

During our first 219 years, we went from a zero to a \$6.5 trillion economy, and then in 12 years doubled it to \$13.8.

I do admit, and I'm sorry, and I have to take the blame for it, we have had too much spending under Republicans not last year and this year, but for the years prior to that because we did things that were necessary to protect this country. Finally secured our border, made sure that we had, within this country, a safe airline system, the Department of Homeland Security. Lots of spending. Lots of money. Lots of employees. We've avoided getting an attack on this country since 9/11/2001.

I'm proud of what we're doing, and we need to keep giving confidence to the American people that the United States Congress can debate the ideas, and present them to the American public.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. ARCURI. Mr. Speaker, I would just like to point out in response to my friend from Texas for his comments is that he said that when the Republican Congress came in during President Clinton's administration, it was all about balancing the budget. It may very well have been. I wasn't here at that point.

It's just when I think about it, it's unfortunate that they forgot about that when President Bush took over the White House. Totally forgot about it. And in fact built up the largest deficits that we've ever seen in this country.

And they had some other priorities, and that was giving tax breaks to the wealthiest Americans, spending the surplus that we had on tax breaks for America's richest people, and that's unfortunate.

Mr. Speaker, under the rules, I withdraw House Resolution 1516.

The SPEAKER pro tempore. The resolution is withdrawn.

#### APPOINTING DAY FOR THE CONVENING OF THE FIRST SESSION OF THE 111TH CONGRESS

Mr. ARCURI. Mr. Speaker, I send to the desk a joint resolution and ask unanimous consent for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The text of the joint resolution is as follows:

H.J. RES. 100

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. DAY FOR CONVENING OF ONE HUNDRED ELEVENTH CONGRESS.

The first regular session of the One Hundred Eleventh Congress shall begin at noon on Tuesday, January 6, 2009.

#### SEC. 2. DATE FOR COUNTING 2008 ELECTORAL VOTES IN CONGRESS.

The meeting of the Senate and House of Representatives to be held in January 2009

pursuant to section 15 of title 3, United States Code, to count the electoral votes for President and Vice President cast by the electors in December 2008 shall be held on January 8, 2009 (rather than on the date specified in the first sentence of that section).

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### HOURLY OF MEETING ON TOMORROW

Mr. ARCURI. Mr. Speaker, I ask unanimous consent that when the House adjourns on this legislative day, it adjourn to meet at 8 a.m. tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

#### RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 10 o'clock and 10 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 0002

#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. JACKSON of Illinois) at 12 o'clock and 02 minutes a.m.

#### PROVIDING FOR CONSIDERATION OF SENATE AMENDMENT TO H.R. 3997, EMERGENCY ECONOMIC STABILIZATION ACT OF 2008

Ms. SLAUGHTER, from the Committee on Rules, submitted a privileged report (Rept. No. 110-903) on the resolution (H. Res. 1517) providing for consideration of the bill (H.R. 3997) to amend the Internal Revenue Code of 1986 to provide earnings assistance and tax relief to members of the uniformed services, volunteer firefighters, and Peace Corps volunteers, and for other purposes, which was referred to the House Calendar and ordered to be printed.

Ms. SLAUGHTER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1517 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1517

*Resolved*, That upon adoption of this resolution it shall be in order to take from the Speaker's table the bill (H.R. 3997) to amend the Internal Revenue Code of 1986 to provide earnings assistance and tax relief to members of the uniformed services, volunteer firefighters, and Peace Corps volunteers, and for other purposes, with the Senate amendment to the House amendment to the Senate amendment thereto, and to consider in the House, without intervention of any point of order, a motion offered by the chairman of

the Committee on Financial Services or his designee that the House concur in the Senate amendment to the House amendment to the Senate amendment with the amendment printed in the report of the Committee on Rules accompanying this resolution. The Senate amendment and the motion shall be considered as read. The motion shall be debatable for three hours equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services. The previous question shall be considered as ordered on the motion to final adoption without intervening motion.

SEC. 2. During consideration of the motion to concur pursuant to this resolution, notwithstanding the operation of the previous question, the Chair may, postpone further consideration of such motion to such time as may be designated by the Speaker.

The SPEAKER pro tempore. The gentlewoman from New York is recognized for 1 hour.

Ms. SLAUGHTER. Thank you, Mr. Speaker.

For the purpose of debate only, I yield the customary 30 minutes to my friend from California (Mr. DREIER). All time yielded during consideration of the rule is for debate only. I yield myself such time as I may consume. I also ask unanimous consent that all Members be given 5 legislative days in which to revise and extend their remarks on House Resolution 1517.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Ms. SLAUGHTER. Mr. Speaker, I am saddened to say that rarely has this body met under more dire circumstances. Our stock market is a roller coaster and the unemployment rate has soared. Many of our financial institutions, some of which were deemed "too big to fail" are on the brink of collapse. Our economy, the biggest and most robust in the world, is at a standstill.

This is the greatest financial crisis since Herbert Hoover's administration's lack of oversight led our Nation into the Great Depression.

We cannot steer ourselves through this crisis until we fully understand the road that we took to get here. After all, if we do not know what went wrong, how can we be sure to get it right in the future?

Like so many Americans and Members of the New Direction Congress, I am deeply disappointed by this administration's reckless deregulation that wrecked our once-booming economy.

Since the beginning of his first administration, President Bush has put incompetent people in charge of the Nation's most critical regulatory agencies; but because of this administration, big business always came first.

A complete loss of transparency and a reliance on voluntary measures led to the total deregulation of the financial services industry. Yet as SEC Chairman Christopher Cox said this week, "The last 6 months have made it abundantly clear that voluntary regulation does not work."

He went on to say the program was "fundamentally flawed from the beginning, because investment banks could

opt in or opt out of supervision voluntarily. The fact that investment bank holding companies could withdraw from this voluntary supervision at their discretion “diminished the perceived mandate” and “weakened its effectiveness.”

As President Franklin D. Roosevelt said, “We have always known that heedless self-interest was bad morals. We now know that it is bad economics as well.”

This administration should have heeded Roosevelt’s advice and followed his path to economic recovery by re-instituting important regulations on Wall Street. It is shocking and shameful that it took this catastrophe to show the administration that big business cannot be expected to regulate itself in good conscience.

A recent survey by the University of Michigan found that 9 in 10 Americans feel that the economy is in a recession. It took a crisis of this magnitude to teach this administration what the American people clearly knew. And every day that Americans see the financial sector falter, they lose confidence in our economy. With many of the country’s major financial institutions declaring bankruptcy or on the verge of declaring bankruptcy, we no longer have a choice on whether to offer a rescue package. The alternative, we’ve been told, is pure disaster.

Financial failures help no one and put the savings of every family in jeopardy. Our jobs, our retirement savings, our college savings accounts for our children’s future, our investments in our own future are at risk due to the failure of this industry.

I have heard from hundreds of my constituents who are enraged at the lack of oversight that caused this mess. Congress is going ahead with this intervention because we’ve been warned that without it, Main Street could feel as much pain as Wall Street.

When deregulation happened in the last century, it led to bread lines and Hoovervilles. Today, the New Direction Congress is working to shield Main Street from all of that and to lead us out of this mess to a brighter and more prosperous future.

As FDR said, “There are many ways of going forward, but only one way of standing still.” And after much deliberation, we are moving forward with a bill that we hope will benefit all Americans. We believe and hope that this legislation can begin to stabilize our markets and start recovering consumer confidence.

