4) of section 16302(a) of title 10.

''(B) Any other loan of the individual designated by the Secretary for purposes of this subsection the proceeds of which were used by the individual to finance education leading to the medical degree of the individual.

''(2) Each individual seeking repayment of loans under paragraph (1) shall enter into an agreement with the Secretary regarding the repayment of loans. Under the agreement, the individual shall agree—

''(A) to perform satisfactory service in a physician position specified in the agreement in an Administration facility specified in the agreement for such period of years as the agreement shall specify; and

''(B) to possess and retain for the period of the agreement such professional qualifications as are necessary for the service specified under subparagraph (A).

''(3) Repayment of loans under this subsection shall be made on the basis of complete years of service under the agreement under this subsection. The amount to be repayed under an agreement under this subsection for a complete year of service specified in the agreement shall be such amount, not to exceed $30,000, for each complete year of service as the agreement shall specify.

''(b) TUITION REIMBURSEMENT FOR PHYSICIAN STUDENTS WHO AGREE TO SERVE IN HARD-TO-FILL POSITIONS.—(1) In order to recruit and retain physicians in the Administration in hard-to-fill positions (as designated by the Secretary for purposes of this subsection), the Secretary shall reimburse individuals who are enrolled in a course of education leading toward board certification as a physician for the tuition charged for pursuit of such course of education if such individuals agree to serve as a physician in an Administration facility in such a position.

''(2) Each individual seeking tuition reimbursement under paragraph (1) shall enter into an agreement with the Secretary regarding such tuition reimbursement. Under the agreement, the individuals shall agree—

''(A) to satisfactorily complete the course of education of the individual described in paragraph (1); and

''(B) upon completion of the course of education, to become board-certified as a physician; and

''(C) upon completion of the matters referred to in subparagraphs (A) and (B)—

''(i) to perform satisfactory service in a physician position specified in the agreement in an Administration facility specified in the agreement for such period of years as the agreement shall specify; and

''(ii) to possess and retain for the period of the agreement such professional qualifications as are necessary for the service specified under clause (i).

''(3) The amount of reimbursement payable to an individual under paragraph (1) for a year may not exceed $30,000.

''(4) Any individual receiving tuition reimbursement under paragraph (1) who does not satisfy the requirements of the agreement under paragraph (2) shall be subject to such repayment requirements as the Secretary shall specify in the agreement.

''(5) An individual receiving tuition reimbursement under paragraph (1) for pursuit of a course of education shall also be paid a stipend in the amount of $5,000 for each academic year of pursuit of such course of education after entry into an agreement under paragraph (2).

''(c) PARTICIPATION IN FEHBP OF PHYSICIANS WHO SERVE PART-TIME IN HARD-TO-FILL POSITIONS.—(1) In order to recruit and retain physicians in the Administration in hard-to-fill positions (as designated by the Secretary for purposes of this subsection), an individual not otherwise eligible for health insurance under chapter 89 of title 5 who agrees to serve as a physician in an Administration facility in such a position for not less than five days per month (of which two days must occur in each 14-day period) shall be eligible for enrollment in the health benefit plans under chapter 89 of title 5 on a self only or self and family basis (as applicable).

''(2) The Secretary shall administer this subsection in consultation with the Director of the Office of Personnel Management.

''(d) ADDITIONAL PROGRAMS.—It is the sense of Congress that the Secretary should undertake active and on-going efforts to establish additional incentive programs to encourage individuals to serve in the position of physician in the Administration, or otherwise practice in the Administration, in hard-to-fill positions, including, in particular, incentive programs to encourage more experienced physicians to serve or practice in such positions.

''(e) CONSTRUCTION.—The incentives required under this section are in addition to any other special pays or benefits to which the individuals covered by this section are eligible or entitled under law.''.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 74 of such title is amended by inserting after the item relating to section 731 the following new item:

''7431A. Physicians: additional incentives for service in hard-to-fill positions.''.

(b) AFFILIATION OF DEPARTMENT OF VETERANS AFFAIRS MEDICAL FACILITIES WITH MEDICAL SCHOOLS.—The Secretary of Veterans Affairs shall, to the extent practicable, require each medical facility of the Department of Veterans Affairs to seek to establish an affiliation with a medical school within reasonable proximity of such medical facility.

SEC. 5. REPORTS TO CONGRESS.

(a) REPORT.—Not later than December 15, 2009, and each year thereafter through 2012, the Secretary of Veterans Affairs shall submit to the congressional veterans affairs committees a report on the implementation of this Act and the amendments made by this Act during the preceding fiscal year. Each report shall include, for the fiscal year covered by such report, the following:

(1) A comprehensive description of the implementation of this Act and the amendments made by this Act.

(2) Such recommendations as the Secretary considers appropriate for legislative or administrative action to improve the authorities and requirements in this Act and the amendments made by this Act or to otherwise improve the quality of health care and the quality of the physicians in the Veterans Health Administration.

(b) CONGRESSIONAL VETERANS AFFAIRS COMMITTEES DEFINED.—In this section, the term ''congressional veterans affairs committees'' means—

(1) the Committees on Veterans' Affairs and Appropriations of the Senate; and

(2) the Committees on Veterans' Affairs and Appropriations of the House of Representatives.

By Mr. ROBERTS:

S. 2378. A bill to authorize the voluntary purchase of certain properties in Treece, Kansas, endangered by the Cherokee County National Priorities List Site, and for other purposes; to the Committee on Environment and Public Works.

Mr. ROBERTS. Mr. President, I rise today to offer legislation to protect the residents of Treece, Kansas from the potential danger of remaining in an area that is undergoing a Superfund cleanup. I commend my fellow Kansas colleague, Congresswoman NANCY BOYDA, for introducing similar legislation in the House.

Treece is located in Cherokee County, Kansas. The Cherokee County site encompasses 115 square miles of former mining area. Mining in this area dates back to the early 1900s and at one time contained the richest lead and zinc ore production in the world. Although the drilling stopped in 1970, the effects of over 60 years of mining can be seen for miles around with mountains of milling left behind. Below these mountains, and surrounding areas, are enormous holes large enough to fit a football stadium, and they continually threaten the everyday safety of the residents of this community.

Cherokee County is part of a larger area known as the Tri-State Mining District that encompasses cities in southeastern Kansas, southwestern Missouri and northeastern Oklahoma. Within the Tri-State Mining District are two towns of particular importance, Treece, Kansas and Picher, Oklahoma. While these two towns are separated by a State line they are only a mere two miles away from one another. These two communities share more than a State line; they share a major highway, local stores, and most importantly the concerns of the aftermath of over 60 years of mining on their health, safety and the ultimate survival of their towns.

Currently Picher, part of the Tar Creek Superfund site, is undergoing a Federal buyout. The residents of Treece rely heavily on the services provided to them by Picher. Without that support the economic stability and ultimate survival of their town is in danger. Therefore, in order to assist the residents of Treece, I offer this legislation today to authorize the Environmental Protection Agency to make available to the state of Kansas $6,000,000, in 2009. This money will be used for the voluntary purchase of certain properties in Treece and will also allow for the relocation of community residents. This legislation will provide the residents of Treece an opportunity to relocate to another town of their choosing. An opportunity that they may not have without the Environmental Protection Agency's assistance.

By Mr. SALAZAR:

S. 2384. A bill to authorize the Chief of Engineers to conduct a feasibility study relating to the construction of a multipurpose project in the Fountain

Creek watershed located in the State of Colorado; to the Committee on Environment and Public Works.

Mr. SALAZAR. Mr. President, today I am introducing the Fountain Creek Feasibility Study Act of 2007. This bill is an important piece of a larger vision to transform and restore the Fountain Creek watershed, which lies in the Arkansas River Valley between the cities of Pueblo and Colorado Springs in my State of Colorado.

The Fountain Creek watershed is a major tributary to the Arkansas River and is home to a wide variety of plants and wildlife. Anyone who has traveled the 1–25 corridor between Colorado Springs and Pueblo can attest to the natural beauty of this region. The watershed itself comprises 927 square miles, but the impact of its waterflow extends far beyond its strict boundaries. According to the 2000 census, more than 500,000 people live in the watershed's boundaries. Water from the watershed serves municipal, industrial and agricultural uses. Creeks within the watershed contribute about 15 percent of the drinking water for Colorado Springs and are a source of irrigation for over 100 farms and ranches. The fertile farmland there produces wheat, com, hay, oats, and vegetable crops; there are also many working livestock ranches along Fountain Creek.

Today there are major problems with Fountain Creek. In recent years, instead of serving as an important link for commerce and recreation, the Fountain has divided the area. Decades of neglect, increased waterflows in the Fountain as a result of major urban development in the north half of the watershed, increased stormwater discharges, and sewage spills have all harmed the region. The watershed is subject to frequent flood damage, erosion, and sedimentation. In 1999 a major flood caused millions of dollars of damage to public and private property, and destroyed the foundations of numerous homes and roads. Indeed, just this spring there was minor flooding from the Fountain in the Pueblo area. Farmers and ranchers near the downstream end of the watershed in particular have suffered substantial losses of productive farmland. Degradation of the water quality and thus aquatic and wetland habitats is accelerating due to wastewater spills, loss of natural vegetation, and high water volume. Simply put, Fountain Creek watershed's ecological conditions are unstable and under constant threat.

This bill is a foundation stone for the idea of restoring Fountain Creek and turning the corridor between Colorado Springs and Pueblo into an environmental, agricultural, and recreational ''crown jewel'' for my State.

This bill would task the Army Corps of Engineers to conduct a study of the feasibility of constructing one or more dams and reservoirs to provide more reliable flood and sediment control, to conserve fish and wildlife and preserve their ecosystem, and to improve the water quality throughout the watershed. The Corps' expertise and experience will be critical to determining the options for restoring the health and stability of the Fountain Creek watershed.

The idea of such a multipurpose project on the Fountain is not new. It was first proposed in 1970 by the U.S. Army Corps of Engineers after the 1965 flood that inundated communities along the Fountain Creek, including particularly the city of Pueblo. The proposal was supported by the States of Colorado and Kansas and local officials, and was even the preferred option of the Army Corps for addressing flooding in the Fountain. I believe a similar proposal should be evaluated again, in light of changed conditions and increased flows in Fountain Creek resulting from urban development in the Colorado Springs metro area. Because the Fountain contributes a significant amount of water to the Arkansas River Valley below the confluence of the Fountain Creek and Arkansas River in Pueblo, this project may very well help address the various concerns of residents and communities of the Arkansas River Valley from Pueblo to the Kansas State line.

Last year I laid out a vision to revitalize Fountain Creek and connect the communities along its bank in a regional project. My plan involves the cleanup and revitalization of Fountain Creek; creating a linear state park along the river corridor with camping facilities, hundreds of miles of new trails, restored wildlife and natural habitat and new flat water recreation opportunities; protecting farms and ranches along the creek and in the lower Arkansas Valley; and ensuring a greenbelt separator between the communities of Colorado Springs and Pueblo.

My vision is to restore and transform this vital watershed. I hope that all levels of Government can work together to bring unmatched recreational opportunities, create an environment for plants and wildlife to flourish, ensure that agricultural lands remain productive, and address the flood control and water quality issues on Fountain Creek. This bill is an essential step towards achieving this goal.

By Mrs. FEINSTEIN (for herself and Mrs. BOXER):

S. 2386. A bill to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act, to authorize temporary mortgage and rental payments; to the Committee on Homeland Security and Governmental Affairs.

Mrs. FEINSTEIN. Mr. President. I rise today to introduce a series of bills, S. 2386, S. 2387, S. 2388, and S. 2390, designed to better prepare for catastrophic wildfires like the ones that recently devastated Southern California.

The Nation watched as these fires swept, uncontrolled, through several counties.

They caused the evacuation of an estimated 750,000 people—the largest evacuation in California history.

They burned more than 500,000 acres. Destroyed more than 2,000 homes.

Killed 10 people. Injured 130.

The financial damage is estimated in the billions.

Simply put: This was a major disaster.

It was not the first. Southern California suffered similar wildfire losses just 4 years ago.

We must face the fact that catastrophic wildfires are in California's future, and the future of other states.

California is tinder-dry. Global warming is real, leading to extended droughts and longer fire seasons.

Fires are larger, and they burn hotter and with more intensity.

More and more people are living in areas at high risk of wildfire. There are more than 5 million homes in California alone in this high-threat ''wildland-urban interface.''

Across the rest of the country, there are nearly 40 million more homes in the wildland-urban interface.

So the question comes: What can be done?

There is no doubt that we cannot fully eliminate wildfires.

But I believe we can take steps now to better protect communities, to improve firefighting capabilities, and to improve relief and recovery aid.

The four bills introduced today will get this process started. They are the Fire Safe Community Act, which would establish new incentives for communities at risk of wildfires to adopt a new model Fire Safe ordinance; the Mortgage and Rental Disaster Relief Act, to make sure that qualified individuals, displaced by major disasters, can make their mortgage and rental payments; the Disaster Rebuilding Assistance Act, to increase the amount of Federal dollars available to homeowners whose rebuilding costs outstrip their insurance coverage; and the Managing Arson Through Criminal History, MATCH, Act, requiring states to create registries of convicted arsonists.

Let me go into greater detail on each of these bills.

FIRE SAFE COMMUNITY ACT

This bill will help protect our communities from the catastrophic effects of wildfires.

Most importantly, it does three key things: it instructs the National Institute of Standards and Technology to develop a model ordinance that will serve as a baseline for communities seeking to protect their homes and property from wildfire; it encourages local participation by allowing for greater Federal reimbursement of firefighting costs in communities that adopt the model ordinance; and it creates a grant program to encourage responsible development practices that meet model guidelines in the wildland-urban interface.

In effect, the Federal Government would become the partner to local governments as they seek to make their communities fire-safe.

As I have said, we can never stop wildfires. But we can take important

steps to make these fires less destructive.

This bill starts with the first step of creating a model ''Fire Safe'' ordinance—with clear, unambiguous language that sets a national standard for how to address all aspects of fire threat.

The National Institute of Standards and Technology would provide this standard guideline for communities, in conjunction with the U.S. Forest Service, the Bureau of Land Management, and the U.S. Fire Administration.

States are also encouraged to adopt model ordinances tailored to the needs of their own communities for fire-safe development.

These guidelines will address water supply, construction materials and techniques, defensible space, vegetation management, and infrastructure standards.

The next step is to put this model ordinance to use.

The bill authorizes a $25 million per year grant program, administered by the Federal Emergency Management Agency's Office of Grants and Training.

It will help communities implement these standards, and bring the safest development practices to their neighborhoods.

This grant program will be available to local governments located in the wildlife-urban interface, and to high-threat regions that have adopted—or plan to adopt—the model ordinance.

They will have the option of adopting either the federal model ordinance, or one produced by their own state.

As further incentive, this bill would improve Fire Management Assistance Grants to communities adopting a model ordinance.

Today under the Fire Management Assistance Grant program, the Federal Government covers 75 percent of the cost of fighting wildfires.

Under this bill, communities adopting a model ordinance would be eligible for federal reimbursement of up to 90 percent of their firefighting costs.

The Fire Safe Community Act will also make grants available to States to help them compile their own fire maps.

The mapping grants will be matched 50–50 by State funds, and will encourage development of comprehensive fire hazard maps that indicate the exact locations of high-threat fire areas.

This vital information will aid firefighting efforts at all levels.

It's important to note that the model ordinances at the core of this bill are not mandatory—they would provide voluntary guidelines that communities can adopt, or not.

It does not step on the toes of local government. Rather, it would help all of us reach a common goal.

I come from local government—I'm 9 years a mayor, 9 years a county supervisor—and I recognize that zoning is the province of local government.

But we have a real problem here: We know that development in the wildland-urban interface is accelerating, making fires more costly.

So we need to take steps to improve fire safety in these areas.

This bill is an important step toward becoming better prepared.

Now I want to discuss two bills intended to improve recovery aid after disaster strikes.

MORTGAGE AND RENTAL DISASTER RELIEF ACT

This bill will provide much-needed relief to families hit hard by disaster—including people displaced by the recent fires.