One week ago, we were handed an ultimatum for a blank check of \$700 billion which lacked the very accountability and transparency—let me repeat that because this is so important—that demand for the bailout lacked the very accountability and transparency that contributed to the problem in the first place. And many safeguards, I’m happy to say, have been added to this bill since that time.

We’ve worked hard to ensure that this package benefits consumers and homeowners more than it does the people who caused the crisis. We vowed that any bill that we passed would include serious oversight and transparency of any funds provided to the Secretary of the Treasury, and that’s exactly what this proposal does.

As the Speaker said, we have a three-part plan to reinvest, reimburse, and to reform.

We will first rescue the troubled credit and financial markets to stabilize and to reinvest in our economy and insulate hardworking Americans; second, we will reimburse the taxpayer for every dime as the plan begins to work; and third, we will reform how business is done on Wall Street with no more golden parachutes for CEOs, trimmed executive compensation, and sweeping congressional investigation and regulations to prevent future abuses.

By passing this bill, we’re standing up for all Americans by ensuring that there will be no help for Wall Street without this help for Main Street. We’re standing up for taxpayers by ensuring that this is not a blank check, and we are standing up for homeowners by taking actions to prevent foreclosures that are driving down home values across America.

To help Americans keep their homes, this bill will allow the government to help modify loans by reducing the principal, the interest rate, or by increasing their window of time to pay back the loan.

Although the administration’s initial proposal called for no congressional or agency oversight, Democrats will require an appointed oversight panel to frequently report to the Congress—monthly—on what the Secretary of the Treasury is doing.

In addition, Democrats insisted that the nonpartisan Government Accountability Office, the GAO, will have an office inside the Department of Treasury to handle the funds. This will help to ensure any money spent is done in a way that is responsible to the American people.

We are committed to using as little taxpayer money as is absolutely necessary, and we are set on recovering every cent.

Oversight and Government Reform Committee Chairman HENRY WAXMAN will begin his oversight hearings next Wednesday. And in January with a new Congress and a new President, we will be ready to reinstate the regulations so cavalierly removed by the administration which believed that the financial industry could regulate itself—and it has with very dire results.

Finally, Democrats pushed to ensure that the government receives shares of any company that it provides with aid. After agreeing to rescue AIG from filing for bankruptcy, the government received a nearly 80 percent share in that company. The action was reassuring enough to the market that people are

now clamoring to buy the AIG assets. By making sure the government gets shares of companies that we aid, Democrats are working to revitalize this industry in a way that will benefit the taxpayers who are funding this rescue until the industry recovers; and by doing so, the New Direction Congress is standing up for swift action to ensure a more sound economic future for all Americans.

Mr. Speaker, we saw what happens when an administration deregulates industry to a point where insecure companies are expected to police themselves. And that is why this Democrat-led Congress is doing everything possible to ensure that America keeps working and that the government is working for America.

I reserve the balance of my time.

□ 0015

Mr. DREIER. Mr. Speaker, I would like to begin by thanking my friend from New York, the distinguished Chair of the Committee on Rules, the gentlewoman from Rochester for yielding me the time. I yield myself such time as I may consume.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, like most of my colleagues, I’m mad as hell that we are here. This is a very troubling moment in our Nation’s history, and it’s taken an awful lot of difficulty for us to get to this point.

I’d respond to the remarks offered by my good friend by saying that there is enough blame to go around. I’m angry at Wall Street bankers. I’m angry at mortgage brokers. I’m angry at individuals who have chosen to live way beyond their means, creating an anger level among those very responsible Americans who are paying their mortgages, meeting their car payments, and their other responsibilities. And I’m angry at Washington, D.C., all the way around.

Mr. Speaker, the underlying financial rescue bill that is before us this morning is the product of very difficult negotiations to address extremely challenging economic circumstances. Our economy, as we all acknowledge, is under tremendous duress right now, and it can be felt all across America by individuals and families from all walks of life.

While the dire circumstances of recent weeks have dominated the headlines, working Americans have been witnessing our national economic woes for many months. Long before the fall of large investment banks or high profile bailouts, they felt substantial economic pressure. They have faced steeply rising energy and food prices, while fearing for their jobs and their homes. As housing markets have crumbled and the credit crunch has ensued, the gulf between Main Street and Wall Street has never seemed so huge.

But, Mr. Speaker, the reality is the two have never been more closely entwined than they are right now. Foreclosures on Main Street caused the

value of many Wall Street assets to plummet. The resulting credit crunch has paralyzed growth at businesses, large and small.

This, in turn, has stunted job creation and driven up unemployment. The falling stock market threatens working Americans' pensions, retirement plans, and savings.

From the very beginning of this process, Republicans have known that we needed to craft an effective rescue package that returns our entire economy to sound footing. We knew that we simply could take an approach that pits Main Street and Wall Street against each other. As housing prices have collapsed, job creation has stagnated and the stock market has fallen, we have all suffered.

An effective economic plan is badly needed to restore our economy and create opportunity and prosperity for all Americans. We simply don't have the option or ability to save Wall Street without creating opportunity on Main Street and vice versa.

This is not a battle of us versus them. Mr. Speaker, we have to remember that we are all in this together as Americans.

Republicans also knew that we had to find a way to balance two powerful but opposing forces: the urgent need to act expeditiously, and the imperative to act prudently and effectively. We understood the urgency of our economic circumstances, but we also know that rushing into a flawed approach would benefit no one and risk plunging our economy into deeper turmoil.

From the outset, we demanded strong protections for taxpayer dollars. We demanded transparency and accountability. We demanded that the financial burden of any assistance not ultimately lie with the taxpayers. We believe, Mr. Speaker, very strongly that these provisions had to be the pillars of any financial rescue plan, and we knew that we had the backing of our constituents in our efforts.

Over the past week, like all of my colleagues I'm sure, I've received hundreds of calls, e-mails, and letters demanding that the taxpayers do not foot the bill for the poor choices of troubled businesses. I have to say that the most interesting thing about the concerns that were expressed to me was that they were clearly growing out of a true grassroots movement. There was no advocacy group motivating those who were contacting us. There was no organized effort on the part of special interest groups.

I was hearing from hundreds and hundreds of working Americans who have been following the news reports and the negotiations. They felt very strongly that the initial proposal was simply unfair to the taxpayers. They told me in no uncertain terms that any deal without taxpayer protections, accountability and oversight was totally unacceptable, and with that, I'm in complete agreement.

Mr. Speaker, for several days our Democratic colleagues proceeded with

negotiations without any regard for exactly these kinds of provisions that Republicans were insisting on. As a result, the negotiations went nowhere. Republicans were resolute in their insistence that any deal must not leave the taxpayers on the hook for this \$700 billion rescue plan.

We are here this morning with a bipartisan package because we, as Republicans, remained committed to our principles and were finally given a seat at the table. The deal that has been crafted will allow the Treasury to unclog the financial markets and help begin the process of restoring our economy's strength and vitality, but it does so without providing a taxpayer-funded windfall for Wall Street. And I want to repeat that, Mr. Speaker. This package moves ahead without providing a taxpayer-funded windfall for those on Wall Street.

This bill requires companies to pay-to-play. There's no free lunch here. Any company that comes to us for assistance must cover their risk by paying insurance premiums, and their executives will not be able to walk away with extravagant compensation at taxpayer expense. This bill caps severance pay for participating companies. In the case of a total takeover, golden parachutes are banned entirely.

Now, Mr. Speaker, the Federal Treasury will also get equity in the companies that ask for help so that the taxpayers will reap the benefits of their assistance. There will be bipartisan oversight of this process every step of the way, so that Republicans can continue to ensure full transparency and accountability.

Most important of all, the overwhelming message that has come from my constituents is that there must be no blank check. Treasury must report to Congress in order to keep the assistance program going; and, Mr. Speaker, after 5 years, if the taxpayers have lost a single penny in this process, the President will have to submit a plan to Congress to recoup the funds from the participating companies.

In short, the taxpayers have a 100 percent guarantee that they will not be left holding the check for this rescue plan, and we felt very strongly about ensuring that safeguard.

Now, Mr. Speaker, we are all dismayed that we must take action at all. I don't believe any of us ever thought that we would face the grim reality of our current economy or the prospect of crafting a plan to rescue our financial markets. Because we, as Republicans, stuck to our guns, we have before us today a bill that will help to get our economy back on track without putting the burden on the backs of the American taxpayer.

With strong oversight, accountability and a guarantee that the Federal Treasury will be fully repaid, we can restore confidence in our economy. We can put ourselves back on the path to growth and job creation. And perhaps most important, we can dem-

onstrate to the American people that, when bipartisanship prevails, their demands are heard and implemented.

I have to say that as we listen to these messages which have come from our constituents, as I said first and foremost, there has been this very strong and compelling argument that the taxpayer not be responsible for shouldering this responsibility, but there were a wide range of other concerns that came to the forefront.

I have an e-mail that came into our office from a man in Arcadia, California, who wrote, I am writing to express my strong request that, with respect to the current financial "bail-out" bill, you vote against it unless there's a provision that has been made to assure that those executives of companies that will receive funds in exchange for their under-performing mortgages, they are restricted in their ability to use government funds to pay excessive compensation.

And, two, that you assure that proposals to load union representatives onto the boards of these companies as a condition of receiving funds is removed from the legislation. There is absolutely no reason to add union representatives to public companies. If the unions want representation, they should purchase enough stock to be able to elect a board member.

This is a message that has come through consistently, and I'm happy to say, in this package, there is not going to be this government or union representation provided onto the boards of these companies.

There was also, Mr. Speaker, great concern raised by many of my constituents that the organization known as ACORN, which is a very, very controversial organization under very harsh criticism for improprieties, was initially going to be receiving funding, and I'm very happy to report to our colleagues that not one penny will be going to that organization known as ACORN.

There was another provision that had been included in the bill, Mr. Speaker, the so-called "cram down provision," whereby we would see bankruptcy courts actually establishing something that the marketplace should do, that being the interest rates that are paid by those who hold mortgages. That is not provided. That is not going to be allowed under this provision.

And, also, I have to say that there's a so-called mark-to-market accounting structure, which has dramatically diminished the value of properties, and I personally believe that the mark-to-market accounting structure should be completely abandoned. This legislation calls for a study which I hope very much will lead to that because it has played a role in creating some of the tremendous inequities that we see in our economy today.

□ 0030

And as I mention in my statement, the notion that those on Wall Street,

who are in many ways responsible for this, would somehow be able to continue receiving these golden parachutes, multimillion dollar packages of benefits, the fact that we will prevent that with this legislation is something that I think is very, very important as we proceed.

And so, again, first and foremost, taxpayers, Mr. Speaker, should not be saddled with this responsibility. And this bipartisan package guarantees that they will not be saddled with this because of the fact that within this 5-year period of time the President, if one single penny of taxpayer dollars is found to have been utilized, there is a provision whereby the President of the United States must come to us with a package which will most likely call on those institutions which have been the direct beneficiaries of this program, will be forced to repay to the taxpayers those dollars.

So let me say that, as we look at this package, Mr. Speaker, there have been very understandable concerns. We all hate, we hate the fact that we are standing here dealing with this. And again, I will say there is plenty of blame, plenty of blame to go around. I know my colleagues on the other side of the aisle will want to expend time and energy blaming the deregulation and the policies that have been propounded over the past several years, but in the exchange that I had with the distinguished majority leader—now last night since it's 12:31 in the morning here in Washington—when I was last night in this exchange with the majority leader, we were talking about the challenges that existed in the post-depression era legislation that was moved forward.

And frankly, we, in the past several years, have been living with very antiquated, post-depression era regulation, and we have even seen the marketplace change dramatically. And over the past couple of decades we have seen a band-aid approach to respond to much of that depression-era regulation with which we still contend.

What is needed, Mr. Speaker, is a 21st century regulatory structure to deal with the freedom that exists in this 21st century marketplace. And that's why, while adequate accountability, transparency, supervision, and oversight is essential, I caution my colleagues who believe that with passage of this legislation they can embark on this very, very zealous quest to dramatically increase the regulatory burden on the marketplace.

The rest of the world has recognized that freedom is the answer; freedom is the answer and free markets are the answer. And that's why I hope that, as we move forward from this package, we do not in any way take a retrograde step in our quest to ensure that we pursue that.

With that, Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. With the highest regard for the chairwoman of the Rules Committee, I rise, regrettably, in opposition to this closed rule and against the bailout bill.

We need the right deal, not a fast deal. The White House is counting on fear to propel this Congress into hasty and inappropriate action on a Wall Street bailout that is not in the interest of our Republic. There is a better way. In fact, it is as likely the expenditure of \$700 billion will actually stand in the way of the most effective means to remedy the economic challenges facing us.

The Bush administration says we are facing the worst financial crisis in modern history. That is not true. The market problems of the 1980s were much worse than today. Then, 3,000 banks failed; interest rates were at 21 percent; money center banks went down; every bank in Texas went down. But the economic instability was resolved in the financial system in a much more disciplined and rigorous way than taxpayers printing money for Wall Street.

In those days, the FDIC, not through a taxpayer bailout, but through careful use of FDIC's considerable power, resolved thousands of problem situations. No cash changed hands. A system of net worth certificates issued by FDIC was used to get through the credit shortage. FDIC regulated transactions with banks, through a system of subordinated debentures and promissory notes, was enacted. FDIC assumed power over executive salaries and controlled dividends to restore health and rigor to the market.

The FDIC adopted a contingency plan to nationalize all institutions in the event it was necessary. The cost of the entire enterprise was \$1.8 billion, resolving over \$100 billion in problem institutions from the FDIC insurance fund, paid for by the banks, not the taxpayers. In other words, the market was used to heal the market, not set up a big government bureaucracy at the U.S. Treasury, run and overseen by the very reckless people who caused these problems in the first place.

Today's economic challenge is a credit crisis, not a liquidity crisis. This bill does not address that. The housing bubble that burst is at the heart of our dilemma. Until Main Street housing foreclosures are remedied, the situation will not improve. This bill does not address the serious mortgage workout and mortgage servicing challenges facing Main Streets across this Nation.

Taking a trillion dollars of taxpayer money and buying bushels of unknown and unvalued paper is not smart. It will delay resolution of that housing crisis. In fact, this bill actually asks taxpayers to buy a garbage truckload of worthless paper, everything from subprime auto loans, to foreign bank loans, to hedge fund paper, to credit swaps. Every reckless Wall Street deal thought up these past several years they want to dump on us. We say: No.

Now, this bill also does nothing for reform, for example, to address the shortcomings of the SEC, which has done more than any other regulatory body to cause this problem by its false accounting, overinflated leverage ratios, and by destroying fair value accounting.