It would authorize FEMA to make mortgage and rental assistance available for qualified individuals in communities designated by the President as disaster areas.

It is based on an important point: While catastrophic wildfires and other disasters can destroy homes, they don't relieve people of the financial obligations that come with home ownership or lease agreements.

In most cases, these payments must still be made, even if the residence has been wiped out.

This burden is too much for many families. They incur additional expenses—such as hotel or lodging costs—that come with being displaced following a major disaster.

FEMA used to provide mortgage and rental assistance. But it was eliminated by the Disaster Mitigation Act of 2000.

This bill would reauthorize the program, and make several changes to ensure that assistance is provided only to those most in need.

First, to qualify for assistance applicants must demonstrate that they face significant economic hardships and suffered disaster-related income loss.

The disaster-related income loss must fit into one of the following categories: Your employer, or your own business, must be located in the area declared a major disaster by the President; you lose your job because your employer or business has a significant business relationship with a company located within the Presidentially declared disaster area; or you live in a Presidentially declared disaster area, and have suffered financially due to travel restrictions and road closures post-disaster.

To qualify for this aid, applicants must also provide proof that their employment was discontinued as a result of disaster.

They must also show imminent delinquency, eviction, dispossession, or foreclosure.

Finally, this assistance is available only for up to 18 months, and is subject to income caps.

Only households with adjusted gross incomes of $100,000 or less, in high-cost States such as California, would be eligible.

Households in lower-cost States could be eligible if their annual adjusted gross incomes do not exceed $75,000.

DISASTER REBUILDING ASSISTANCE ACT

This second disaster relief bill would increase the amount of money FEMA can provide—for rebuilding and temporary housing—in high-cost States such as California.

It is designed to help disaster victims whose rebuilding costs exceed their insurance coverage.

Sadly, many Californians hit by the wildfires are now learning that their insurance coverage was insufficient.

This is a real problem in California; in fact, California Insurance Commissioner Steve Poizner estimates that as many as 25 percent of the victims of the recent fires may be underinsured.

Let me be clear: This bill will not cover the full costs of rebuilding.

But it will help close the gap, for qualified households in areas declared by the President to be disaster areas.

Today, FEMA can provide up to roughly $28,000 to individuals and households whose rebuilding costs exceed their insurance coverage.

This assistance can be used for rebuilding costs, as well as temporary housing.

This bill would increase this amount to $50,000.

The legislation also gives the President the discretion to increase this cap, if necessary, to cover rebuilding expenses in high-cost States.

I believe this bill will provide an important step toward giving Americans the chance they need to rebuild their lives after suffering through a major disaster.

The last bill in this package takes aim at criminal arsonists.

MANAGING ARSON THROUGH CRIMINAL HISTORY ACT

This bill—also known as the MATCH Act—is the Senate version of a bill introduced in the House by California Representatives MARY BONO and ADAM SCHIFF.

It would establish Federal and State arson registries; require convicted arsonists to register and update certain specified information for 5 years after a first conviction, 10 years after a second conviction, and for life after a third conviction; and authorize grants and incentives so that these registries will be operational within 3 years.

It is important that we improve our ability to keep track of arsonists, because it is clear that some of these recent wildfires were no accident.

The Santiago Fire in Orange County—which burned at least 27,000 acres—has officially been declared an arson fire.

Would-be arsonists tried to start new fires as the wildfires raged.

In San Diego County, authorities arrested an adult and a juvenile suspected of starting a blaze in Vista.

In San Bernardino, a suspect was charged with setting a brush fire near Victorville.

There were several arson-related arrests in Los Angeles County—one suspect died in a gunfight with police.

The arsonist who started the Santiago fire remains at-large.

There is a reward—it now stands at $250,000—but law-enforcement officials

say an arrest will likely depend on a tip from the public.

It does not have to be that way.

This bill would give fire investigators and law-enforcement officials up-to-date information on potential arsonists.

This is common-sense legislation. It will provide a readily accessible database, and help investigators rule out persons of interest and zero in on arson suspects.

We owe it to our brave firefighters to give fire investigators this important new tool, so they can help bring arsonists to justice.

Catastrophic wildfires are not going away. In fact, the evidence strongly suggests they will occur with greater frequency and ferocity.

But we can take important steps—now—to make our communities safer.

To strengthen our firefighting capabilities.

To ensure that more relief and recovery aid is provided to victims, so they can get back on their feet as soon as possible.

These bills are not a panacea. But they are an important first step. I urge my colleagues to vote for them.

By Mr. REED:

S. 2391. A bill to provide for affordable housing relief, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

Mr. REED Mr. President, today I introduce the Government Sponsored Enterprise Mission Improvement Act of 2007. This bill would amend the Housing and Community Development Act of 1992 to dramatically strengthen the affordable housing mission of Fannie Mae and Freddie Mac. I believe that deepening Fannie and Freddie's responsibilities towards affordable housing must be a part of any type of GSE reform that we undertake in the Senate.

The problems caused by the shortage in affordable housing are well publicized. But the impact of the shortage, which most commonly affects those near the bottom of the income scale, receives less attention. Worse, there is currently no Federal housing program that increases the supply of housing affordable to those with the most severe needs. The bill I am introducing today, the Government Sponsored Enterprise Mission Improvement Act, would provide $500 to $900 million per year in funding to help those with worst case housing needs.

Across the U.S., the 17 million renters and owners with lowest incomes have by far the most critical housing problems. About three-fifths of renters and owners with incomes below 30 percent of area median income pay more than half of their meager incomes for housing.

Families must pay such excessive amounts because there are too few affordable units. Nationally, according to HUD's analysis of 2005 American Housing Survey data, there were 10 million renters with incomes below 30 percent of area median income in 2005, but only 6.7 million units with rents affordable to those with such incomes.

This bill I am introducing today would require Fannie Mae and Freddie Mac to set aside 4.2 basis points on each dollar of unpaid principle balance of total new business purchases for an Affordable Housing Program.

Sixty-five percent of this set-aside would go towards an Affordable Housing Block Grant Program. This program would be managed by the Secretary of Housing and Urban Development and in the first year after enactment, would be allocated to the states by formula grant to help address the current subprime mortgage crisis. These grants could be used to facilitate loan modification and refinance options for low- and moderate-income borrowers facing foreclosure. Some of the funding could also be used to help low- and moderate-income homebuyers purchase properties that have been foreclosed upon to help stabilize neighborhoods.

After 2008, the funding would be distributed by formula grants to the states for the development, construction, and preservation of housing for very low- and extremely low-income families. This funding would complement other Federal and State programs, such as the HOME Investment Partnerships and Low-Income Housing Tax Credit programs, to bring down costs enough to primarily target the income group most needing housing that is truly affordable to them, extremely low-income renters.

The other 35 percent of this set-aside would be allocated for a Capital Magnet Fund managed by the Secretary of the Treasury. This funding would go out through competitive grants for financial activities that leverage affordable housing development, construction and preservation for low-, very low-, and extremely low-income families. It could also be used for economic development activities or community service facilities, such as day care centers and health care clinics, that in conjunction with affordable housing activities implement a concerted strategy to stabilize or revitalize a low-income community or underserved rural area.

The Government Sponsored Enterprise Mission Improvement Act also would strengthen Fannie and Freddie's Affordable Housing Goals. In particular, it would align their goals with current Community Reinvestment Act income targeting definitions, which I believe should help the lower end of the conventional market become more liquid.

Finally, this legislation would create a new statutory duty for Fannie Mae and Freddie Mac to serve ''underserved markets'' that lack adequate credit through conventional lending sources such as Manufactured Housing; Affordable Housing Preservation; Subprime Borrowers; Community Development Financial Institutions; and Rural Housing. I give teeth to this provision by making compliance with this duty subject to Section 1336 enforcement provisions.

I urge my colleagues to cosponsor this legislation and to help make it an integral part of any GSE reform that is taken up by the Senate. This bill makes it clear that with Fannie and Freddie's Government benefits come many important responsibilities.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD.

S. 2391

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Government Sponsored Enterprise Mission Improvement Act'' or the ''GSE Mission Improvement Act''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

SEC. 2. ANNUAL HOUSING REPORT REGARDING ENTERPRISES.

(a) REPEAL.—Section 1324 of the Housing and Community Development Act of 1992 (12 U.S.C. 4544) is hereby repealed.

(b) ANNUAL HOUSING REPORT.—The Housing and Community Development Act of 1992 is amended by inserting after section 1323 the following:

''SEC. 1324. ANNUAL HOUSING REPORT REGARDING ENTERPRISES.

''(a) IN GENERAL.—After reviewing and analyzing the reports submitted under section 309(n) of the Federal National Mortgage Association Charter Act and section 307(f) of the Federal Home Loan Mortgage Corporation Act, the Secretary shall submit a report, not later than October 30 of each year, to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, on the activities of each enterprise.

''(b) CONTENTS.—The report required under subsection (a) shall—

''(1) discuss—

''(A) the extent to and manner in which—

''(i) each enterprise is achieving the annual housing goals established under subpart B;

''(ii) each enterprise is complying with its duty to serve underserved markets, as established under section 1335;

''(iii) each enterprise is complying with section 1337; and

''(iv) each enterprise is achieving the purposes of the enterprise established by law; and

''(B) the actions that each enterprise could undertake to promote and expand the purposes of the enterprise;

''(2) aggregate and analyze relevant data on income to assess the compliance of each enterprise with the housing goals established under subpart B;

''(3) aggregate and analyze data on income, race, and gender by census tract and other

relevant classifications, and compare such data with larger demographic, housing, and economic trends;

''(4) identify the extent to which each enterprise is involved in mortgage purchases and secondary market activities involving subprime loans; and

''(5) compare the characteristics of subprime loans purchased and securitized by each enterprise to other loans purchased and securitized by each enterprise.

''(c) DATA COLLECTION AND REPORTING.—

''(1) IN GENERAL.—To assist the Secretary in analyzing the matters described in subsection (b), the Secretary shall conduct, on a monthly basis, a survey of mortgage markets in accordance with this subsection.

''(2) DATA POINTS.—Each monthly survey conducted by the Secretary under paragraph (1) shall collect data on—

''(A) the characteristics of individual mortgages that are eligible for purchase by the enterprises and the characteristics of individual mortgages that are not eligible for purchase by the enterprises including, in both cases, information concerning—

''(i) the price of the house that secures the mortgage;

''(ii) the loan-to-value ratio of the mortgage, which shall reflect any secondary liens on the relevant property;

''(iii) the terms of the mortgage;

''(iv) the creditworthiness of the borrower or borrowers; and

''(v) whether the mortgage, in the case of a conforming mortgage, was purchased by an enterprise;

''(B) the characteristics of individual subprime mortgages that are eligible for purchase by the enterprises and the characteristics of borrowers under such mortgages, including the credit worthiness of such borrowers and determination whether such borrowers would qualify for prime lending; and

''(C) such other matters as the Secretary determines to be appropriate.

''(3) PUBLIC AVAILABILITY.—The Secretary shall make any data collected by the Secretary in connection with the conduct of a monthly survey available to the public in a timely manner, provided that the Secretary may modify the data released to the public to ensure that the data—

''(A) is not released in an identifiable form; and

''(B) is not otherwise obtainable from other publicly available data sets.

''(4) DEFINITION.—For purposes of this subsection, the term 'identifiable form' means any representation of information that permits the identity of a borrower to which the information relates to be reasonably inferred by either direct or indirect means.''.

SEC. 3. PUBLIC USE DATABASE.

Section 1323 of the Housing and Community Development Act of 1992 (42 U.S.C. 4543) is amended—

(1) in subsection (a)—

(A) by striking ''(a) IN GENERAL.—The Secretary'' and inserting the following:

''(a) AVAILABILITY.—

''(1) IN GENERAL.—The Secretary''; and

(B) by adding at the end the following new paragraph:

''(2) CENSUS TRACT LEVEL REPORTING.—Such data shall include the data elements required to be reported under the Home Mortgage Disclosure Act of 1975, at the census tract level.'';

(2) in subsection (b)(2), by inserting before the period at the end the following: ''or with subsection (a)(2)''; and

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

''(d) TIMING.—Data submitted under this section by an enterprise in connection with a provision referred to in subsection (a) shall be made publicly available in accordance with this section not later than September 30 of the year following the year to which the data relates.''.

SEC. 4. REVISION OF HOUSING GOALS.

(a) REPEAL.—Sections 1331 through 1334 of the Housing and Community Development Act of 1992 (12 U.S.C. 4561 through 4564) are hereby repealed.

(b) HOUSING GOAL.—The Housing and Community Development Act of 1992 is amended by inserting before section 1335 the following:

''SEC. 1331. ESTABLISHMENT OF HOUSING GOALS.

''(a) IN GENERAL.—The Secretary shall, by regulation, establish effective for the first calendar year that begins after the date of enactment of the Government Sponsored Enterprise Mission Improvement Act, and each year thereafter, annual housing goals, as described in sections 1332, 1333, and 1334, with respect to the mortgage purchases by the enterprises.

''(b) SPECIAL COUNTING REQUIREMENTS.—

''(1) IN GENERAL.—The Secretary shall determine whether an enterprise shall receive full, partial, or no credit for a transaction toward achievement of any of the housing goals established pursuant to this section or sections 1332 through 1334.

''(2) CONSIDERATIONS.—In making any determination under paragraph (1), the Secretary shall consider whether a transaction or activity of an enterprise is substantially equivalent to a mortgage purchase and either (A) creates a new market, or (B) adds liquidity to an existing market, provided however that the terms and conditions of such mortgage purchase is neither determined to be unacceptable, nor contrary to good lending practices, and otherwise promotes sustainable homeownership and further, that such mortgage purchase actually fulfills the purposes of the enterprise and is in accordance with the chartering Act of such enterprise.

''(c) ELIMINATING INTEREST RATE DISPARITIES.—

''(1) IN GENERAL.—In establishing and implementing the housing goals under this subpart, the Secretary shall require the enterprises to disclose appropriate information to allow the Secretary to assess if there are any disparities in interest rates charged on mortgages to borrowers who are minorities, as compared with borrowers of similar creditworthiness who are not minorities, as evidenced in reports pursuant to the Home Mortgage Disclosure Act of 1975.

''(2) REPORT TO CONGRESS AND REMEDY REQUIRED ON DISPARITIES.—Upon a finding by the Secretary that a pattern of disparities in interest rates exists pursuant to the information provided by an enterprise under paragraph (1), the Secretary shall—

''(A) forward to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report detailing the disparities; and

''(B) require the enterprise to take such actions as the Secretary deems appropriate pursuant to this Act, to remedy such identified interest rate disparities.

''(3) IDENTITY OF INDIVIDUALS NOT DISCLOSED.—In carrying out this subsection, the Secretary shall ensure that no personally identifiable financial information that would enable an individual borrower to be reasonably identified shall be made public.

''(d) TIMING.—The Secretary shall establish an annual deadline for the establishment of housing goals described in subsection (a), taking into consideration the need for the enterprises to reasonably and sufficiently plan their operations and activities in advance, including operations and activities necessary to meet such goals.

''SEC. 1331A. DISCRETIONARY ADJUSTMENT OF HOUSING GOALS.

''(a) AUTHORITY.—An enterprise may petition the Secretary in writing at any time during a year to reduce the level of any goal for such year established pursuant to this subpart.

''(b) STANDARD FOR REDUCTION.—The Secretary may reduce the level for a goal pursuant to such a petition only if—

''(1) market and economic conditions or the financial condition of the enterprise require such action; or

''(2) efforts to meet the goal would result in the constraint of liquidity, over investment in certain market segments, or other consequences contrary to the intent of this subpart, section 301(3) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716(3)), or section 301(3) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 note), as applicable.

''(c) DETERMINATION.—

''(1) 30-DAY PERIOD.—The Secretary shall make a determination regarding any proposed reduction within 30 days of receipt of the petition regarding the reduction.

''(2) EXTENSION.—The Secretary may extend the period described in paragraph (1) for a single additional 15-day period, but only if the Secretary requests additional information from the enterprise.