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Ms. SLAUGHTER. Mr. Speaker, I yield the gentlewoman an additional 10 seconds.

Mr. DREIER. Mr. Speaker, I would like to also yield my friend 10 seconds.

Ms. KAPTUR. I thank the gentleman for yielding me—very, very much.

The SEC must be a major part of the solution. This bill does not do it.

Finally, Mr. Speaker, before one cent is even considered, this Congress first ought to pass a bill to create and fund an independent Emergency Financial Crimes Unit to investigate the malfeasance, securities fraud, false accounting, and insider trading that were the root causes of this extravagance that must now be resolved in a rigorous and thoughtful manner. This bill does not do it. Draft the right deal, not a fast deal.

I thank the gentlelady and the gentleman for yielding.

Mr. DREIER. Mr. Speaker, at this juncture, as you can see, I'm here all alone. And so I will reserve the balance of my time and look forward to the very thoughtful and eloquent statements coming forward from our colleagues on the other side of the aisle.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Let me thank the gentlelady from New York as the chairman of the Rules Committee, and particularly for the very hard work of the committee, and make note of the fact that it's almost 12:40 a.m. and there has been a lot of heavy lifting. And I want to acknowledge the work of our leadership, and particularly Chairman FRANK and his staff, along with Speaker PELOSI and the entire team of very agile and very, if you will, comprehensive thinking team that was thrown a hard ball just a week ago by the administration, a two-and-a-half-page document that simply said, move the deity, if you will, from the person of faith and give it to the Secretary of Treasury.

We had a tough job. And I, frankly, believe that we did everything we could to ensure that we looked at this in the best way possible. But, Mr. Speaker, I come to suggest that all of the goals that were intended—transparency and consumer protection—clearly need further edification. And frankly, I would like to use the Texas term “whoa.” I believe that we need to stand back, monitor the markets, and to begin to craft legislation that is truly reform.

Let me tell you why. First of all, I know that my good friend from California gave us a detailed essay on some of the things that were not in this bill,

and he mentioned that people in America are living above their means. Well, I've been in a number of hearings, listening to homeowners from around the country on the issue of their mortgages. And I will tell you that these are hardworking Americans who were not living above their means; they were accepting the banking products that were given to them. They were hardworking, they saw the opportunity to invest in America's dream, a home, and they continued to work and pay their mortgages. But no one explained to them about adjustable rates so that their mortgage would be at one rate, and then a couple months or a year later it was accelerating into an unbelievable and intolerable amount. And then of course we've heard some Members of this body accuse minorities for being the cause of this debacle. How insulting. How unreal. And how untrue.

What we need to do is to work together, as my constituents have asked. One constituent said, show me what the catastrophic event would be. One said, I'm a community banker, and I have never loaned, if you will, a subprime loan. And I'm well capitalized, why am I being victimized?

This bill, at this status, will not protect any of the homeowners or get them the kind of relief we would like.

And so I say to this body, the Financial Stability Oversight Board does not have any enforcement. The Congressional Oversight Panel does not have any enforcement.

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Ms. SLAUGHTER. I yield an additional 20 seconds.

Ms. JACKSON-LEE of Texas. As I quickly speak, the amendments I offered all capture the idea of protecting the consumer. It, in essence, provides judicial relief.

In this bill, it specifically prohibits the judiciary intervening for equitable or/and injunctive relief. That means that if the assets are being misused by the officer that we have designated, then the courts cannot go in. Where are the checks and balances?

I believe that these amendments that I offered dealing with these questions of balance and providing money for mortgages, and et cetera, would have made this a better bill. So I ask my colleagues to consider that, and of course to consider these 400 economists quoted.

Mr. DREIER. Mr. Speaker, I yield myself 1 minute, and I do so to respond to the statement of my good friend from Houston, and that being that, when I said that there are some who have been living beyond their means, I know that there are people who, in fact, have been lured into particular products which have encouraged them to live beyond their means. And that's why, when I talked about adequate supervision and oversight to ensure that this doesn't happen, that's very important.

But I will say that, as I listen to my constituents, a message which has

come through very loudly and very clearly, Mr. Speaker, is that people are upset when there are those who clearly have lived way beyond their means, when taxpayers who are paying their mortgages, meeting their car payments and other obligations are forced with the prospect of shouldering responsibility. And that's why I'm very, very pleased that we've stood forward, and that this package will not, in fact, thrust that responsibility onto the American taxpayer.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. I thank the gentlelady for her kindness.

I rise in opposition, regretfully, to the rule and to the underlying bill. If we really wanted to protect the taxpayers, we wouldn't be paying cash for trash, \$700 billion in taxpayers' funds which turns our beloved U.S. Treasury into a toxic landfill.

This plan is a \$700 billion bailout of Wall Street speculators, bankers, lenders who operated for years without the oversight of the Securities and Exchange Commission, the oversight of the Federal Reserve.

This legislation doesn't do anything to punish the speculators. It rewards them by having taxpayers bail them out. It has no additional controls of speculation, no strengthening of oversight, no mention even of the implications of the Financial Modernization Act, which took down Glass-Steagall, which provided those post-depression era protections so we wouldn't be in this situation that we're in right now.

And I would predict, Mr. Speaker, that we will be right back here in a few months with the same kinds of problems because we're not solving the underlying matter here, which is a distortion of the economy because of speculation run wild on Wall Street.

Now, we've been given a plan, we haven't been given alternatives. Alternatives would have required Wall Street to pay for its own bailout. This plan doesn't suspend dividends, it doesn't force shareholders or creditors to directly contribute to the bailout. This plan rejected a .25 percent stock transfer tax that would have raised \$100 billion from Wall Street.

This is legislation that is further proof that our government has been turned into an engine that accelerates the wealth upwards, taking money from the pockets of the people of this country and putting it into the hands of the few.

□ 0045

That is what our tax policy does. It accelerates the wealth of America upwards. That is what the war does. It accelerates the wealth of America upwards. That is what our energy policy does. It accelerates the wealth upwards into the hands of the oil companies. That is what our financial policies do. And that is what our national debt has done. It has doubled in the past 8 years,

\$700 billion that taxpayers are being put on the hook.

When Wall Street makes a profit, it is their profit. When Wall Street loses money, our people lose money. Seven hundred billion dollars. Why aren't we bailing out those millions of Americans who are losing their homes? Why aren't we addressing the fact that 50 million Americans don't have any health care? It is absolutely astonishing that we are talking about giving \$700 billion in taxpayers' money which comes in the failure of the Fed through a quadrupling of public and private debt during the time of Mr. Greenspan, up to \$43 trillion, and we have no discussion at all about the underlying monetary policy.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. DREIER. Mr. Speaker, I'm happy to yield my friend 1 additional minute.

Mr. KUCINICH. There has been no discussion at all in any of this about the underlying dynamic of a debt-based monetary system. As long as we're working in a debt-based monetary system with our having no control over our own money supply through the Federal Reserve Act of 1913, with the banks being able to literally make money out of thin air with their fraction reserve policies, how can we ever get to the bottom of a national debt that is building beyond our capacity to deal with it?

It is appropriate that this action of the Congress is being timed to the opening of the Asian markets. How appropriate, given the fact that we are losing control over our financial destiny. Mr. Speaker, when I was a child in Cleveland, there was a myth that if you took a shovel and dug a hole deep enough, you could get to China. We're there.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. I must respectfully disagree with the characterization and description of this bill put forward by my good friend, Mr. DREIER, from California.