''SEC. 1332. SINGLE-FAMILY HOUSING GOALS.

''(a) ESTABLISHMENT OF GOALS.—

''(1) IN GENERAL.—The Secretary shall establish annual goals for the purchase by each enterprise of conventional, conforming, single-family, owner-occupied, purchase money mortgages financing housing for each of the following:

''(A) Low-income families.

''(B) Families that reside in low-income areas.

''(C) Very low-income families.

''(2) GOALS AS PERCENTAGE OF TOTAL PURCHASE MONEY MORTGAGE PURCHASES.—The goals established under paragraph (1) shall be established as a percentage of the total number of single-family dwelling units financed by single-family purchase money mortgages of the enterprise.

''(b) DETERMINATION OF COMPLIANCE.—

''(1) IN GENERAL.—The Secretary shall determine, for each year that the housing goals under this section are in effect pursuant to section 1331(a), whether each enterprise has complied with the single-family housing goals established under this section for such year.

''(2) COMPLIANCE REQUIREMENTS.—An enterprise shall be considered to be in compliance with a goal described under subsection (a) for a year, only if, for each of the types of families described in subsection (a), the percentage of the number of conventional, conforming, single-family, owner-occupied, purchase money mortgages purchased by each enterprise in such year that serve such families, meets or exceeds the target established under subsection (c) for the year for such type of family.

''(c) ANNUAL TARGETS.—

''(1) IN GENERAL.—The Secretary shall establish annual targets for each goal described in subsection (a).

''(2) CONSIDERATIONS.—In establishing annual targets under paragraph (1), the Secretary shall consider—

''(A) national housing needs;

''(B) economic, housing, and demographic conditions;

''(C) the performance and effort of the enterprises toward achieving the housing goals under this section in previous years;

''(D) the ability of the enterprise to lead the industry in making credit available;

''(E) recent information submitted in compliance with the Home Mortgage Disclosure

Act of 1975 and such other mortgage data as may be available for non metropolitan areas regarding conventional, conforming, single-family, owner-occupied, purchase money mortgages originated and purchased;

''(F) the size of the purchase money conventional mortgage market serving each of the types of families described in subsection (a), relative to the size of the overall purchase money mortgage market; and

''(G) the need to maintain the sound financial condition of the enterprises.

''(d) NOTICE OF DETERMINATION AND ENTERPRISE COMMENT.—

''(1) NOTICE.—Within 30 days of making a determination under subsection (b) regarding compliance of an enterprise for a year with the housing goals established under this section and before any public disclosure thereof, the Secretary shall provide notice of the determination to the enterprise, which shall include an analysis and comparison, by the Secretary, of the performance of the enterprise for the year and the targets for the year under subsection (c).

''(2) COMMENT PERIOD.—The Secretary shall provide each enterprise an opportunity to comment on the determination during the 30-day period beginning upon receipt by the enterprise of the notice.

''(e) USE OF BORROWER INCOME.—In monitoring the performance of each enterprise pursuant to the housing goals under this section and evaluating such performance (for purposes of section 1336), the Secretary shall consider a mortgagor's income to be the income of the mortgagor at the time of origination of the mortgage.

''SEC. 1333. SINGLE-FAMILY HOUSING REFINANCE GOALS.

''(a) PREPAYMENT OF EXISTING LOANS.—

''(1) IN GENERAL.—The Secretary shall establish annual goals for the purchase by each enterprise of mortgages on conventional, conforming, single-family, owner-occupied housing given to pay off or prepay an existing loan served by the same property for each of the following:

''(A) Low-income families.

''(B) Families that reside in low-income areas.

''(C) Very low-income families.

''(2) GOALS AS PERCENTAGE OF TOTAL REFINANCING MORTGAGE PURCHASES.—The goals described under paragraph (1) shall be established as a percentage of the total number of single-family dwelling units refinanced by mortgage purchases of each enterprise.

''(b) DETERMINATION OF COMPLIANCE.—

''(1) IN GENERAL.—The Secretary shall determine, for each year that the housing goals under this section are in effect pursuant to section 1331(a), whether each enterprise has complied with the single-family housing refinance goals established under this section for such year.

''(2) COMPLIANCE.—An enterprise shall be considered to be in compliance with the goals of this section for a year, only if, for each of the types of families described in subsection (a), the percentage of the number of conventional, conforming, single-family, owner-occupied refinancing mortgages purchased by each enterprise in such year that serve such families, meets or exceeds the target for the year for such type of family that is established under subsection (c).

''(c) ANNUAL TARGETS.—

''(1) IN GENERAL.—The Secretary shall establish annual targets for each goal described in subsection (a).

''(2) CONSIDERATIONS.—In establishing annual targets under paragraph (1), the Secretary shall consider—

''(A) national housing needs;

''(B) economic, housing, and demographic conditions;

''(C) the performance and effort of the enterprises toward achieving the housing goals under this section in previous years;

''(D) the ability of the enterprise to lead the industry in making credit available;

''(E) recent information submitted in compliance with the Home Mortgage Disclosure Act of 1975 and such other mortgage data as may be available for non metropolitan areas regarding mortgages on conventional, conforming, single-family, owner-occupied, refinanced mortgages originated and purchased;

''(F) the size of the refinance conventional mortgage market serving each of the types of families described in subsection (a) relative to the size of the overall refinance conventional mortgage market; and

''(G) the need to maintain the sound financial condition of the enterprises.

''(d) NOTICE OF DETERMINATION AND ENTERPRISE COMMENT.—

''(1) NOTICE.—Within 30 days of making a determination under subsection (b) regarding compliance of an enterprise for a year with the housing goals established under this section and before any public disclosure thereof, the Secretary shall provide notice of the determination to the enterprise, which shall include an analysis and comparison, by the Secretary, of the performance of the enterprise for the year and the targets for the year under subsection (c).

''(2) COMMENT PERIOD.—The Secretary shall provide each enterprise an opportunity to comment on the determination during the 30-day period beginning upon receipt by the enterprise of the notice.

''(e) USE OF BORROWER INCOME.—In monitoring the performance of each enterprise pursuant to the housing goals under this section and evaluating such performance (for purposes of section 1336), the Secretary shall consider a mortgagor's income to be the income of the mortgagor at the time of origination of the mortgage.

''SEC. 1334. MULTIFAMILY SPECIAL AFFORDABLE HOUSING GOAL.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—The Secretary shall establish, by regulation, by unit or dollar volume, as determined by the Secretary, an annual goal for the purchase by each enterprise of:

''(A) Mortgages that finance dwelling units affordable to very low-income families.

''(B) Mortgages that finance dwelling units assisted by the low-income housing tax credit under section 42 of the Internal Revenue Code of 1986.

''(2) ADDITIONAL REQUIREMENTS FOR SMALLER PROJECTS.—The Secretary shall establish additional requirements for the purchase by each enterprise of mortgages described in paragraph (1) for multifamily housing projects of a smaller or limited size, which may be based on the number of dwelling units in the project or the amount of the mortgage, or both, and shall include multifamily housing projects of 5 to 50 units (as adjusted by the Secretary), or with mortgages of up to $5,000,000 (as adjusted by the Secretary).

''(3) FACTORS.—In establishing the goal under this section relating to mortgages on multifamily housing for an enterprise, the Secretary shall consider—

''(A) national multifamily mortgage credit needs;

''(B) the performance and effort of the enterprise in making mortgage credit available for multifamily housing in previous years;

''(C) the size of the multifamily mortgage market;

''(D) the most recent information available for the Residential Survey published by the Census Bureau, and such other data as may be available regarding multifamily mortgages;

''(E) the ability of the enterprise to lead the industry in expanding mortgage credit availability at favorable terms, especially for underserved markets, such as for—

''(i) small multifamily projects;

''(ii) multifamily properties in need of preservation and rehabilitation; and

''(iii) multifamily properties located in rural areas; and

''(F) the need to maintain the sound financial condition of the enterprise.

''(b) UNITS FINANCED BY HOUSING FINANCE AGENCY BONDS.—The Secretary may give credit toward the achievement of the multifamily special affordable housing goal under this section (for purposes of section 1336) to dwelling units in multifamily housing that otherwise qualify under such goal and that is financed by tax-exempt or taxable bonds issued by a State or local housing finance agency, but only if—

''(1) such bonds are secured by a guarantee of the enterprise; or

''(2) are not investment grade and are purchased by the enterprise.

''(c) USE OF TENANT INCOME OR RENT.—

''(1) IN GENERAL.—The Secretary shall monitor the performance of each enterprise in meeting the goals established under this section and shall evaluate such performance (for purposes of section 1336) based on—

''(A) if such data is available, the income of the prospective or actual tenants of the property; or

''(B) if such data is not available, the rent levels affordable to low-income and very low-income families.

''(2) RENT LEVEL.—A rent level shall be considered to be affordable for purposes of this subsection for an income category referred to in this subsection if it does not exceed 30 percent of the maximum income level of such income category, with appropriate adjustments for unit size as measured by the number of bedrooms.

''(d) DETERMINATION OF COMPLIANCE.—

''(1) IN GENERAL.—The Secretary shall, for each year that the housing goal under this section is in effect pursuant to section 1331(a), determine whether each enterprise has complied with such goal and the additional requirements under subsection (a)(2).

''(2) COMPLIANCE.—An enterprise shall be considered to be in compliance with the goal of this section for a year only if for each of the properties described in subsection (a), the percentage of the number of multifamily mortgages purchased by each enterprise in such year, that serve such families, meets or exceeds the goals for the year for such type of properties that are established under subsection (a).

''(e) CONSIDERATION OF UNITS IN SINGLE-FAMILY RENTAL HOUSING.—In establishing any goal under this section, the Secretary may take into consideration the number of housing units financed by any mortgage on single-family rental housing purchased by an enterprise.''.

(c) CONFORMING AMENDMENTS.—The Housing and Community Development Act of 1992 is amended—

(1) in section 1335(a) (12 U.S.C. 4565(a)), in the matter preceding paragraph (1), by striking ''low- and moderate-income housing goal'' and all that follows through ''section 1334'' and inserting ''housing goals established under this subpart'';

(2) in section 1336 (12 U.S.C. 4566)—

(A) in section (a)(1), by striking ''sections 1332, 1333, and 1334,'' and inserting ''this subpart''; and

(B) in subsection (b)(1), by striking ''section 1332, 1333, or 1334,'' and inserting ''this subpart''.

(d) DEFINITIONS.—Section 1303 of the Housing and Community Development Act of 1992 (12 U.S.C. 4502) is amended—

(1) in paragraph (19), by striking ''60 percent'' each place such term appears and inserting ''50 percent''; and

(2) by adding at the end the following:

''(20) CONFORMING MORTGAGE.—The term 'conforming mortgage' means, with respect to an enterprise, a conventional mortgage having an original principal obligation that does not exceed the dollar limitation, in effect at the time of such origination, under—

''(A) section 302(b)(2) of the Federal National Mortgage Association Charter Act; or

''(B) section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act.

''(21) LOW-INCOME AREA.—The term 'low-income area' means a census tract or block numbering area in which the median income does not exceed 80 percent of the median income for the area in which such census tract or block numbering area is located, and, for the purposes of section 1332(a)(2), shall include families having incomes not greater than 100 percent of the area median income who reside in minority census tracts.

''(22) VERY LOW-INCOME.—

''(A) IN GENERAL.—The term 'very low-income' means—

''(i) in the case of owner-occupied units, income in excess of 30 percent but not greater than 50 percent of the area median income; and

''(ii) in the case of rental units, income in excess of 30 percent but not greater than 50 percent of the area median income, with adjustments for smaller and larger families, as determined by the Secretary.

''(B) RULE OF CONSTRUCTION FOR PURPOSES OF HOUSING GOALS.—Notwithstanding subparagraph (A), for purposes of any housing goal established under sections 1331 through 1334, the term 'very low-income' means—

''(i) in the case of owner-occupied units, families having incomes not greater than 50 percent of the area median income;

''(ii) in the case of rental units, families having incomes not greater than 50 percent of the area median income, with adjustments for smaller and larger families, as determined by the Secretary.

''(23) EXTREMELY LOW-INCOME.—The term 'extremely low-income' means—

''(A) in the case of owner-occupied units, income not in excess of 30 percent of the area median income; and

''(B) in the case of rental units, income not in excess of 30 percent of the area median income, with adjustments for smaller and larger families, as determined by the Secretary.

''(24) SHORTAGE OF STANDARD RENTAL UNITS BOTH AFFORDABLE AND AVAILABLE TO EXTREMELY LOW-INCOME RENTER HOUSEHOLDS.—

''(A) IN GENERAL.—The term 'shortage of standard rental units both affordable and available to extremely low-income renter households' means the gap between—

''(i) the number of units with complete plumbing and kitchen facilities with a rent that is 30 percent or less of 30 percent of the adjusted area median income as determined by the Secretary that are occupied by extremely low-income renter households or are vacant for rent; and

''(ii) the number of extremely low-income renter households.

''(B) RULE OF CONSTRUCTION.—If the number of units described in subparagraph (A)(i) exceeds the number of extremely low-income households as described in subparagraph (A)(ii), there is no shortage.

''(25) SHORTAGE OF STANDARD RENTAL UNITS BOTH AFFORDABLE AND AVAILABLE TO VERY LOW-INCOME RENTER HOUSEHOLDS.—

''(A) IN GENERAL.—The term 'shortage of standard rental units both affordable and available to very low-income renter households' means the gap between—

''(i) the number of units with complete plumbing and kitchen facilities with a rent that is 30 percent or less of 50 percent of the adjusted area median income as determined by the Secretary that are occupied by either extremely low- or very low-income renter households or are vacant for rent; and

''(ii) the number of extremely low- and very low-income renter households.

''(B) RULE OF CONSTRUCTION.—If the number of units described in subparagraph (A)(i) exceeds the number of extremely low- and very low-income households as described in subparagraph (A)(ii), there is no shortage.''.

SEC. 5. DUTY TO SERVE UNDERSERVED MARKETS.

(a) ESTABLISHMENT AND EVALUATION OF PERFORMANCE.—Section 1335 of the Housing and Community Development Act of 1992 (12 U.S.C. 4565) is amended—

(1) in the section heading, by inserting ''duty to serve underserved markets and'' before ''other'';

(2) by striking subsection (b);

(3) in subsection (a)—

(A) in the matter preceding paragraph (1), by inserting ''and to carry out the duty under subsection (a) of this section,'' before '', each enterprise shall'';

(B) in paragraph (3), by inserting ''and'' after the semicolon at the end;

(C) in paragraph (4), by striking ''; and'' and inserting a period;

(D) by striking paragraph (5); and

(E) by redesignating such subsection as subsection (b);

(4) by inserting before subsection (b) (as redesignated by paragraph (3)(E) of this subsection) the following new subsection:

''(a) DUTY TO SERVE UNDERSERVED MARKETS.—

''(1) DUTY.—In accordance with the purpose of the enterprises under section 301(3) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716) and section 301(b)(3) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 note) to undertake activities relating to mortgages on housing for very low-, low-, and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities, each enterprise shall have the duty to purchase or securitize mortgage investments and improve the distribution of investment capital available for mortgage financing for underserved markets.

''(2) UNDERSERVED MARKETS.—To meet its duty under paragraph (1), each enterprise shall comply with the following requirements with respect to the following underserved markets:

''(A) MANUFACTURED HOUSING.—The enterprise shall lead the industry in developing loan products and flexible underwriting guidelines to facilitate a secondary market for mortgages on manufactured homes for very low-, low-, and moderate-income families.

''(B) AFFORDABLE HOUSING PRESERVATION.—The enterprise shall lead the industry in developing loan products and flexible underwriting guidelines to facilitate a secondary market to preserve housing affordable to extremely low-, very low-, and low-income families, including housing projects subsidized under—

''(i) the project-based and tenant-based rental assistance programs under section 8 of the United States Housing Act of 1937;

''(ii) the program under section 236 of the National Housing Act;

''(iii) the below-market interest rate mortgage program under section 221(d)(4) of the National Housing Act;

''(iv) the supportive housing for the elderly program under section 202 of the Housing Act of 1959;

''(v) the supportive housing program for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act; and

''(vi) the rural rental housing program under section 515 of the Housing Act of 1949.

''(C) SUBPRIME BORROWERS.—The enterprises shall lead the industry in making mortgage credit available to low- and moderate-income families with credit impairment, and shall develop underwriting guidelines that preclude the purchase of loans with unacceptable terms and conditions, or which are contrary to good lending practices or to sustainable homeownership, including—

''(i) mandatory arbitration provisions;

''(ii) single premium credit insurance financed into the mortgages;

''(iii) unreasonable prepayment penalties and up front fees;

''(iv) introductory rates that expire in less than 10 years; and

''(v) any other such loans with unacceptable terms and conditions, or which are contrary to good lending practices or to sustainable homeownership.

''(D) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.—The enterprises shall—

''(i) lead the industry in developing loan products and flexible underwriting guidelines to facilitate a secondary market for mortgages on unconventional affordable housing loans made or purchased by Treasury certified community development financial institutions and other nonprofit housing lenders; and

''(ii) utilize credit facilities, capital and loss reserves, credit enhancements, securitization, and other methods to facilitate a secondary market for mortgages on unconventional affordable housing loans made or purchased by community development financial institutions certified by the Secretary of the Treasury, as determined by the Secretary and consistent with the Federal National Mortgage Association Charter Act, the Federal Home Loan Mortgage Corporation Act, and the provisions of this Act.

''(E) COMMUNITY REINVESTMENT ACT CONSIDERATIONS.—The enterprise shall take affirmative steps to assist depository institutions to meet their obligations under the Community Reinvestment Act, which shall include developing appropriate underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures.

''(F) RURAL AND OTHER UNDERSERVED MARKETS.—

''(i) IN GENERAL.—The enterprises shall lead the industry in developing loan products and flexible underwriting guidelines to facilitate a secondary market for mortgages on housing for very low-, low-, and moderate-income families in rural areas, and for mortgages for housing for any other underserved market for very low-, low-, and moderate-income families that the Secretary identifies as lacking adequate credit through conventional lending sources.

''(ii) IDENTIFICATION OF UNDERSERVED MARKETS.—Underserved markets may be identified for purposes of this paragraph by borrower type, market segment, or geographic area.

''(G) OTHER UNDERSERVED MARKETS.—The Secretary may, by rule, determine other underserved markets that the enterprises shall be required to lead the market in facilitating the availability of investment capital for mortgage financing for such markets.''; and

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

''(c) EVALUATION AND REPORTING OF COMPLIANCE.—

''(1) EVALUATING COMPLIANCE.—

''(A) IN GENERAL.—Not later than 6 months after the date of enactment of the Government Sponsored Enterprise Mission Improvement Act, the Secretary shall establish

through notice and comment rulemaking, a manner for evaluating whether, and the extent to which, the enterprises have complied with the duty under subsection (a) to serve underserved markets, and for rating the extent of such compliance.

''(B) RATING COMPLIANCE.—Using the evaluation method established under subparagraph (A), the Secretary shall, for each year, evaluate such compliance and rate the performance of each enterprise as to the extent of compliance.

''(C) EVALUATIONS AND RATINGS INCLUDED IN ANNUAL REPORT OF THE SECRETARY.—The Secretary shall include such evaluation and rating for each enterprise for a year in the report for that year submitted pursuant to section 1319B(a).

''(2) SEPARATE EVALUATIONS.—In determining whether an enterprise has complied with the duty referred to in paragraph (1), the Secretary shall separately evaluate whether the enterprise has complied with such duty with respect to each of the underserved markets identified in subsection (a), taking into consideration—

''(A) the development of loan products and more flexible underwriting guidelines;

''(B) the volume of loans purchased in each of such underserved markets; and

''(C) such other factors as the Secretary may determine.''.

(b) ENFORCEMENT.—Section 1336(a) of the Housing and Community Development Act of 1992 (12 U.S.C. 4566(a)) is amended—

(1) in paragraph (1), by inserting ''and with the duty under section 1335(a) of each enterprise with respect to underserved markets'' before '', as provided in this section,''; and

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

''(4) ENFORCEMENT OF DUTY TO PROVIDE MORTGAGE CREDIT TO UNDERSERVED MARKETS.—

''(A) IN GENERAL.—The duty under section 1335(a) of each enterprise to serve underserved markets (as determined in accordance with section 1335(c)) shall be enforceable under this section to the same extent and under the same provisions that the housing goals established under sections 1332, 1333, and 1334 are enforceable.

''(B) LIMITATION.—The duty under section 1335(a) shall not be enforceable under any other provision of this title (including subpart C of this part) other than this section or under any provision of the Federal National Mortgage Association Charter Act or the Federal Home Loan Mortgage Corporation Act.''.

SEC. 6. MONITORING AND ENFORCING COMPLIANCE WITH HOUSING GOALS.

Section 1336 of the Housing and Community Development Act of 1992 (12 U.S.C. 4566) is amended—

(1) in subsection (b)—

(A) in the subsection heading, by inserting ''PRELIMINARY'' before ''DETERMINATION'';

(B) by striking paragraph (1) and inserting the following new paragraph:

''(1) NOTICE.—If the Secretary preliminarily determines that an enterprise has failed, or that there is a substantial probability that an enterprise will fail to meet any housing goal established under this subpart, the Secretary shall provide written notice to the enterprise of such a preliminary determination, the reasons for such determination, and the information on which the Secretary based the determination.'';

(C) in paragraph (2)—

(i) in subparagraph (A), by inserting ''finally'' before ''determining'';

(ii) by striking subparagraphs (B) and (C) and inserting the following new subparagraph:

''(B) EXTENSION OR SHORTENING OF PERIOD.—The Secretary may—

''(i) extend the period under subparagraph (A) for good cause for not more than 30 additional days; and

''(ii) shorten the period under subparagraph (A) for good cause.''; and

(iii) by redesignating subparagraph (D) as subparagraph (C); and

(D) in paragraph (3)—

(i) in subparagraph (A), by striking ''determine'' and inserting ''issue a final determination of'';

(ii) in subparagraph (B), by inserting ''final'' before ''determinations''; and

(iii) in subparagraph (C)—

(I) by striking ''Committee on Banking, Finance and Urban Affairs'' and inserting ''Committee on Financial Services''; and

(II) by inserting ''final'' before ''determination'' each place such term appears; and

(2) in subsection (c)—

(A) by striking the subsection designation and heading and all that follows through the end of paragraph (1) and inserting the following:

''(c) CEASE-AND-DESIST ORDERS, CIVIL MONEY PENALTIES, AND REMEDIES INCLUDING HOUSING PLANS.—

''(1) REQUIREMENT.—

''(A) HOUSING PLAN.—If the Secretary finds, pursuant to subsection (b), that there is a substantial probability that an enterprise will fail, or has actually failed to meet any housing goal under this subpart and that the achievement of the housing goal was or is feasible, the Secretary may require that the enterprise submit a housing plan under this subsection.

''(B) REFUSAL TO SUBMIT HOUSING PLAN.—If the Secretary makes such a finding and the enterprise refuses to submit such a plan, submits an unacceptable plan, fails to comply with the plan or the Secretary finds that the enterprise has failed to meet any housing goal under this subpart, in addition to requiring an enterprise to submit a housing plan, the Secretary may—

''(i) issue a cease-and-desist order in accordance with section 1341;

''(ii) impose civil money penalties in accordance with section 1345; or

''(iii) order other remedies as set forth in paragraph (7) of this subsection.'';

(B) in paragraph (2)—

(i) by striking ''CONTENTS.—Each housing plan'' and inserting ''HOUSING PLAN.—If the Secretary requires a housing plan under this section, such a plan''; and

(ii) in subparagraph (B), by inserting ''and changes in its operations'' after ''improvements'';

(C) in paragraph (3)—

(i) by inserting ''comply with any remedial action or'' before ''submit a housing plan''; and

(ii) by striking ''under subsection (b)(3) that a housing plan is required'';

(D) in paragraph (4), by striking the first 2 sentences and inserting the following:

''(A) REVIEW.—The Secretary shall review each submission by an enterprise, including a housing plan submitted under this subsection, and not later than 30 days after submission, approve or disapprove the plan or other action.

''(B) EXTENSION OF TIME.—The Secretary may extend the period for approval or disapproval for a single additional 30-day period if the Secretary determines such extension necessary.

''(C) APPROVAL.—''; and

(E) by adding at the end the following new paragraph:

''(7) ADDITIONAL REMEDIES FOR FAILURE TO MEET GOALS.—In addition to ordering a housing plan under this section, issuing cease-and-desist orders under section 1341, and ordering civil money penalties under section 1345, the Secretary may—

''(A) seek other actions when an enterprise fails to meet a goal; and

''(B) exercise appropriate enforcement authority available to the Secretary under this Act.''.

SEC. 7. AFFORDABLE HOUSING PROGRAMS.

(a) REPEAL.—Sections 1337 of the Housing and Community Development Act of 1992 (12 U.S.C. 4562 note) is hereby repealed.

(b) ANNUAL HOUSING REPORT.—The Housing and Community Development Act of 1992 is amended by inserting after section 1336 the following:

''SEC. 1337. AFFORDABLE HOUSING ALLOCATIONS.

''(a) SET ASIDE AND ALLOCATION OF AMOUNTS BY ENTERPRISES.—Subject to subsection (b), in each fiscal year—

''(1) the Federal Home Loan Mortgage Corporation shall—

''(A) set aside an amount equal to 4.2 basis points for each dollar of unpaid principal balance of its total new business purchases; and

''(B) allocate or otherwise transfer—

''(i) 65 percent of such amounts to the Secretary of Housing and Urban Development to fund the affordable housing block grant program established under section 1338; and

''(ii) 35 percent of such amounts to fund the Capital Magnet Fund established pursuant to section 1339; and

''(2) the Federal National Mortgage Association shall—

''(A) set aside an amount equal to 4.2 basis points for each dollar of unpaid principal balance of its total new business purchases; and

''(B) allocate or otherwise transfer—

''(i) 65 percent of such amounts to the Secretary of Housing and Urban Development to fund the affordable housing block grant program established under section 1338; and

''(ii) 35 percent of such amounts to fund the Capital Magnet Fund established pursuant to section 1339.

''(b) SUSPENSION OF CONTRIBUTIONS.—The Secretary shall temporarily suspend allocations under subsection (a) by an enterprise upon a finding by the Secretary that such allocations—

''(1) are contributing, or would contribute, to the financial instability of the enterprise;

''(2) are causing, or would cause, the enterprise to be classified as undercapitalized; or

''(3) are preventing, or would prevent, the enterprise from successfully completing a capital restoration plan under section 1369C.

''(c) PROHIBITION OF PASS-THROUGH OF COST OF ALLOCATIONS.—The Secretary shall, by regulation, prohibit each enterprise from redirecting the costs of any allocation required under this section, through increased charges or fees, or decreased premiums, or in any other manner, to the originators of mortgages purchased or securitized by the enterprise.

''(d) ENFORCEMENT OF REQUIREMENTS ON ENTERPRISE.—Compliance by the enterprises with the requirements under this section shall be enforceable under subpart C. Any reference in such subpart to this part or to an order, rule, or regulation under this part specifically includes this section and any order, rule, or regulation under this section.

''SEC. 1338. AFFORDABLE HOUSING BLOCK GRANT PROGRAM.

''(a) ESTABLISHMENT AND PURPOSE.—The Secretary of Housing and Urban Development shall establish and manage an affordable housing block grant program, which shall be funded with amounts allocated by the enterprises under section 1337. The purpose of the block grant program under this section is to provide grants to States for use—

''(1) to increase and preserve the supply of rental housing for extremely low- and very

low-income families, including homeless families; and

''(2) to increase homeownership for extremely low- and very low-income families.

''(b) AFFORDABLE HOUSING BLOCK GRANT ALLOCATIONS FOR HOMEOWNERSHIP PRESERVATION IN FISCAL YEAR 2008.—

''(1) ASSISTANCE FOR HOMEOWNERS FACING FORECLOSURE.—

''(A) IN GENERAL.—To help address the subprime mortgage crisis, in fiscal year 2008, 100 percent of the amounts allocated for grants under this section shall be used to make grants to States to—

''(i) facilitate loan modification and refinance options for low- and moderate-income borrowers facing foreclosure; and

''(ii) expeditiously make available to low- and moderate-income homebuyers, properties that have been foreclosed upon.

''(B) DISTRIBUTION.—The amounts allocated to help address the subprime mortgage crisis under subparagraph (A) shall be distributed according to a formula established by the Secretary.

''(2) PERMISSIBLE DESIGNEES.—A State receiving grant amounts under this subsection may designate a State housing finance agency, housing and community development entity, tribally designated housing entity (as such term is defined in section 4 of the Native American Housing Assistance and Self-Determination Act of 1997 (25 U.S.C. 4103)), or any other qualified instrumentality of the State to receive such grant amounts.

''(3) DEVELOPMENT OF DISTRIBUTION FORMULA.—Not later than 3 months after the date of enactment of the Government Sponsored Enterprise Mission Improvement Act, the Secretary shall develop the distribution formula required under paragraph (1)(B). Such formula shall be based on the following factors:

''(A) The population of the State based on the most recent estimate of the resident population of such State as determined by the Bureau of the Census.

''(B) The 90-day delinquency rate of the State.

''(C) The ratio of foreclosures to owner-occupied households within the State.

''(4) ELIGIBLE LOAN USES.—

''(A) LOANS TO HOMEOWNERS TO PRESERVE HOMEOWNERSHIP.—

''(i) IN GENERAL.—A State or State designated entity shall use any grant amounts made available under this subsection to—

''(I) support the refinancing of loans of eligible homeowners, only if such loans have a loan-to-value ratio of not greater than 100 percent of current appraised value of the home on which such loan was taken;

''(II) reduce the outstanding loan balances of eligible homeowners, but only if the lender, servicer, investor, or other appropriate entity reduces such balance by the amount necessary to bring the combined loan value (including first and second mortgages) at or below 100 percent of the appraised value of the home; and

''(III) pay off any outstanding amounts owed by eligible homeowners for taxes and insurance.

''(ii) PROGRAM REQUIREMENTS FOR ELIGIBLE HOMEOWNERS.—

''(I) DEVELOPMENT BY STATES.—Each State or State designated entity that is a recipient of a grant amount under this subsection shall develop program requirements for eligible homeowners seeking a loan under this subparagraph.

''(II) REQUIRED CONTENT.—The program requirements required to be developed under this clause shall, at a minimum, include the following:

''(aa) The annual income of the homeowner is no greater than the annual income established by the Secretary as being of low- or moderate-income.

''(bb) That any loan under this paragraph may be provided for up to a 4-family owner-occupied residence, including 1-family units in a condominium project or a membership interest and occupancy agreement in a cooperative housing project, that is used, or is to be used, as the principal residence of the applicant seeking such grant or loan.

''(cc) The homeowner has a loan with unsustainable loan terms, as determined by a State housing finance agency or other designated State agency. For purposes of this item, the term 'unsustainable loan terms' includes such activities as the lack of escrow of taxes and insurance, the inclusion of prepayment penalties, and the lack of the ability of the homeowner to pay at the fully indexed interest rate because the debt-to-income ratio on such home loan is greater than 45 percent.

''(iii) LOAN REQUIREMENTS.—In order for a State or State designated entity to use the amounts made available under this subsection to assist eligible homeowners, a loan under this subparagraph—

''(I) shall—

''(aa) have a fixed interest rate;

''(bb) be affordable, so that the maximum debt-to-income ratio of such loan is not greater than 45 percent;

''(cc) require mandatory escrow of taxes and insurance;

''(dd) have no prepayment penalties;

''(ee) have no mandatory arbitration clauses; and

''(ff) if the loan-to-value ratio of the original mortgage loan is greater than 100 percent, require the lender to reduce such balance by the amount necessary to bring the loan value at or below 100 percent of the appraised value of the home;

''(II) shall not be due and payable unless—

''(aa) the real property securing such loan is sold, transferred, or refinanced; or

''(bb) the last surviving homeowner of such real property dies;

''(III) shall not exceed 10 percent of the principal balance; and

''(IV) may be subordinated.