This bill does not really limit executive compensation. It does limit a few types of golden parachutes. But it doesn't have any limits on regular salaries. Million-dollar-a-month salaries will continue, and they can be raised to \$1.5 million a month once the companies get those bailout dollars and feel they can afford to be that generous to their favorite executives.

Foreign banks are going to get hundreds of billions of dollars out of this bill. Now, the bill says that the Treasury only buys securities from U.S. entities. But how does this work then? Well, let's say the Bank of Shanghai is holding \$30 billion of toxic assets, business mistakes they made in China. They simply have to sell those \$30 billion of bad assets to their subsidiary in the United States. They all have small subsidiaries here. That subsidiary can

then, the next day, sell them to the U.S. Treasury. Or alternatively they can sell that \$30 billion package of toxic assets to Goldman Sachs, and then Goldman Sachs can sell them to the Treasury the next day.

But keep in mind, if they choose to use their own subsidiary, they sell \$30 billion of assets to the Treasury. By 2010, 2011 they can dissolve that subsidiary and leave this country. And how are you going to impose any recoupment tax on them? The concept that there is a guarantee that we're going to recoup our money is absolutely wrong. We would have to pass a \$200 billion or \$300 billion tax increase bill in 2013. And under section 134 of this bill, that tax is not just on those who are bailed out. It is on the entire financial services industry. How else could you construct a tax if you have one bank that got bailed out to the tune of \$1 million and another bank that got bailed out to the tune of \$1 billion? What tax rate would you apply to banks of that size? The only way to do it is to impose a tax on a whole segment of or the entire financial services industry.

That means you're going to have the unfairness of taxing community banks and credit unions to pay for the money we give to Wall Street. It also means the bill isn't going to pass at all. Imagine the unfairness argument that that creates. But also any bill to tax Wall Street needs to get through a Senate where 41 Senators can block the bill. And Wall Street will now have enough money, our money, to hire 4,100 lobbyists. All they need is a good argument. And that good argument is that there is no fair way to recoup the money from the individual companies that got it. Many of the companies getting this money in 2009 aren't going to be around in 2013. Many of them are going to be shell companies that are deliberately dissolved in 2013.

We do not have to panic. Four hundred eminent professors of economics, including three Nobel laureates, tell us Congress should not rush. Let's not rush. Let's pass a good bill next week.

Mr. DREIER. Mr. Speaker, I yield myself 1 minute.

I do so to remind my California colleague, my friend from Sherman Oaks, that the fact of the matter is when we look at the way the premiums are handled today through the Federal Deposit Insurance Corporation that guarantees that our constituents who have up to \$100,000 in those accounts with the full faith and credit of the Federal Government behind them, if in fact that FDIC fund is in any way diminished, what is it that happens? There is an increase in the premium spread among those financial institutions.

Similarly as we look at the prospect and the guarantee in this legislation that the taxpayers will not be shouldering the responsibility of that \$700 billion, what we have done is we have in place a mechanism whereby through the CBO reporting, the President is re-

quired to submit to Congress a plan which calls for an actual increase in that, primarily to be spread most likely among those who have benefited from the program.

And with that I reserve the balance of my time.

Ms. SLAUGHTER. May I inquire from my colleague if he has any further speakers.

Mr. DREIER. You're looking at him, Madam Chairman.

Does the gentlewoman have any further speakers?

Ms. SLAUGHTER. Let me first give Mr. SHERMAN 30 seconds to respond.

Mr. SHERMAN. Under this bill, it is guaranteed we will get a proposal from the President. But to say that guarantees we're going to pass it is absolutely wrong. We don't pass 200 or \$300 billion tax increase bills on the entire financial services industry over the objection of Wall Street and with the really credible argument that we will be taxing the good banks to pay for the sins of the bad banks and taxing the small local banks to pay for the sins of Wall Street—4,100 lobbyists to stop with 41 Senators a bill that will be highly controversial.

Mr. DREIER. Mr. Speaker, so I understand from the distinguished Chair of the Committee on Rules that she is the final speaker on the other side?

Ms. SLAUGHTER. Yes, I am.

Mr. DREIER. Mr. Speaker, I yield myself the balance of the time.

And let me just respond by saying that the anger level among the American people reflected in those of us who are elected representatives is such that there is no way in the world that we would allow, that we would allow the United States Congress to thrust on to their shoulders this responsibility. And I am convinced that within 5 years as we look at those institutions that have been the direct beneficiaries of this program that if in fact there is one penny of taxpayer dollars exposed here, I have little doubt that just as is the case with the increase in premiums the banking institutions shoulder through the Federal Deposit Insurance Corporation, this institution will make the taxpayers whole by saying to these institutions that have been the beneficiaries of this program that they must pay for that.

Now, Mr. Speaker, as I said, there are a wide range of reasons that we are all angry that we're here. I am very, very angry that I am here. I know that my constituents are angry that we're here facing the challenge that we are.

But there is one thing that everyone will acknowledge: the United States of America faces a credit crisis. There is a crisis of confidence. And I want to make sure that throughout the coming weeks, months and years that when people who have deposits in financial institutions go to their automatic teller machines and seek to withdraw, that those dollars are there. Mr. Speaker, I want to make sure that when the hard-working, diligent, small businessmen

and -women on Main Street are seeking an opportunity to take a brilliant and creative idea that they have and to get access to capital, that they are able to do that. I want to make sure that when people are seeking the American Dream of homeownership and they want to step forward and responsibly take on that obligation, that they are able to have access to that credit. I want to make sure that as we deal with this global economy, and the fact of the matter is, we, the United States of America, are shaping this global economy, and it is imperative that we continue to shape that global economy, so that we can pry open new markets for U.S. goods and services around the world. As we do these things, Mr. Speaker, it seems to me that we have a responsibility to put into place policies which will diminish the pain that we are facing today and play a role in instilling the confidence that is necessary to ensure that we have the credit that the American people deserve and desperately need.

Now, when this package came forward, there were a wide range of provisions that led my constituents to be understandably outraged. And I'm very grateful that as we stand here at 1 o'clock this morning—in just a few hours we will be voting on the previous question in this rule—I am very pleased that there are a number of provisions in this package which will make it acceptable to many.

First of all, I'm glad that we are not mandating that union leaders all of a sudden automatically be granted positions on boards of directors. I am very pleased that the very controversial organization known as ACORN is not going to receive one single penny from this program. I'm very pleased that we will not see the so-called cram-down provisions whereby judges would be able to distort the marketplace by completely reestablishing interest rates on mortgages. And I'm very pleased that under this package, we will be able to see that executives, executives who have heretofore been the beneficiaries through these so-called golden parachutes will instead get concrete shoes which will take them to the ground.

And I also have to say that as we look at the overall executive compensation packages, the fact is that we will not see companies who are part of this program continue down the road of very, very high levels of compensation.

□ 0100

I also have to say that, as we look at the structure, the existence of an inspector general and the work of the Government Accountability Office and as we look at the dramatically increased role that the United States Congress will play in oversight, it will go a long way towards ensuring the kind of accountability that this institution has to the American people.

Mr. Speaker, I'm going to call for a defeat of the previous question, and I



intend to offer an amendment to the rule which will make in order an alternative offered by my good friend from Virginia (Mr. CANTOR). This alternative will stabilize the markets through privately funded mortgage insurance, using risk-based premiums with increased transparency. It will empower private investors to bring private capital off the sidelines to help us resolve this crisis. Most importantly, it will put in place strong oversight reform and corporate accountability.