''(iv) EXISTING LOAN FUNDS.—Any State or State designated entity with a previously existing fund established to make loans to assist homeowners in satisfying any amounts past due on their home loan may use funds appropriated for purposes of this subparagraph for that existing loan fund, even if the eligibility, application, program, or use requirements for that loan program differ from the eligibility, application, program, and use requirements of this subparagraph, unless such use is expressly determined by the Secretary to be inappropriate.

''(v) NO FORECLOSURE IF NOTICE OF APPLICATION FOR HOME PRESERVATION LOAN.—A mortgagee shall not initiate a foreclosure—

''(I) upon receipt of a written confirmation from the State or other State designated entity that the homeowner has applied for a home preservation loan under this subparagraph; and

''(II) for the 2-month period after receipt of such written confirmation or until the mortgagee is informed, in writing, that the homeowner is not eligible for a home preservation loan, whichever occurs first.

''(B) LOANS TO NONPROFIT DEVELOPERS FOR THE REHABILITATION AND SALE OF FORECLOSED PROPERTIES TO LOW- AND MODERATE-INCOME HOMEBUYERS.—

''(i) IN GENERAL.—A State or State designated entity may use up to 20 percent of the grant amounts made available under this subsection for homeownership preservation to provide loans to nonprofit affordable housing developers for the purposes of assisting low- and moderate-income homebuyers to purchase properties that are in the process of being foreclosed upon or have been acquired by the mortgage holder through the foreclosure process.

''(ii) PROGRAM REQUIREMENTS FOR NONPROFIT AFFORDABLE HOUSING DEVELOPERS.—

''(I) IN GENERAL.—Each State or State designated entity that is a recipient of a grant under this subsection shall, if they choose to use part of their grant award to make loans under this subparagraph, develop program requirements for nonprofit affordable housing developers for the purposes of assisting low- and moderate-income homebuyers to purchase properties that are in the process of being foreclosed upon or have been acquired by the mortgage holder through the foreclosure process.

''(II) REQUIRED CONTENT.—The program requirements developed under subclause (I) shall, at a minimum, include the following:

''(aa) That any loan under this clause may be provided for up to a 4-family owner-occupied residence, including 1-family units in a condominium project or a membership interest and occupancy agreement in a cooperative housing project, that is used, or is to be used, as the principal residence of a low- or moderate-income homebuyer.

''(bb) The annual income of the low- or moderate-income homebuyer is not greater than the annual income established by the Secretary as being of low- or moderate-income.

''(cc) The property is in foreclosure or has been acquired by the mortgage holder through the foreclosure process, the property has been appraised, and the sales price of the property does not exceed 100 percent of the appraised value of the property.

''(iii) LOAN REQUIREMENTS.—In order for a State or State designated entity to use the amounts made available under this subsection, a loan under this subparagraph—

''(I) may be used for—

''(aa) downpayment and closing costs;

''(bb) financing the difference between the sales price of a home and the mortgage for which the low- or moderate-income homebuyer qualifies; and

''(cc) repairs of a home not to exceed 10 percent of the appraised value of the home;

''(II) shall carry a zero percent interest rate;

''(III) shall not be due and payable by the low- or moderate-income homebuyer unless—

''(aa) the real property securing such loan is sold, transferred, or refinanced; or

''(bb) the last surviving homeowner of such real property dies; and

''(IV) may be subordinated.

''(iv) EXISTING LOAN FUNDS.—Any State or State designated entity with a previously existing fund established to make loans for the purposes of this subparagraph may use funds appropriated for purposes of this subparagraph for that existing loan fund, even if the eligibility, application, program, or use requirements for that loan program differ from the eligibility, application, program, and use requirements of this subparagraph, unless such use is expressly determined by the Secretary to be inappropriate.

''(c) ALLOCATION FOR AFFORDABLE HOUSING BLOCK GRANTS IN 2009 AND SUBSEQUENT YEARS.—

''(1) IN GENERAL.—Except as provided in subsection (b), during each fiscal year the Secretary of Housing and Urban Development shall distribute the amounts allocated for the affordable housing block grant program under this section to provide affordable housing as described in this subsection.

''(2) PERMISSIBLE DESIGNEES.—A State receiving grant amounts under this subsection

may designate a State housing finance agency, housing and community development entity, tribally designated housing entity (as such term is defined in section 4 of the Native American Housing Assistance and Self-Determination Act of 1997 (25 U.S.C. 4103)), or any other qualified instrumentality of the State to receive such grant amounts.

''(3) DISTRIBUTION TO STATES BY NEEDS-BASED FORMULA.—

''(A) IN GENERAL.—The Secretary of Housing and Urban Development shall, by regulation, establish a formula within 12 months of the date of enactment of the Government Sponsored Enterprise Mission Improvement Act, to distribute amounts made available under this subsection to each State to provide affordable housing to extremely low- and very low-income households.

''(B) BASIS FOR FORMULA.—The formula required under subparagraph (A) shall include the following:

''(i) The ratio of the shortage of standard rental units both affordable and available to extremely low-income renter households in the State to the aggregate shortage of standard rental units both affordable and available to extremely low-income renter households in all the States.

''(ii) The ratio of the shortage of standard rental units both affordable and available to very low-income renter households in the State to the aggregate shortage of standard rental units both affordable and available to very low-income renter households in all the States.

''(iii) The ratio of extremely-low income renter households in the State living with either (I) incomplete kitchen or plumbing facilities, (II) more than 1 person per room, or (III) paying more than 50 percent of income for housing costs, to the aggregate number of extremely low-income renter households living with either (IV) incomplete kitchen or plumbing facilities, (V) more than 1 person per room, or (VI) paying more than 50 percent of income for housing costs in all the States.

''(iv) The ratio of very low-income renter households in the State paying more than 50 percent of income on rent relative to the aggregate number of very low-income renter households paying more than 50 percent of income on rent in all the States.

''(v) The resulting sum calculated from the factors described in clauses (i) through (iv) shall be multiplied by the relative cost of construction in the State. For purposes of this subclause, the term 'cost of construction'—

''(I) means the cost of construction or building rehabilitation in the State relative to the national cost of construction or building rehabilitation; and

''(II) shall be calculated such that values higher than 1.0 indicate that the State's construction costs are higher than the national average, a value of 1.0 indicates that the State's construction costs are exactly the same as the national average, and values lower than 1.0 indicate that the State's cost of construction are lower than the national average.

''(C) PRIORITY.—The formula required under subparagraph (A) shall give priority emphasis and consideration to the factor described in subparagraph (B)(i).

''(4) ALLOCATION OF GRANT AMOUNTS.—

''(A) NOTICE.—Not later than 60 days after the date that the Secretary of Housing and Urban Development determines the formula amounts described in paragraph (3), the Secretary shall caused to be published in the Federal Register a notice that such amounts shall be so available.

''(B) GRANT AMOUNT.—In each fiscal year other than fiscal year 2008, the Secretary of Housing and Urban Development shall make a block grant to each State in an amount that is equal to the formula amount determined under paragraph (3) for that State.

''(C) MINIMUM STATE ALLOCATIONS.—If the formula amount determined under paragraph (3) for a fiscal year would allocate less than $3,000,000 to any State, the allocation for such State shall be $3,000,000, and the increase shall be deducted pro rata from the allocations made to all other States.

''(5) ALLOCATION PLANS REQUIRED.—

''(A) IN GENERAL.—For each year that a State or State designated entity receives an affordable housing block grant under this subsection, the State or State designated entity shall establish an allocation plan. Such plan shall—

''(i) set forth a plan for the distribution of grant amounts received by the State or State designated entity for such year;

''(ii) be based on priority housing needs, as determined by the State or State designated entity in accordance with the regulations established under subsection (g)(2)(C);

''(iii) comply with paragraph (6); and

''(iv) include performance goals that comply with the requirements established by the Secretary pursuant to subsection (g)(2).

''(B) ESTABLISHMENT.—In establishing an allocation plan under this paragraph, a State or State designated entity shall—

''(i) notify the public of the establishment of the plan;

''(ii) provide an opportunity for public comments regarding the plan;

''(iii) consider any public comments received regarding the plan; and

''(iv) make the completed plan available to the public.

''(C) CONTENTS.—An allocation plan of a State or State designated entity under this paragraph shall set forth the requirements for eligible recipients under paragraph (8) to apply for such grant amounts, including a requirement that each such application include—

''(i) a description of the eligible activities to be conducted using such assistance; and

''(ii) a certification by the eligible recipient applying for such assistance that any housing units assisted with such assistance will comply with the requirements under this section.

''(6) SELECTION OF ACTIVITIES FUNDED USING AFFORDABLE HOUSING FUND GRANT AMOUNTS.—Grant amounts received by a State or State designated entity under this subsection may be used, or committed for use, only for activities that—

''(A) are eligible under paragraph (7) for such use;

''(B) comply with the applicable allocation plan of the State or State designated entity under paragraph (5); and

''(C) are selected for funding by the State or State designated entity in accordance with the process and criteria for such selection established pursuant to subsection (g)(2)(C).

''(7) ELIGIBLE ACTIVITIES.—Grant amounts allocated to a State or State designated entity under this subsection shall be eligible for use, or for commitment for use, only for assistance for—

''(A) the production, preservation, and rehabilitation of rental housing, including housing under the programs identified in section 1335(a)(2)(B) and for operating costs, except that such grant amounts may be used for the benefit only of extremely low- and very low-income families; and

''(B) the production, preservation, and rehabilitation of housing for homeownership, including such forms as downpayment assistance, closing cost assistance, and assistance for interest rate buy-downs, that—

''(i) is available for purchase only for use as a principal residence by families that qualify both as—

''(I) extremely low- and very low-income families at the times described in subparagraphs (A) through (C) of section 215(b)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(b)(2)); and

''(II) first-time homebuyers, as such term is defined in section 104 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704), except that any reference in such section to assistance under title II of such Act shall for purposes of this subsection be considered to refer to assistance from affordable housing fund grant amounts;

''(ii) has an initial purchase price that meets the requirements of section 215(b)(1) of the Cranston-Gonzalez National Affordable Housing Act;

''(iii) is subject to the same resale restrictions established under section 215(b)(3) of the Cranston-Gonzalez National Affordable Housing Act and applicable to the participating jurisdiction that is the State in which such housing is located; and

''(iv) is made available for purchase only by, or in the case of assistance under this subsection, is made available only to homebuyers who have, before purchase completed a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary;

''(8) ELIGIBLE RECIPIENTS.—Grant amounts allocated to a State or State designated entity under this subsection may be provided only to a recipient that is an organization, agency, or other entity (including a for-profit entity or a nonprofit entity) that—

''(A) has demonstrated experience and capacity to conduct an eligible activity under paragraph (7), as evidenced by its ability to—

''(i) own, construct or rehabilitate, manage, and operate an affordable multifamily rental housing development;

''(ii) design, construct or rehabilitate, and market affordable housing for homeownership; or

''(iii) provide forms of assistance, such as downpayments, closing costs, or interest rate buy-downs for purchasers;

''(B) demonstrates the ability and financial capacity to undertake, comply, and manage the eligible activity;

''(C) demonstrates its familiarity with the requirements of any other Federal, State, or local housing program that will be used in conjunction with such grant amounts to ensure compliance with all applicable requirements and regulations of such programs; and

''(D) makes such assurances to the State or State designated entity as the Secretary shall, by regulation, require to ensure that the recipient will comply with the requirements of this subsection during the entire period that begins upon selection of the recipient to receive such grant amounts and ending upon the conclusion of all activities under paragraph (8) that are engaged in by the recipient and funded with such grant amounts.

''(9) LIMITATIONS ON USE.—

''(A) REQUIRED AMOUNT FOR HOMEOWNERSHIP ACTIVITIES.—Of the aggregate amount allocated to a State or State designated entity under this subsection not more than 10 percent shall be used for activities under subparagraph (B) of paragraph (7).

''(B) DEADLINE FOR COMMITMENT OR USE.—Grant amounts allocated to a State or State designated entity under this subsection shall be used or committed for use within 2 years of the date that such grant amounts are made available to the State or State designated entity. The Secretary shall recapture any such amounts not so used or committed for use and reallocate such amounts

under this subsection in the first year after such recapture.

''(C) USE OF RETURNS.—The Secretary shall, by regulation, provide that any return on a loan or other investment of any grant amount used by a State or State designated entity to provide a loan under this subsection shall be treated, for purposes of availability to and use by the State or State designated entity, as a block grant amount authorized under this subsection.

''(D) PROHIBITED USES.—The Secretary shall, by regulation—

''(i) set forth prohibited uses of grant amounts allocated under this subsection, which shall include use for—

''(I) political activities;

''(II) advocacy;

''(III) lobbying, whether directly or through other parties;

''(IV) counseling services;

''(V) travel expenses; and

''(VI) preparing or providing advice on tax returns;

''(ii) provide that, except as provided in clause (iii), affordable housing block grant amounts of a State or State designated entity may not be used for administrative, outreach, or other costs of—

''(I) the State or State designated entity; or

''(II) any other recipient of such grant amounts; and

''(iii) limit the amount of any affordable housing block grant amounts for a year that may be used by the State or State designated entity for administrative costs of carrying out the program required under this subsection to a percentage of such grant amounts of the State or State designated entity for such year, which may not exceed 10 percent.

''(E) PROHIBITION OF CONSIDERATION OF USE FOR MEETING HOUSING GOALS OR DUTY TO SERVE.—In determining compliance with the housing goals under this subpart and the duty to serve underserved markets under section 1335, the Secretary may not consider any affordable housing block grant amounts used under this section for eligible activities under paragraph (7). The Secretary shall give credit toward the achievement of such housing goals and such duty to serve underserved markets to purchases by the enterprises of mortgages for housing that receives funding from such block grant amounts, but only to the extent that such purchases by the enterprises are funded other than with such grant amounts.

''(d) REDUCTION FOR FAILURE TO OBTAIN RETURN OF MISUSED FUNDS.—If in any year a State or State designated entity fails to obtain reimbursement or return of the full amount required under subsection (e)(1)(B) to be reimbursed or returned to the State or State designated entity during such year—

''(1) except as provided in paragraph (2)—

''(A) the amount of the grant for the State or State designated entity for the succeeding year, as determined pursuant to this section, shall be reduced by the amount by which such amounts required to be reimbursed or returned exceed the amount actually reimbursed or returned; and

''(B) the amount of the grant for the succeeding year for each other State or State designated entity whose grant is not reduced pursuant to subparagraph (A) shall be increased by the amount determined by applying the formula established pursuant to this section to the total amount of all reductions for all State or State designated entities for such year pursuant to subparagraph (A); or

''(2) in any case in which such failure to obtain reimbursement or return occurs during a year immediately preceding a year in which grants under this section will not be made, the State or State designated entity shall pay to the Secretary for reallocation among the other grantees an amount equal to the amount of the reduction for the entity that would otherwise apply under paragraph (1)(A).

''(e) ACCOUNTABILITY OF RECIPIENTS AND GRANTEES.—

''(1) RECIPIENTS.—

''(A) TRACKING OF FUNDS.—The Secretary shall—

''(i) require each State or State designated entity to develop and maintain a system to ensure that each recipient of assistance under this section uses such amounts in accordance with this section, the regulations issued under this section, and any requirements or conditions under which such amounts were provided; and

''(ii) establish minimum requirements for agreements, between the State or State designated entity and recipients, regarding assistance under this section, which shall include—

''(I) appropriate periodic financial and project reporting, record retention, and audit requirements for the duration of the assistance to the recipient to ensure compliance with the limitations and requirements of this section and the regulations under this section; and

''(II) any other requirements that the Secretary determines are necessary to ensure appropriate administration and compliance.

''(B) MISUSE OF FUNDS.—

''(i) REIMBURSEMENT REQUIREMENT.—If any recipient of assistance under this section is determined, in accordance with clause (ii), to have used any such amounts in a manner that is materially in violation of this section, the regulations issued under this section, or any requirements or conditions under which such amounts were provided, the State or State designated entity shall require that, within 12 months after the determination of such misuse, the recipient shall reimburse the State or State designated entity for such misused amounts and return to the State or State designated entity any such amounts that remain unused or uncommitted for use. The remedies under this clause are in addition to any other remedies that may be available under law.

''(ii) DETERMINATION.—A determination is made in accordance with this clause if the determination is made by the Secretary or made by the State or State designated entity, provided that—

''(I) the State or State designated entity provides notification of the determination to the Secretary for review, in the discretion of the Secretary, of the determination; and

''(II) the Secretary does not subsequently reverse the determination.

''(2) GRANTEES.—

''(A) REPORT.—

''(i) IN GENERAL.—The Secretary shall require each State or State designated entity receiving grant amounts in any given year under this section to submit a report, for such year, to the Secretary that—

''(I) describes the activities funded under this section during such year with such grant amounts; and

''(II) the manner in which the State or State designated entity complied during such year with any allocation plan established pursuant to subsection (c).

''(ii) PUBLIC AVAILABILITY.—The Secretary shall make such reports pursuant to this subparagraph publicly available.

''(B) MISUSE OF FUNDS.—If the Secretary determines, after reasonable notice and opportunity for hearing, that a State or State designated entity has failed to comply substantially with any provision of this section, and until the Secretary is satisfied that there is no longer any such failure to comply, the Secretary shall—

''(i) reduce the amount of assistance under this section to the State or State designated entity by an amount equal to the amount of block grant amounts which were not used in accordance with this section;

''(ii) require the State or State designated entity to repay the Secretary an amount equal to the amount of the amount block grant amounts which were not used in accordance with this section;

''(iii) limit the availability of assistance under this section to the State or State designated entity to activities or recipients not affected by such failure to comply; or

''(iv) terminate any assistance under this section to the State or State designated entity.

''(f) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

''(1) EXTREMELY LOW-INCOME RENTER HOUSEHOLD.—The term 'extremely low-income renter household' means a household whose income is not in excess of 30 percent of the area median income, with adjustments for smaller and larger families, as determined by the Secretary.

''(2) RECIPIENT.—The term 'recipient' means an individual or entity that receives assistance from a State or State designated entity from amounts made available to the State or State designated entity under this section.

''(3) SHORTAGE OF STANDARD RENTAL UNITS BOTH AFFORDABLE AND AVAILABLE TO EXTREMELY LOW-INCOME RENTER HOUSEHOLDS.—

''(A) IN GENERAL.—The term 'shortage of standard rental units both affordable and available to extremely low-income renter households' means for any State or other geographical area the gap between—

''(i) the number of units with complete plumbing and kitchen facilities with a rent that is 30 percent or less of 30 percent of the adjusted area median income as determined by the Secretary that are occupied by extremely low-income renter households or are vacant for rent; and

''(ii) the number of extremely low-income renter households.

''(B) RULE OF CONSTRUCTION.—If the number of units described in subparagraph (A)(i) exceeds the number of extremely low-income households as described in subparagraph (A)(ii), there is no shortage.

''(4) SHORTAGE OF STANDARD RENTAL UNITS BOTH AFFORDABLE AND AVAILABLE TO VERY LOW-INCOME RENTER HOUSEHOLDS.—

''(A) IN GENERAL.—The term 'shortage of standard rental units both affordable and available to very low-income renter households' means for any State or other geographical area the gap between—

''(i) the number of units with complete plumbing and kitchen facilities with a rent that is 30 percent or less of 50 percent of the adjusted area median income as determined by the Secretary that are occupied by very low-income renter households or are vacant for rent; and

''(ii) the number of very low-income renter households.

''(B) RULE OF CONSTRUCTION.—If the number of units described in subparagraph (A)(i) exceeds the number of very low-income households as described in subparagraph (A)(ii), there is no shortage.

''(5) VERY LOW-INCOME FAMILY.—The term 'very low-income family' has the meaning given such term in section 1303, except that such term includes any family that resides in a rural area that has an income that does not exceed the poverty line (as such term is defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2)), including any revision required by such section) applicable to a family of the size involved.

''(6) VERY LOW-INCOME RENTER HOUSEHOLDS.—The term 'very low-income renter households' means a household whose income is in excess of 30 percent but not greater than 50 percent of the area median income, with adjustments for smaller and larger families, as determined by the Secretary.

''(g) REGULATIONS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development, shall issue regulations to carry out this section.

''(2) REQUIRED CONTENTS.—The regulations issued under this subsection shall include—

''(A) a requirement that the Secretary ensure that the use of block grant amounts under this section by States or State designated entities is audited not less than annually to ensure compliance with this section;

''(B) authority for the Secretary to audit, provide for an audit, or otherwise verify a State or State designated entity's activities to ensure compliance with this section;

''(C) requirements for a process for application to, and selection by, each State or State designated entity for activities meeting the State or State designated entity's priority housing needs to be funded with block grant amounts under this section, which shall provide for priority in funding to be based upon—

''(i) geographic diversity;

''(ii) ability to obligate amounts and undertake activities so funded in a timely manner;

''(iii) in the case of rental housing projects under subsection (c)(7)(A), the extent to which rents for units in the project funded are affordable, especially for extremely low-income families;

''(iv) in the case of rental housing projects under subsection (c)(7)(A), the extent of the duration for which such rents will remain affordable;

''(v) the extent to which the application makes use of other funding sources; and

''(vi) the merits of an applicant's proposed eligible activity;

''(D) requirements to ensure that block grant amounts provided to a State or State designated entity under this section that are used for rental housing under subsection (c)(7)(A) are used only for the benefit of extremely low- and very low-income families; and

''(E) requirements and standards for establishment, by a State or State designated entity, for use of block grant amounts in 2009 and subsequent years of performance goals, benchmarks, and timetables for the production, preservation, and rehabilitation of affordable rental and homeownership housing with such grant amounts.

''(h) AFFORDABLE HOUSING TRUST FUND.—If, after the date of enactment of the Government Sponsored Enterprise Mission Improvement Act, in any year, there is enacted any provision of Federal law establishing an affordable housing trust fund other than under this title for use only for grants to provide affordable rental housing and affordable homeownership opportunities, and the subsequent year is a year referred to in subsection (c), the Secretary shall in such subsequent year and any remaining years referred to in subsection (c) transfer to such affordable housing trust fund the aggregate amount allocated pursuant to subsection (c) in such year. Notwithstanding any other provision of law, assistance provided using amounts transferred to such affordable housing trust fund pursuant to this subsection may not be used for any of the activities specified in clauses (i) through (vi) of subsection (c)(9)(D).

''(i) FUNDING ACCOUNTABILITY AND TRANSPARENCY.—Any grant under this section to a grantee by a State or State designated entity, any assistance provided to a recipient by a State or State designated entity, and any grant, award, or other assistance from an affordable housing trust fund referred to in subsection (h) shall be considered a Federal award for purposes of the Federal Funding Accountability and Transparency Act of 2006 (31 U.S.C. 6101 note). Upon the request of the Secretary of the Office of Management and Budget, the Secretary shall obtain and provide such information regarding any such grants, assistance, and awards as the Secretary of the Office of Management and Budget considers necessary to comply with the requirements of such Act, as applicable, pursuant to the preceding sentence.

''SEC. 1339. CAPITAL MAGNET FUND.

''(a) ESTABLISHMENT.—There is established in the Treasury of the United States a trust fund to be known as the Capital Magnet Fund, which shall be a special account within the Community Development Financial Institutions Fund.

''(b) DEPOSITS TO TRUST FUND.—The Capital Magnet Fund shall consist of—

''(1) any amounts transferred to the Fund pursuant to section 1337; and

''(2) any amounts as are or may be appropriated, transferred, or credited to such Fund under any other provisions of law.

''(c) EXPENDITURES FROM TRUST FUND.—Amounts in the Capital Magnet Fund shall be available to the Secretary of the Treasury to carry out a competitive grant program to attract private capital for and increase investment in—

''(1) the development, preservation, rehabilitation, and purchase of affordable housing for primarily extremely low-, very low-, and low-income families; and

''(2) economic development activities or community service facilities, such as day care centers, workforce development centers, and health care clinics, which in conjunction with affordable housing activities implement a concerted strategy to stabilize or revitalize a low-income area or underserved rural area.

''(d) FEDERAL ASSISTANCE.—All assistance provided using amounts in the Capital Magnet Fund shall be considered to be Federal financial assistance.

''(e) ELIGIBLE GRANTEES.—A grant under this section may be made, pursuant to such requirements as the Secretary of the Treasury shall establish for experience and success in attracting private financing and carrying out the types of activities proposed under the application of the grantee, only to—

''(1) a community development financial institution; or

''(2) a nonprofit organization having as 1 of its principal purposes the development or management of affordable housing.

''(f) ELIGIBLE USES.—Grant amounts awarded from the Capital Magnet Fund pursuant to this section may be used for the purposes described in paragraphs (1) and (2) of subsection (c), including for the following uses:

''(1) To provide loan loss reserves.

''(2) To capitalize a revolving loan fund.

''(3) To capitalize an affordable housing fund.

''(4) To capitalize a fund to support activities described in subsection (c)(2).

''(5) For risk-sharing loans.

''(g) APPLICATIONS.—

''(1) IN GENERAL.—The Secretary of the Treasury shall provide, in a competitive application process established by regulation, for eligible grantees under subsection (e) to submit applications for Capital Magnet Fund grants to the Secretary at such time and in such manner as the Secretary shall determine.

''(2) CONTENT OF APPLICATION.—The application required under paragraph (1) shall include a detailed description of—

''(A) the types of affordable housing, economic, and community revitalization projects that support or sustain residents of an affordable housing project funded by a grant under this section for which such grant amounts would be used, including the proposed use of eligible grants as authorized under this section;

''(B) the types, sources, and amounts of other funding for such projects; and

''(C) the expected timeframe of any grant used for such project.

''(h) GRANT LIMITATION.—

''(1) IN GENERAL.—Any 1 eligible grantee and its subsidiaries and affiliates may not be awarded more than 15 percent of the aggregate funds available for grants during any year from the Capital Magnet Fund.

''(2) GEOGRAPHIC DIVERSITY.—

''(A) GOAL.—The Secretary of the Treasury shall seek to fund activities in geographically diverse areas of economic distress, including metropolitan and underserved rural areas in every State.

''(B) DIVERSITY DEFINED.—For purposes of this paragraph, geographic diversity includes those areas that meet objective criteria of economic distress developed by the Secretary of the Treasury, which may include—

''(i) the percentage of low-income families or the extent of poverty;

''(ii) the rate of unemployment or underemployment;

''(iii) extent of blight and disinvestment;

''(iv) projects that target extremely low-, very low-, and low-income families in or outside a designated economic distress area; or

''(v) any other criteria designated by the Secretary of the Treasury.

''(3) LEVERAGE OF FUNDS.—Each grant from the Capital Magnet Fund awarded under this section shall be reasonably expected to result in eligible housing, or economic and community development projects that support or sustain an affordable housing project funded by a grant under this section whose aggregate costs total at least 10 times the grant amount.

''(4) COMMITMENT FOR USE DEADLINE.—Amounts made available for grants under this section shall be committed for use within 2 years of the date of such allocation. The Secretary of the Treasury shall recapture into the Capital Magnet Fund any amounts not so used or committed for use and allocate such amounts in the first year after such recapture.

''(5) LOBBYING RESTRICTIONS.—No assistance or amounts made available under this section may be expended by an eligible grantee to pay any person to influence or attempt to influence any agency, elected official, officer or employee of a State or local government in connection with the making, award, extension, continuation, renewal, amendment, or modification of any State or local government contract, grant, loan, or cooperative agreement as such terms are defined in section 1352 of title 31, United States Code.

''(6) PROHIBITION OF CONSIDERATION OF USE FOR MEETING HOUSING GOALS OR DUTY TO SERVE.—In determining the compliance of enterprises with the housing goals under this section and the duty to serve underserved markets under section 1335, the Secretary of Housing and Urban Development may not consider any Capital Magnet Fund amounts used under this section for eligible activities under subsection (f). The Secretary of Housing and Urban Development shall give credit toward the achievement of such housing goals and such duty to serve underserved markets to purchases by the enterprises of mortgages for housing that receives funding from Capital Magnet Fund grant amounts, but only to the extent that such purchases

by the enterprises are funded other than with such grant amounts.

''(7) ACCOUNTABILITY OF RECIPIENTS AND GRANTEES.—

''(A) TRACKING OF FUNDS.—The Secretary of the Treasury shall—

''(i) require each grantee to develop and maintain a system to ensure that each recipient of assistance from the Capital Magnet Fund uses such amounts in accordance with this section, the regulations issued under this section, and any requirements or conditions under which such amounts were provided; and

''(ii) establish minimum requirements for agreements, between the grantee and the Capital Magnet Fund, regarding assistance from the Capital Magnet Fund, which shall include—

''(I) appropriate periodic financial and project reporting, record retention, and audit requirements for the duration of the grant to the recipient to ensure compliance with the limitations and requirements of this section and the regulations under this section; and

''(II) any other requirements that the Secretary determines are necessary to ensure appropriate grant administration and compliance.

''(B) MISUSE OF FUNDS.—If the Secretary of the Treasury determines, after reasonable notice and opportunity for hearing, that a grantee has failed to comply substantially with any provision of this section and until the Secretary is satisfied that there is no longer any such failure to comply, the Secretary shall—

''(i) reduce the amount of assistance under this section to the grantee by an amount equal to the amount of Capital Magnet Fund grant amounts which were not used in accordance with this section;

''(ii) require the grantee to repay the Secretary an amount equal to the amount of the amount of Capital Magnet Fund grant amounts which were not used in accordance with this section;

''(iii) limit the availability of assistance under this section to the grantee to activities or recipients not affected by such failure to comply; or

''(iv) terminate any assistance under this section to the grantee.

''(i) PERIODIC REPORTS.—

''(1) IN GENERAL.—The Secretary of the Treasury shall submit a report, on a periodic basis, to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives describing the activities to be funded under this section.

''(2) REPORTS AVAILABLE TO PUBLIC.—The Secretary of the Treasury shall make the reports required under paragraph (1) publicly available.

''(j) AFFORDABLE HOUSING TRUST FUND.—If, after the date of enactment of the Government Sponsored Enterprise Mission Improvement Act, in any year, there is enacted any provision of Federal law establishing an affordable housing trust fund other than under this title for use only for grants to provide affordable rental housing and affordable homeownership opportunities, the Secretary of the Treasury shall in such year and any subsequent years transfer to that affordable housing trust fund the aggregate amount allocated pursuant to this section in such year or years. Notwithstanding any other provision of law, assistance provided using amounts transferred to such affordable housing trust fund pursuant to this subsection may not be used for any of the activities specified in subsection (h)(5).

''(k) REGULATIONS.—

''(1) IN GENERAL.—The Secretary of the Treasury shall issue regulations to carry out this section.

''(2) REQUIRED CONTENTS.—The regulations issued under this subsection shall include—

''(A) authority for the Secretary to audit, provide for an audit, or otherwise verify an enterprise's activities, to ensure compliance with this section;

''(B) a requirement that the Secretary ensure that the allocation of each enterprise is audited not less than annually to ensure compliance with this section; and

''(C) requirements for a process for application to, and selection by, the Secretary for activities to be funded with amounts from the Capital Magnet Fund, which shall provide that—

''(i) funds be fairly distributed to urban, suburban, and rural areas;

''(ii) selection shall be based upon specific criteria, including a prioritization of funding based upon—

''(I) the ability to use such funds to generate additional investments;

''(II) affordable housing need (taking into account the distinct needs of different regions of the country); and

''(III) ability to obligate amounts and undertake activities so funded in a timely manner.''.

SEC. 8. ENFORCEMENT.