Many of these provisions were developed as part of Mr. CANTOR's working group, and some but not all were included in the final package. By defeating the previous question, we will be able to consider the working group's complete package as an alternative.

Mr. Speaker, I ask unanimous consent that the full text of the amendment that I will be offering here appear in the RECORD immediately prior to the vote that we'll be having in about 7 hours on the previous question.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DREIER. With that, I urge a "no" vote on the previous question so we can make this in order.

I yield back the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I urge a "yes" vote on the previous question and a "yes" vote on the rule.

The material previously referred to by Mr. DREIER is as follows:

AMENDMENT TO H. RES. \_\_\_\_ OFFERED BY REP.  
DREIER OF CALIFORNIA

At the end of the resolution, add the following:

SEC. 3. Notwithstanding any other provision of this resolution or the operation of the previous question, it shall be in order to consider the amendment printed in section 4, if offered by Representative Cantor or his designee, to the motion specified in Section 1. The amendment printed in section 4 shall be considered as read, shall not be subject to amendment, and shall not be subject to a demand for division of the question. The previous question shall be considered as ordered on the amendment to its adoption without intervening motion except, one hour of debate equally divided and controlled by the proponent and an opponent. All points of order against such amendment are waived.

SEC. 4. The amendment referred to in section 3 is as follows:

In lieu of the amendment printed in the report of the Committee on Rules, the House shall concur in the Senate amendment to the House amendment to the Senate amendment with the following amendment:

Strike all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Economic Rescue Act of 2008".

### TITLE I. MORTGAGE-BACKED SECURITIES

#### SEC. 101. THE INSURANCE OF MORTGAGE-BACKED SECURITIES.

(a) MORTGAGE-BACKED SECURITY INSURANCE.—Upon the enactment of this Act, the timely payment of up to 100 percent of principal of and interest on each mortgage-backed security held by a financial institution on or before September 24, 2008 is hereby insured on such terms and conditions as determined by the Secretary consistent with

this Title, as those terms are defined in Section 111.

(b) NECESSARY ACTIONS.—The Secretary is authorized to take such actions as he deems necessary to carry out the authorities in this Title, including—

(1) appointing such employees as may be required to carry out the authorities in this Title and defining their duties;

(2) entering into contracts, including contracts for the services of experts and consultants as authorized by section 3109 of title 5, United States Code, without regard to any other provision of law regarding public contracts;

(3) designating financial institutions as financial agents of the Government, and they shall perform all such reasonable duties related to this Title as financial agents of the Government as may be required of them;

(4) establishing vehicles that are authorized, subject to supervision by the Secretary, to provide, and make payments on, the insures referred to in subsection (a) and issue obligations; and

(5) issuing such regulations and other guidance as may be necessary or appropriate to define terms or carry out the authorities of this Title.

#### SEC. 102. CONSIDERATIONS.

(a) SECRETARY CONSIDERATION.—In exercising the authorities granted in this Title, the Secretary shall take into consideration means for—

(1) protecting the taxpayer;

(2) providing stability or preventing disruption to the financial markets or banking system; and

(3) taking appropriate steps to manage any conflicts of interest in the hiring of contractors or advisors.

(b) RULEMAKING EXEMPTION.—Any regulation issued under the authority provided in this Title shall not be subject to the rulemaking provisions as set forth, in section 553 of title 5, United States Code.

#### SEC. 103. INSURANCE PREMIUMS.

(a) INSURANCE PREMIUMS.—The Secretary shall collect premiums from each financial institution, as such term is defined in section 111 of this Title, in order to fund the Mortgage-Backed Securities Fund established in section 105 and used to satisfy obligations incurred under this Title.

(b) PREMIUM COLLECTION.—The premium collected pursuant to subsection (a) shall be collected from each financial institution notwithstanding such institution's application, if any, for insures set forth in section 101(a).

(c) AUTHORITY TO BASE INSURANCE PREMIUM ON PRODUCT RISK.—In establishing the insurance premium under subsection (a), the Secretary may provide for variations in such rates according to the credit risk associated with the mortgage-backed security held by a financial institution as such term is defined in section 111.

(d) SUFFICIENT LEVEL.—The premium referred to in subsection (a) shall be set by the Secretary at a level necessary to maintain a level of funding in the Mortgage-Backed Securities Fund, as established in section 104, sufficient to meet anticipated claims based upon actuarial analysis.

(e) EXPIRATION.—The Secretary may cease collecting premiums set forth in subsection (a) if he determines the Mortgage-Backed Securities Fund has sufficient reserves to meet anticipated claims as described in subsection (d).

#### SEC. 104. ACCESS TO RECORDS.

(a) ACCESS.—For the purposes of evaluating the risk and price of the insurance provided under this Title, and evaluating the overall economic health of the [institution] seeking to purchase or sell assets to be cov-

ered by the insurance program under this Title, the Secretary shall require, as a condition of participation in such insurance program and as a condition of coverage of an asset, that the [purchasing institution and the selling institution [or just the latter?]] shall—

(1) provide to any person designated by the Secretary to examine the records of the [institution] upon request and at such reasonable time as the Secretary may request, access—

(A) to any information, data, schedules, books, accounts, financial records, reports, files, electronic communications, or other papers, things, or property belonging to or used by the institution;

(B) to the most recent audit findings, valuations of the institution's current mortgage assets, and valuations of any private bids the institution has received and rejected for those assets; and

(C) to the officers, directors, employees, independent public accountants, financial advisors, and other agents and representatives of the institution;

(2) permit such persons to make and retain copies of such books, accounts, and other records as the Secretary deems appropriate; and

(3) afford full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians of the institution.

(b) NONDISCLOSURE OF INFORMATION.—Any information obtained under subsection (a) shall be confidential and the Secretary shall ensure that such information not be disclosed to the public and not be used for any purpose other than evaluating the overall economic health of the institution seeking [to purchase or sell] assets to be covered by the insurance program under this Title and the risk and price of the insurance provided under this Title.

#### SEC. 105. MORTGAGE-BACKED SECURITIES FUND.

(a) COLLECTED PREMIUMS.—The Secretary shall deposit premiums collected pursuant to section 103(a) of this Title into the Mortgage-Backed Securities Fund as established in subsection (b).

(b) MORTGAGE-BACKED SECURITIES FUND.—There is hereby established a Mortgage-Backed Securities Fund (in this title referred to as the "Fund").

(c) AUTHORITY.—Premiums deposited in the Fund pursuant to subsection section (a) shall be invested in obligations of the United States, or kept in cash on hand or on deposit, as necessary.

(d) PAYMENTS FROM THE FUND.—The Secretary shall make payments from amounts deposited in the Fund to fulfill the obligations of the insurance provided to financial institutions as set forth in section 101(a).

(e) FUND SUFFICIENCY.—The Secretary shall increase insurance premiums if he determines, after consultation with the Government Accountability Office, to a level sufficient to assure reserves in the Fund will meet anticipated needs.

(f) TRANSFER AUTHORITY.—The Secretary of the Treasury is authorized and directed to loan to the Fund, on such terms as may be fixed by the Secretary, such funds as in the Secretary's judgment are from time to time required for purposes of this Title.