(a) CEASE-AND-DESIST PROCEEDINGS.—Section 1341 of the Housing and Community Development Act of 1992 (12 U.S.C. 4581) is amended—

(1) by striking subsection (a) and inserting the following new subsection:

''(a) GROUNDS FOR ISSUANCE.—The Secretary may issue and serve a notice of charges under this section upon an enterprise if the Secretary determines—

''(1) the enterprise has failed to meet any housing goal established under subpart B, following a written notice and determination of such failure in accordance with section 1336;

''(2) the enterprise has failed to submit a report under section 1314, following a notice of such failure, an opportunity for comment by the enterprise, and a final determination by the Secretary;

''(3) the enterprise has failed to submit the information required under subsection (m) or (n) of section 309 of the Federal National Mortgage Association Charter Act, or subsection (e) or (f) of section 307 of the Federal Home Loan Mortgage Corporation Act;

''(4) the enterprise has violated any provision of this part or any order, rule, or regulation under this part;

''(5) the enterprise has failed to submit a housing plan that complies with section 1336(c) within the applicable period; or

''(6) the enterprise has failed to comply with a housing plan under section 1336(c).'';

(2) in subsection (b)(2), by striking ''requiring the enterprise to'' and all that follows through the end of the paragraph and inserting the following: ''requiring the enterprise to—

''(A) comply with the goal or goals of this subpart;

''(B) submit a report under section 1314;

''(C) comply with any provision of this part or any order, rule, or regulation under such part;

''(D) submit a housing plan in compliance with section 1336(c);

''(E) comply with a housing plan submitted under section 1336(c); or

''(F) provide the information required under subsection (m) or (n) of section 309 of the Federal National Mortgage Association Charter Act or subsection (e) or (f) of section 307 of the Federal Home Loan Mortgage Corporation Act, as applicable.'';

(3) in subsection (c), by inserting ''date of the'' before ''service of the order''; and

(4) by striking subsection (d).

(b) AUTHORITY OF SECRETARY TO ENFORCE NOTICES AND ORDERS.—Section 1344 of the Housing and Community Development Act of 1992 (12 U.S.C. 4584) is amended by striking subsection (a) and inserting the following new subsection:

''(a) ENFORCEMENT.—

''(1) IN COURT.—The Secretary may, in the discretion of the Secretary, apply to the United States District Court for the District of Columbia, or the United States district court within the jurisdiction of which the headquarters of the enterprise is located, for the enforcement of any effective and outstanding notice or order issued under section 1341 or 1345, or request that the Attorney General of the United States bring such an action.

''(2) COURT AUTHORITY.—A court described under paragraph (1) shall have jurisdiction and power to order and require compliance with any notice or order issued pursuant to paragraph (1).''.

(c) CIVIL MONEY PENALTIES.—Section 1345 of the Housing and Community Development Act of 1992 (12 U.S.C. 4585) is amended—

(1) by striking subsections (a) and (b) and inserting the following new subsections:

''(a) AUTHORITY.—The Secretary may impose a civil money penalty, in accordance with the provisions of this section, on any enterprise that has failed to—

''(1) meet any housing goal established under subpart B, following a written notice and determination of such failure in accordance with section 1336(b);

''(2) submit a report under section 1314, following a notice of such failure, an opportunity for comment by the enterprise, and a final determination by the Secretary;

''(3) submit the information required under subsection (m) or (n) of section 309 of the Federal National Mortgage Association Charter Act, or subsection (e) or (f) of section 307 of the Federal Home Loan Mortgage Corporation Act;

''(4) comply with any provision of this part or any order, rule, or regulation under this part;

''(5) submit a housing plan pursuant to section 1336(c) within the required period; or

''(6) comply with a housing plan for the enterprise under section 1336(c).

''(b) AMOUNT OF PENALTY.—The amount of a civil money penalty under subsection (a), as determined by the Secretary, may not exceed—

''(1) for any failure described in paragraph (1), (5), or (6) of subsection (a), $50,000 for each day that the failure occurs; and

''(2) for any failure described in paragraph (2), (3), or (4) of subsection (a), $20,000 for each day that the failure occurs.'';

(2) in subsection (c)—

(A) in paragraph (1)—

(i) in subparagraph (A), by inserting ''and'' after the semicolon at the end;

(ii) in subparagraph (B), by striking ''; and'' and inserting a period; and

(iii) by striking subparagraph (C); and

(B) in paragraph (2), by inserting after the period at the end the following: ''In determining the penalty under subsection (a)(1), the Secretary shall give consideration to the length of time the enterprise should reasonably take to achieve the goal.'';

(3) in the first sentence of subsection (d)—

(A) by striking ''request the Attorney General of the United States to'' and inserting '', in the discretion of the Secretary,''; and

(B) by inserting '', or request that the Attorney General of the United States bring such an action'' before the period at the end;

(4) by striking subsection (f); and

(5) by redesignating subsection (g) as subsection (f).

(d) ENFORCEMENT OF SUBPOENAS.—Section 1348(c) of the Housing and Community Development Act of 1992 (12 U.S.C. 4588(c)) is amended—

(1) by striking ''request the Attorney General of the United States to'' and inserting '', in the discretion of the Secretary,''; and

(2) by inserting ''or request that the Attorney General of the United States bring such an action,'' after ''District of Columbia,''.

(e) CONFORMING AMENDMENT.—The heading for subpart C of part 2 of subtitle A of title XIII of the Housing and Community Development Act of 1992 is amended to read as follows:

''Subpart C—Enforcement''.

By Mr. COLEMAN (for himself and Ms. COLLINS):

S. 2394. A bill to amend the Internal Revenue Code of 1986 to simplify, modernize, and improve public notice of and access to tax lien information by providing for a national, Internet accessible, filing system for Federal tax liens, and for other purposes; to the Committee on Finance.

Mr. COLEMAN. Mr. President, I rise today to introduce the Good Government Contractor Act of 2007.

This legislation represents my continuing efforts targeting federal contractors with tax debt. For several years, as Chair and now as Ranking Member of the Permanent Subcommittee on Investigations, I have led a bipartisan Subcommittee effort, with the assistance of the Government Accountability Office, that has uncovered tens of thousands of deadbeat civilian and defense contractors.

What we are dealing with here are not everyday tax delinquents, but rather federal contractors who do not pay their fair share of taxes—despite receiving billions of dollars from American taxpayers each year. So far, since PSI began this effort, we have learned that 27,000 Federal contractors at the Department of Defense owed about $3 billion in unpaid taxes; 33,000 Federal contractors at civilian agencies owed back taxes amounting to $3.3 billion; 3,800 Federal contractors who contract with the General Services Administration owe back taxes amount to $1.4 billion.

These contractors are not just cheating the American taxpayer but in many cases cheating their own employees by using payroll taxes for their business or personal use. The Subcommittee has learned of contractors who have bought luxury cars, boats, and multi-million dollar properties, even though they owed hundreds of thousands of dollars in unpaid taxes.

At the end of the day, these contractors are not only shifting the burden to honest taxpayers but also depriving the Treasury of funds that could be used to address critical priorities from education to health care to the fight against terrorism. Accordingly, as part of my on-going effort to safeguard the interest of the American taxpayer and honest federal contractors, I am introducing legislation to better target tax cheating contractors.

More specifically, my legislation will amend the Federal Acquisition Regulations to consider a responsible contractor as one without any tax debt; require the Department of Defense, GSA and NASA to issue a final rule relating to tax delinquency; establish a national electronic tax lien filing system; create a Federal tax conviction database for the purposes of verifying contractor tax information; and establish as cause for debarment or suspension for knowingly making false statements regarding Federal tax information or prior convictions or civil judgments for Federal tax evasion or other Federal Tax offenses.

My bill will also repeal the indiscriminant three percent tax withholding requirement on all contractors, something which the vast majority of responsible, tax-paying government contractors, as well as State and local units of government, will appreciate. Last year, Congress passed into law a well-intentioned but highly problematic measure establishing a three percent withholding tax on all government contractors. Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 will impose a 3 percent withholding tax on Federal, State and local payments for goods and services beginning in 2011, except for local governments with annual spending of less than $100 million for goods and services. While this measure will obviously capture the bad apples, it unfortunately will also hit honest contractors—some of whose business livelihoods could well be jeopardized as a result. Another serious side effect will be the administrative burden on State and local governments, which could ultimately heighten the cost of doing business in a much larger sense.

Rather than this broad and cumbersome approach, my Good Government Contractor Act of 2007 will replace the blanket three percent withholding requirement with measures focused on just the bad actors. In closing, my bill will protect taxpayers, State and local governments, and law-abiding government contractors by holding deadbeat contractors accountable in a strict but fair way.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 2394

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the ''Good Government Contractor Act of 2007''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 2. REPEAL OF IMPOSITION OF WITHHOLDING ON CERTAIN PAYMENTS MADE TO VENDORS BY GOVERNMENT ENTITIES.

The amendment made by section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 is repealed and the Internal Revenue Code of 1986 shall be applied as if such amendment had never been enacted.

SEC. 3. FAR CONTRACTOR QUALIFICATIONS.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council shall amend the Federal Acquisition Regulation issued under sections 6 and 25 of the Office of Federal Procurement Policy Act (41 U.S.C. 405 and 421) to provide that for a prospective contractor to be determined responsible, such contractor must not have any tax debt.

(b) TAX DEBT.—For purposes of this section, the term ''tax debt'' means an outstanding debt under the Internal Revenue Code of 1986 which has not been paid within 180 days after an assessment of a tax, penalty, or interest and which is not subject to further appeal or a petition for redetermination under such Code. Such term does not include a debt that is being paid in a timely manner pursuant to an agreement under section 6159 or section 7122 of such Code.

SEC. 4. FINAL RULE PROMULGATION.

Not later than 180 days after the date of the enactment of this Act, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council shall make final the proposed rule FAR Case 2006–011 (Representations and Certifications—Tax Delinquency).

SEC. 5. NATIONAL TAX LIEN FILING SYSTEM.

(a) FILING OF NOTICE OF LIEN.—Subsection (f) of section 6323 (relating to validity and priority against certain persons) is amended to read as follows:

''(f) FILING OF NOTICE; FORM.—

''(1) FILING OF NOTICE.—The notice referred to in subsection (a) shall be filed in the national Federal tax lien registry established under subsection (k). The filing of a notice of lien, or a certificate of release, discharge, subordination, or nonattachment of lien, in the national Federal tax lien registry shall be effective for purposes of determining lien priority regardless of the nature or location of the property interest to which the lien attaches.

''(2) FORM.—The form and content of the notice referred to in subsection (a) shall be prescribed by the Secretary. Such notice shall be valid notwithstanding any other provision of law regarding the form or content of a notice of lien.

''(3) OTHER NATIONAL FILING SYSTEMS.—The filing of a notice of lien shall be governed by this title and shall not be subject to any other Federal law establishing a place or places for the filing of liens or encumbrances under a national filing system.''.

(b) REFILING OF NOTICE.—Paragraph (2) of section 6323(g) (relating to refiling of notice) is amended to read as follows:

''(2) REFILING.—A notice of lien may be refiled in the national Federal tax lien registry established under subsection (k).''.

(c) RELEASE OF TAX LIENS OR DISCHARGE OF PROPERTY.—

(1) IN GENERAL.—Section 6325(a) (relating to release of lien) is amended by inserting '', and shall cause the certificate of release to be filed in the national Federal tax lien registry established under section 6323(k),'' after ''internal revenue tax''.

(2) RELEASE OF TAX LIENS EXPEDITED FROM 30 TO 10 DAYS.—Section 6325(a) (relating to release of lien) is amended by striking ''not later than 30 days'' and inserting ''not later than 10 days''.

(3) DISCHARGE OF PROPERTY FROM LIEN.—Section 6325(b) (relating to discharge of property) is amended—

(A) by inserting '', and shall cause the certificate of discharge to be filed in the national Federal tax lien registry established under section 6323(k),'' after ''under this chapter'' in paragraph (1),

(B) by inserting '', and shall cause the certificate of discharge to be filed in such national Federal tax lien registry,'' after ''property subject to the lien'' in paragraph (2),

(C) by inserting '', and shall cause the certificate of discharge to be filed in such national Federal tax lien registry,'' after ''property subject to the lien'' in paragraph (3), and

(D) by inserting '', and shall cause the certificate of discharge of property to be filed in such national Federal tax lien registry,'' after ''certificate of discharge of such property'' in paragraph (4).

(4) DISCHARGE OF PROPERTY FROM ESTATE OR GIFT TAX LIEN.—Section 6325(c) (relating to estate or gift tax) is amended by inserting '', and shall cause the certificate of discharge to be filed in the national Federal tax lien registry established under section 6323(k),'' after ''imposed by section 6324''.

(5) SUBORDINATION OF LIEN.—Section 6325(d) (relating to subordination of lien) is amended by inserting '', and shall cause the certificate of subordination to be filed in the national Federal tax lien registry established under section 6323(k),'' after ''subject to such lien''.

(6) NONATTACHMENT OF LIEN.—Section 6325(e) (relating to nonattachment of lien) is amended by inserting '', and shall cause the certificate of nonattachment to be filed in the national Federal tax lien registry established under section 6323(k),'' after ''property of such person''.

(7) EFFECT OF CERTIFICATE.—Paragraphs (1) and (2)(B) of section 6325(f) (relating to effect of certificate) are each amended by striking ''in the same office as the notice of lien to which it relates is filed (if such notice of lien has been filed)'' and inserting ''in the national Federal tax lien registry established under section 6323(k)''.

(8) RELEASE FOLLOWING ADMINISTRATIVE APPEAL.—Section 6326(b) (relating to certificate of release) is amended—

(A) by striking ''and shall include'' and insert '', shall include'', and

(B) by inserting '', and shall cause the certificate of release to be filed in the national Federal tax lien registry established under section 6323(k),'' after ''erroneous''.

(9) CONFORMING AMENDMENTS.—Section 6325 is amended by striking subsection (g) and by redesignating subsection (h) as subsection (g).

(d) NATIONAL FEDERAL TAX LIEN REGISTRY.—

(1) IN GENERAL.—Section 6323 is amended by adding at the end the following new subsection:

''(k) NATIONAL REGISTRY.—The national Federal tax lien registry referred to in subsection (f)(1) shall be established and maintained by the Secretary and shall be accessible to and searchable by the public through the Internet at no cost to access or search. The registry shall identify the taxpayer to whom the Federal tax lien applies and reflect the date and time the notice of lien was filed, and shall be made searchable by, at a minimum, taxpayer name, the State of the taxpayer's address as shown on the notice of lien, the type of tax, and the tax period, and, when the Secretary determines it is feasible, by property. The registry shall also provide for the filing of certificates of release, discharge, subordination, and nonattachment of Federal tax liens, as authorized in sections 6325 and 6326, and may provide for publishing such other documents or information with respect to Federal tax liens as the Secretary may by regulation provide.''.

(2) ADMINISTRATIVE ACTION.—The Secretary of the Treasury shall issue regulations or other guidance providing for the maintenance and use of the national Federal tax lien registry established under section 6323(k) of the Internal Revenue Code of 1986. The Secretary of the Treasury shall take appropriate steps to secure and prevent tampering with the data recorded therein. Prior to implementation of such registry, the Secretary of the Treasury shall review the information currently provided in public lien filings and determine whether any such information should be excluded or protected from public viewing in such registry.

(e) TRANSITION RULES.—The Secretary of the Treasury may by regulation prescribe for the continued filing of notices of Federal tax lien in the offices of the States, counties and other governmental subdivisions after December 31, 2008, for an appropriate period to permit an orderly transition to the national Federal tax lien registry established under section 6323(k) of the Internal Revenue Code of 1986.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to notices of lien filed after December 31, 2008. The national Federal tax lien registry (established under section 6323(k) of the Internal Revenue Code of 1986) shall be made operational as of January 1, 2009, whether or not the Secretary of the Treasury has promulgated final regulations establishing such registry.

SEC. 6. FEDERAL TAX CONVICTION DATABASE.

(a) IN GENERAL.—The Attorney General of the United States shall establish and maintain a database containing the names of individuals and entities with convictions for Federal tax offenses under the Internal Revenue Code of 1986. Such database shall be accessible and searchable by the head of any Federal agency for purposes of verifying information provided by prospective contractors.

(b) ADMINISTRATIVE ACTION.—The Attorney General shall issue regulations or other guidance providing for the maintenance and use of the database established under subsection (a). The Attorney General shall take appropriate steps to secure and prevent tampering with the data recorded therein.

SEC. 7. REQUIRED ACCESS TO REGISTRY AND DATABASE.

Not later than 180 days after the date of the enactment of this Act, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council shall amend the Federal Acquisition Regulation issued under sections 6 and 25 of the Office of Federal Procurement Policy Act (41 U.S.C. 405 and 421) to require a contracting officer making a determination of responsibility with respect to any prospective contractor to access the national Federal tax lien registry established under section 6323(k) of the Internal Revenue Code of 1986 and the Federal tax conviction database established under section 6 of this Act.

SEC. 8. CAUSES FOR DEBARMENT AND SUSPENSION.

Not later than 180 days after the date of the enactment of this Act, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council shall amend the Federal Acquisition Regulation issued under sections 6 and 25 of the Office of Federal Procurement Policy Act (41 U.S.C. 405 and 421)—

(1) to provide as a cause for either contractor debarment or suspension the knowingly making of false statements regarding Federal tax information, including on the Online Representations and Certifications Application or to the Central Contractor Registry, incurring a tax debt (as defined in section 3(b)), or the conviction or imposition of a civil judgment for the commission of Federal tax evasion or any other Federal tax offense, and

(2) to require the debarring official or suspending official to provide a statement of explanation for the nondebarment or non-suspension of any contractor in any determination involving any cause for debarment or suspension described in paragraph (1).

By Mrs. CLINTON (for herself and Mr. ROCKEFELLER):

S. 2395. A bill to establish an adoption process improvement pilot program; to the Committee on Health, Education, Labor, and Pensions.

Mrs. CLINTON. Mr. President, I am here today to introduce legislation in honor of National Adoption Day that will address the needs of children waiting to be adopted from our Nation's foster care system. These are children who are unable to return home to their natural parents and are in need of permanent, loving, adoptive homes. In recent years, Congress has acted to implement supports for this population by creating programs that allow states to pursue creative and innovative methods for increasing foster care adoptions. However, today, tens of thousands of children are still waiting for families. There is still more work to be done.

According to current federal estimates, there are 114,000 children in foster care with the goal of adoption. Of these, only 13 percent are living in a pre-adoptive home. Moreover, each year in the public child welfare system, more children are made eligible for adoption than find permanent adoptive homes. For example, in fiscal year 2005—the most recent year for which statistics are available—states finalized 15,000 more terminations of parental rights than adoptions. Taken together, these statistics describe a tremendous pool of children lingering in foster care, waiting for a ''forever family.'' We know the longer children languish in foster care, the more they are at risk for developing a range of psychological, behavioral, and educational problems. Therefore, permanence for these children is essential.

Child welfare professionals across the country lament a lack of adoptive families for children in foster care. However, an untapped resource exists. A recent study conducted by the Evan B. Donaldson Adoption Institute in collaboration with Harvard University and the Urban Institute notes that, in a given year, 240,000 people will call for information about adopting a child from foster care, but only a fraction will see the process through to adoption. This research states that prospective parents are often alienated from the adoption process at an early stage; these individuals experience unpleasant initial contacts and report difficulty in navigating the adoption process. Out of frustration, they abandon their pursuit of bringing a foster child permanently into their home.

Therefore, I am pleased to introduce the Adoption Improvement Act of 2007. This legislation establishes funding for a demonstration project aimed at reducing the attrition of prospective parents from the adoption process. Participating states will implement a rigorous program that strengthens the first contact prospective adopters have when they make that critical, initial inquiry into adopting a child. The bill calls on programs to include a specialized adoption hotline; hire employees who are trained to respond to callers' requests sensitively and efficiently; and incorporate the input of parents who have already adopted children from foster care. In addition, programs will provide explicit information to parents about how to make their way through the various adoption procedures; describe the rewards and challenges of the adoption process; and establish a buddy system that partners prospective parents with those who have already adopted foster children successfully. Finally, all agencies in the demonstration project will participate in a thorough program evaluation.

This month is National Adoption Month, and tomorrow, November 17, 2007, is National Adoption Day—a day to celebrate the families that have already been joined through adoption, and to call attention to the thousands of children still waiting for permanent homes. I am delighted to join Senators LANDRIEU and COLEMAN in their forthcoming resolution acknowledging the importance of National Adoption Month and National Adoption Day. I encourage my colleagues in Congress to take the messages of this resolution and my bill with them, beyond just this November, into the future.

The national data compel us to take action. Too many children in our Nation's foster care system are in desperate need of stable, loving homes, and there are thousands of potential parents out there yearning to provide them. I would like to thank my colleague Senator ROCKEFELLER for joining me in this important effort. Please join me in bringing these groups together so that children in foster care can find the families they deserve.

By Mr. HATCH (for himself, Mr. ROCKEFELLER, Mr. LOTT, and Mr. KENNEDY):

S. 2396. A bill to amend title XI of the Social Security Act to modernize the quality improvement organization (QIO) program; to the Committee on Finance.

Mr. HATCH. Mr. President, today I join with Senators ROCKEFELLER, LOTT, and KENNEDY to introduce the Medicare Quality Improvement Modernization Act of 2007, S. 2396.

As background for my colleagues, Medicare's Quality Improvement Organization, QIO, program has been in existence for 35 years. The program's intent has always been to assure that Medicare's beneficiaries receive high quality medical care. The program has undergone a steady evolution. What began as a program that called attention to hospitals and physicians whose care deviated from the norms of medical practice has morphed into one that seeks to help physicians, hospitals, nursing homes and other providers develop systems to improve their quality of care.

The program has changed as the definition of quality changed. When Medicare's peer review program was initiated, high quality care for a Medicare beneficiary was simply not to be among the unfortunate few whose medical care deviated from the norms of local medical practice. Fortunate for them, however, quality today is the routine adherence of providers to nationally accepted standards of care.

The legislative changes we propose for the QIO program reflects an ever-advancing definition of quality medical care and a focus on helping providers obtain it.

The QIO program has three functions. First, the program reviews the medical care of beneficiaries who have complaints about their care and provides the beneficiaries opinions. Second, the program supports intensive work with practitioners, nursing homes, managed care plans and hospitals to develop delivery systems that improve the quality of their care. Third the program publicly reports system-level performance measures.

The bill I introduce today is faithful to the results of a congressionally-mandated review of the QIO program reported in February, 2006. In that review, the IOM concluded ''The QIO program provides a potentially valuable nationwide infrastructure dedicated to promoting quality health care.'' For example, the QIO program is responsible for a substantial part of the National Healthcare Quality Report published by the Agency for Healthcare Research and Quality.

The IOM report called for changes in the QIO program. Its principal findings and recommendations were that the local QIO boards are heavily physician-dominated with little consumer representation. Existing legislation requires specific levels of physician involvement, an outmoded board structure.

Also, the QIO functions should be harmonized with other federal quality Initiatives.

It found that the QIOs were ''. . . restricted from contracting with health care providers in its state for technical assistance or review services similar to those covered by its core Medicare contract.'' The IOM committee concluded that QIOs would be able to serve more providers and expand their function beyond Medicare beneficiaries to the entire healthcare system if they could contract for services to supplement their CMS funds.

The Committee also recommended removal of restrictions on public access to the QIO's findings. For instance, beneficiaries have been unable to review the results of investigations that they requested.

The IOM recommended that beneficiary reviews be removed from the local QIOs.

The IOM committee concluded that Congress and the secretary of DHHS and CMS should improve program management by enhancing the contracting process and improving communication with the QIOs.

The legislation I propose seeks to strengthen the QIO's infrastructure to fit with an ever-tightening standard of quality in medicine, believing that doctors and hospitals want to do the right thing but also that patients should have their say.

Many of the changes recommended by the Institute of Medicine's experts and accepted by the experts at CMS do not require statutory change, but some do. Some program modifications are sufficiently critical to Medicare's beneficiaries, that while statutory language may not be required to affect them, a Congressional mandate is needed to assure them.

First, the Quality Improvement Organization Modernization Act of 2007 specifies that the Quality Improvement Organizations offer education, instruction, and technical assistance to providers, practitioners, and Medicare Advantage plans. It incorporates plans and providers in urban, rural, and frontier areas and providers that treat racial and ethnic minorities.

Second, our bill strengthens the review process for individual Medicare beneficiaries. The QIOs must actively educate beneficiaries of their right to bring any concerns to the QIOs. The QIOs must work with providers who are reviewed to correct deficiencies where they exist and to improve communication with patients where they do not.

The bill specifies that the findings of the review must be disclosed to the beneficiary requesting the review but not before giving the provider an opportunity to respond to the findings. The review functions are left with the local QIOs and not delegated to other entities to perform.

The bill specifies that the findings of reviews may not be used in medical malpractice litigation, otherwise the QIOs would serve more to screen cases for litigation than they would to improve the quality of care.

Third, in order to be certain that the QIOs are appropriately judging the severity of the errors they find and appropriately recommending sanctions to the Secretary, the Office of Inspector General will contract for an audit of 10 percent of one year's QIO reviews during each 5-year contract period.

Fourth, program administration is strengthened and its goals focused. The program's scope of work must incorporate the priorities of local stakeholders.

A strategic advisory committee will advise the Secretary on program goals, on program performance, and on harmonization of the QIO's quality functions with other federal and non-federal quality initiatives.

The GAO is instructed to report on implementation of program changes 1 year after the first 5-year contract period following enactment of this legislation. The adequacy of funding allocated to the QIOs for local initiatives has been in dispute among the QIOs. Congress is to receive an independent report about the adequacy of QIO financing before the initiation of each contract period.

The contracting process is strengthened by mandating timely contracting with the QIOs by CMS and by lengthening the contract period from 3 to 5 years. All QIOs must bid competitively every 5 years.

Fifth, local boards have been physician-dominated with little consumer representation. Our bill eliminates the requirement that QIOs must be physician sponsored organizations. Our bill improves local QIO accountability by strengthening the authority of the Secretary over board structure and function. It authorizes the Secretary to ensure that non-physician quality experts and qualified consumers are given appropriate representation on state QIO boards. It authorizes the Secretary to ensure that the board structure is appropriate, that the compensation of board members and executives is market-based and that conflict of interest among board members is mitigated.

Sixth, as the QIOs focus more of their energies on working with providers to improve quality the demand for their services in this endeavor exceed their resources. For example, the number of doctors requesting help from the Utah QIO in selecting information technology for their offices far exceeds the resources available to it from its CMS contract.

Our bill allows a QIO to contract with a provider or organization if it meets one of several requirements. Among them are that the QIO must receive no more than 5 percent of its revenue from a single provider or organization, or if the contracting organization is subject to review by the QIO, conflict of interest must be mitigated by using an out-of-state QIO to perform the reviews that the local QIO would otherwise perform.

The QIO program differs from other Federal health care quality programs in that it does not just measure quality; it works with providers to attain it. The Medicare Quality Improvement Organization Act of 2007 strengthens the rights of beneficiaries, strengthens the administration of the program and the contracting process, provides for more accountability of contractors, and focuses the program on creating quality systems.

I urge my colleagues to join with me in strengthening the QIO program. It is one of the cornerstones of the quality initiative not just for Medicare but for all Americans.

By Mr. LEAHY (for himself, Mr. COCHRAN, and Mr. DODD):

S.J. Res. 25. A joint resolution providing for the appointment of John W. McCarter as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

Mr. LEAHY. Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the RECORD.

There being no objection, the text of the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 25

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, in accordance with section 5581 of the Revised Statutes (20 U.S.C. 43), the vacancy on the Board of Regents of the Smithsonian Institution, in the class other than Members of Congress, occurring because of the expiration of the term of Walter E. Massey of Georgia, is filled by the appointment of John W. McCarter of Illinois, for a term of 6 years, effective on the date of the enactment of this resolution.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 385—HONORING THOSE WHO HAVE VOLUNTEERED TO ASSIST IN THE CLEANUP OF THE NOVEMBER 7, 2007, OIL SPILL IN SAN FRANCISCO BAY

Mrs. BOXER (for herself and Mrs. FEINSTEIN) submitted the following resolution; which was considered and agreed to:

S. RES. 385

Whereas the oil spill that occurred on November 7, 2007, in the San Francisco Bay resulted in the discharge of between 53,570 and 58,000 gallons of toxic bunker fuel, causing one of the Bay Area's worse environmental disasters;

Whereas 28 beaches were closed and over 1,300 birds so far have been severely impacted by the spill;

Whereas thousands of individuals throughout the San Francisco Bay Area immediately volunteered to assist with the cleanup;

Whereas Bay Area community non-profit organizations, such as San Francisco Connect, have also rallied to support the response and recovery work by supporting these volunteer efforts;

Whereas Bay Area environmental organizations, such as Baykeeper, Save the Bay, and Bay Institute, have provided invaluable leadership in reporting, assessing, and helping to remediate the damage to the Bay's ecosystem;

Whereas the Pacific Coast Federation of Fishermen's Associations, members of the San Francisco Crab Boat Owners Association, commercial crabbers, and other Bay Area fishermen have all joined the cleanup efforts as well; and

Whereas the city of San Francisco, particularly through its Department of Emergency Management, has significantly contributed to the overall response, bringing considerable resources to bear: Now, therefore, be it

Resolved, That the Senate honors those individuals and organizations who have volunteered to assist in the cleanup of the November 7, 2007, oil spill in one of our Nation's most beloved national treasures, the San Francisco Bay.

SENATE RESOLUTION 386—TO AUTHORIZE TESTIMONY AND LEGAL REPRESENTATION IN STATE OF NEBRASKA V. PAMIR J. SAFI

Mr. REID (for himself and Mr. MCCONNELL) submitted the following resolution; which was considered and agreed to:

S. RES. 386

Whereas, in the case of State of Nebraska v. Pamir J. Safi, No. CR05–87, pending in Nebraska District Court for Lancaster County in Lincoln, Nebraska, testimony has been requested from Dorothy Anderson and Blayne Garth Glissman, Jr., former employees in the office of Senator Chuck Hagel;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§288b(a) and 288c(a)(2), the Senate may direct its counsel to represent employees of the Senate with respect to any subpoena, order, or request for testimony relating to their official responsibilities;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate may, by the judicial or administrative process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate may promote the administration of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate: Now, therefore, be it

Resolved That Dorothy Anderson and Blayne Garth Glissman, Jr. are authorized to testify in the case of State of Nebraska v. Pamir J. Saji, except concerning matters for which a privilege should be asserted.

Sec. 2. The Senate Legal Counsel is authorized to represent Dorothy Anderson and Blayne Garth Glissman, Jr. in connection with the testimony authorized in section one of this resolution.

SENATE RESOLUTION 387—EXPRESSING THE SENSE OF THE SENATE REGARDING THE DEGRADATION OF THE JORDAN RIVER AND THE DEAD SEA AND WELCOMING COOPERATION BETWEEN THE PEOPLES OF ISRAEL, JORDAN, AND THE PALESTINIAN AUTHORITY

Mr. LUGAR (for himself and Mr. DURBIN) submitted the following resolution; which was considered and agreed to:

S. RES. 387

Whereas the Dead Sea and the Jordan River are bodies of water of exceptional historic, religious, cultural, economic, and environmental importance for the Middle East and the world;

Whereas the world's 3 great monotheistic faiths—Christianity, Islam, and Judaism—consider the Jordan River a holy place;

Whereas local governments have diverted more than 90 percent of the Jordan's traditional 1,300,000,000 cubic meters of annual water flow in order to satisfy a growing demand for water in the arid region;

Whereas the Jordan River is the primary tributary of the Dead Sea and the dramatically reduced flow of the Jordan River has been the primary cause of a 20 meter fall in the Dead Sea's water level and a ⅓ decline in the Dead Sea's surface area in less than 50 years;