#### SEC. 106. PAYMENT OF INSURANCE PREMIUMS.

(a) PAYMENT AND SUBROGATION.—If a financial institution that holds a mortgage-backed security on September 24, 2008, for which insurance is provided pursuant to this Title, is unable to make any payment of principal of or interest on such security, the Secretary shall make such payment as and

when due, in cash, and upon such payment shall be subrogated fully to the rights satisfied by such payment.

(b) **CONTRACT.**—The Secretary is hereby authorized, in connection with any insurance under this Title, whether before or after any default, to provide by contract with the holder, referred to in subsection (a), for the extinguishment, upon default by the holder, of any redemption, equitable, legal, or other right, title, or interest of the holder in any mortgage or mortgages constituting the trust or pool against which the mortgage-backed securities insured under this Title are issued; and with respect to any issue of such insured securities, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such trust or pool backing the security shall become the absolute property of the U.S. Treasury, subject only to the unsatisfied rights of the holders of the mortgage-backed securities based on and backed by such trust or pool.

(c) **LIMITATION ON APPLICATION OF LAW.**—No State or local law, and no Federal law, shall preclude or limit the exercise of the Secretary's (A) power to contract with the issuer on the terms set forth in subsection (b), or (B) authorization to enforce any such contract with the holder; or (C) the rights, as provided in subsection (b), in the mortgages constituting the trust or pool against which such insured securities are issued.

(d) **FULL FAITH AND CREDIT.**—The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any insurance under this Title.

#### SEC. 107. FUNDING.

For the purpose of the authorities granted in this Title, and for the costs of administering those authorities, the Secretary may use funds from the amounts in the Mortgage-Backed Securities Fund. Any funds expended from the Fund for actions authorized by this Title, including the payment of administrative expenses, shall be deemed appropriated at the time of such expenditure.

#### SEC. 108. REVIEW.

Decisions by the Secretary pursuant to the authority of this Title are non-reviewable and committed to agency discretion, and may not be reviewed by any court of law or any administrative agency.

#### SEC. 109. [CREDIT REFORM].

(a) **IN GENERAL.**—[Subject to subsection (b), the costs of insures made under this Title shall be determined as provided under the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.), as applicable.

(b) **COSTS.**—For the purposes of Section 502(5) of the Federal Credit Reform Act of 1990 [2 U.S.C. 661a(5)], the cost of each guarantee of a mortgage-backed security under this Title shall be calculated by—

(1) adjusting the discount rate in section 502(5)(E) (2 U.S.C. 661a(5)(E)) for market risks, and

(2) using the difference between the current estimate, consistent with subparagraph (b)(1) under the terms of the insured mortgage-backed security and the current estimate consistent with subparagraph (b)(1) under the terms of the insured.]

#### SEC. 110. REPORTS TO CONGRESS.

Within 60 days of the first exercise of the authority set forth in section 101(a), and semiannually thereafter, the Secretary shall report to the Committees on the Budget, Financial Services, and Ways and Means of the House of Representatives and the Committees on the Budget, Finance, and Banking, Housing, and Urban Affairs of the Senate with respect to the authorities exercised under this Title and the considerations required by section 102.

#### SEC. 111. DEFINITIONS.

For purposes of this Title, the following definitions shall apply:

(1) **FINANCIAL INSTITUTION.**—The term “financial institution” means any institution including, but not limited to, banks, thrifts, credit unions, broker-dealers, insurance companies, and the trustees administering mortgage-backed securities trusts, having significant operations in the United States; and, upon the Secretary's determination in consultation with the Chairman of the Board of Governors of the Federal Reserve, holds or has issued applicable mortgage-backed securities;

(2) **SECRETARY.**—The term “Secretary” means the Secretary of the Treasury;

(3) **MORTGAGE-BACKED SECURITY.**—The term “mortgage-backed security” means securities, obligations, other instruments, or other securities, other than those guaranteed by the Government National Mortgage Association, as shall be based on and backed by a trust or pool composed of mortgages that in each case was originated or issued on or before September 24, 2008;

(4) **UNITED STATES.**—The term “United States” means the States, territories, and possessions of the United States and the District of Columbia.

#### SEC. 112. ANNUAL REPORT AND AUDIT BY THE GOVERNMENT ACCOUNTABILITY OFFICE.

(a) **ANNUAL REPORT ON THE MORTGAGE-BACKED SECURITIES FUND.**—The Secretary shall annually submit to Congress a full report of its operations, activities, budget, receipts, and expenditures for the preceding 12-month period. The report shall include, with respect to the Mortgage-Backed Securities Fund, an analysis of—

(1) the current financial condition of such fund;

(2) the purpose, effect, and estimated cost of each resolution action taken for payment of insurance during the preceding year;

(3) the extent to which the actual costs provided to, or for the benefit of, resulting from insurance during the preceding year exceeded the estimated costs of such costs reported in a previous year, as applicable;

(4) the exposure of the Mortgage-Backed Securities Fund to changes in those economic factors most likely to affect the condition of that fund;

(5) a current estimate of the resources needed for the Mortgage-Backed Securities Fund to achieve the purposes of this Title;

(6) an analysis of the sufficiency of the premium collections, actual and projected, in meeting the costs of the Fund.

(7) any findings, conclusions, and recommendations for legislative and administrative actions considered appropriate to future activities of the Mortgage-Backed Securities Fund.

(b) **SPECIAL REPORT.**—Within 45 days of the enactment of this Act, the Comptroller General shall provide to the committees of Congress referred to in subsection (d), and other relevant committees, an initial report on the Fund.

(c) **ANNUAL AUDIT OF THE MORTGAGE-BACKED SECURITIES FUND.**—

(1) **AUDIT REQUIRED.**—The Comptroller General shall audit annually the financial transactions of the Mortgage-Backed Securities Fund (the “Fund”) in accordance with generally accepted government auditing standards.

(2) **ACCESS TO BOOKS AND RECORDS.**—All books, records, accounts, reports, files, and property belonging to or used by the Department of the Treasury that are directly related to the operations and determination as to the amounts in the Fund, or by an independent certified public accountant retained to audit the Fund's financial statements,

shall be made available to the Comptroller General.

(d) **REPORT OF THE AUDIT.**—A report of the audit conducted under subsection (c) of this section shall be made by the Comptroller General to the Congress not later than July 15th of the year following the year covered by such audit. The report to the Congress shall set forth the scope of the audit and shall include a statement of assets and liabilities and surplus or deficit of the Fund; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds and such comments and information as may be deemed necessary to inform Congress, together with such recommendations with respect thereto as the Comptroller General may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to Committee on Banking, Housing, and Urban Affairs, the Committee on the Budget, and the Committee on Finance of the Senate and the Committee on Financial Services, the Committee on the Budget, and the Committee on Ways and Means of the House of Representatives.

(e) **ASSISTANCE IN AUDIT.**—For the purpose of conducting such audit the Comptroller General is authorized in his discretion to employ by contract, without regard to section 5 of title 41 of the United States Code, professional services of firms and organizations of certified public accountants, with the concurrence of the Secretary, for temporary periods or for special purposes.

#### TITLE II—TAX PROVISIONS

##### SEC. 201. 5-YEAR CARRYBACK OF LOSSES.

(a) **IN GENERAL.**—Subparagraph (H) of section 172(b)(1) of the Internal Revenue Code of 1986 is amended to read as follows:

“(H) 5-YEAR CARRYBACK OF CERTAIN LOSSES.—

“(i) **TAXABLE YEARS ENDING DURING 2001 AND 2002.**—In the case of a net operating loss for any taxable year ending during 2001 or 2002, subparagraph (A)(i) shall be applied by substituting ‘5’ for ‘2’ and subparagraph (F) shall not apply.

“(ii) **TAXABLE YEARS ENDING DURING 2007, 2008, AND 2009.**—In the case of a net operating loss for any taxable year ending during 2007, 2008, or 2009—

“(I) subparagraph (A)(i) shall be applied by substituting ‘5’ for ‘2’.

“(II) subparagraph (E)(ii) shall be applied by substituting ‘4’ for ‘2’, and

“(III) subparagraph (F) shall not apply.”.

(b) **TEMPORARY SUSPENSION OF 90 PERCENT LIMIT ON CERTAIN NOL CARRYBACKS AND CARRYOVERS.**—

(1) **IN GENERAL.**—Subclause (I) of section 56(d)(1)(A)(ii) of such Code is amended—

(A) by inserting “and 2007, 2008, or 2009” after “2001 or 2002”, and

(B) by inserting “and 2007, 2008, and 2009” after “2001 and 2002”.

(2) **CONFORMING AMENDMENT.**—Subclause (I) of section 56(d)(1)(A)(i) of such Code is amended by inserting “amount of such” before “deduction described in clause (ii)(I)”.

(c) **ANTI-ABUSE RULES.**—The Secretary of the Treasury or the Secretary's designee shall prescribe such rules as are necessary to prevent the abuse of the purposes of the amendments made by this section, including antistuffing rules, antichurning rules (including rules relating to sale-leasebacks), and rules similar to the rules under section 1091 of the Internal Revenue Code of 1986 relating to losses from wash sales.



(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by subsection (a) shall apply to net operating losses arising in taxable years ending in 2007, 2008, or 2009.

(B) ELECTION.—In the case of any taxpayer with a net operating loss for a taxable year ending during 2007 or 2008—

(i) any election made under section 172(b)(3) of the Internal Revenue Code of 1986 may not notwithstanding such section) be revoked before October 15, 2009, and

(ii) any election made under section 172(j) of such Code shall (notwithstanding such section) be treated as timely made if made before October 15, 2009.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to taxable years ending after December 31, 2006.

#### SEC. 202. INCENTIVES TO REINVEST FOREIGN EARNINGS IN UNITED STATES.

(a) IN GENERAL.—Section 965 of the Internal Revenue Code of 1986 is amended to read as follows:

##### “SEC. 965. DEDUCTION FOR DIVIDENDS RECEIVED.

“(a) DEDUCTION.—

“(1) IN GENERAL.—In the case of a corporation which is a United States shareholder and for which the election under this section is in effect for the taxable year, there shall be allowed as a deduction an amount equal to the applicable percentage of cash dividends which are received during such taxable year by such shareholder from controlled foreign corporations.

“(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1)—

“(A) IN GENERAL.—Except as provided by subparagraph (B), the term ‘applicable percentage’ means 85 percent.

“(B) DISTRESSED DEBT.—In the case of dividends received with respect to which the requirements of subsection (b)(4)(B) are met, such term means 100 percent.

“(3) DIVIDENDS PAID INDIRECTLY FROM CONTROLLED FOREIGN CORPORATIONS.—If, within the taxable year for which the election under this section is in effect, a United States shareholder receives a cash distribution from a controlled foreign corporation which is excluded from gross income under section 959(a), such distribution shall be treated for purposes of this section as a cash dividend to the extent of any amount included in income by such United States shareholder under section 951(a)(1)(A) as a result of any cash dividend during such taxable year to—

“(A) such controlled foreign corporation from another controlled foreign corporation that is in a chain of ownership described in section 958(a), or

“(B) any other controlled foreign corporation in such chain of ownership, but only to the extent of cash distributions described in section 959(b) which are made during such taxable year to the controlled foreign corporation from which such United States shareholder received such distribution.

“(b) LIMITATIONS.—

“(1) IN GENERAL.—The amount of dividends taken into account under subsection (a) shall not exceed the greater of—

“(A) \$500,000,000,

“(B) the amount shown on the applicable financial statement as earnings permanently reinvested outside the United States, or

“(C) in the case of an applicable financial statement which fails to show a specific amount of earnings permanently reinvested outside the United States and which shows a specific amount of tax liability attributable to such earnings, the amount equal to the amount of such liability divided by 0.35.

The amounts described in subparagraphs (B) and (C) shall be treated as being zero if there

is no such statement or such statement fails to show a specific amount of such earnings or liability, as the case may be.

“(2) DIVIDENDS MUST BE EXTRAORDINARY.—The amount of dividends taken into account under subsection (a) shall not exceed the excess (if any) of—

“(A) the cash dividends received during the taxable year by such shareholder from controlled foreign corporations, over

“(B) the sum of—

“(i) the dividends received during the base period year by such shareholder from controlled foreign corporations,

“(ii) the amounts includible in such shareholder's gross income for the base period year under section 951(a)(1)(B) with respect to controlled foreign corporations, and

“(iii) the amounts that would have been included for the base period year but for section 959(a) with respect to controlled foreign corporations.

The amount taken into account under clause (iii) for the base period year shall not include any amount which is not includible in gross income by reason of an amount described in clause (ii) with respect to a prior taxable year. Amounts described in subparagraph (B) for the base period year shall be such amounts as shown on the most recent return filed for such year; except that amended returns filed after June 30, 2007, shall not be taken into account.

“(3) REDUCTION OF BENEFIT IF INCREASE IN RELATED PARTY INDEBTEDNESS.—The amount of dividends which would (but for this paragraph) be taken into account under subsection (a) shall be reduced by the excess (if any) of—

“(A) the amount of indebtedness of the controlled foreign corporation to any related person (as defined in section 954(d)(3)) as of the close of the taxable year for which the election under this section is in effect, over

“(B) the amount of indebtedness of the controlled foreign corporation to any related person (as so defined) as of the close of September 26, 2008.

All controlled foreign corporations with respect to which the taxpayer is a United States shareholder shall be treated as 1 controlled foreign corporation for purposes of this paragraph. The Secretary may prescribe such regulations as may be necessary or appropriate to prevent the avoidance of the purposes of this paragraph, including regulations which provide that cash dividends shall not be taken into account under subsection (a) to the extent such dividends are attributable to the direct or indirect transfer (including through the use of intervening entities or capital contributions) of cash or other property from a related person (as so defined) to a controlled foreign corporation.

“(4) REQUIREMENTS.—

“(A) REQUIREMENT TO INVEST IN UNITED STATES.—Except as provided by subparagraph (B), subsection (a) shall not apply to any dividend received by a United States shareholder unless the amount of the dividend is invested in the United States pursuant to a domestic reinvestment plan which—

“(i) is approved by the taxpayer's president, chief executive officer, or comparable official before the payment of such dividend and subsequently approved by the taxpayer's board of directors, management committee, executive committee, or similar body, and

“(ii) provides for the reinvestment of such dividend in the United States (other than as payment for executive compensation), including as a source for the funding of worker hiring and training, infrastructure, research and development, capital investments, or the financial stabilization of the corporation for the purposes of job retention or creation.

“(B) DISTRESSED DEBT.—The requirements of this subparagraph are met if amounts repatriated are invested in distressed debt (as defined by the Secretary) for at least one year.

“(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) APPLICABLE FINANCIAL STATEMENT.—The term ‘applicable financial statement’ means—

“(A) with respect to a United States shareholder which is required to file a financial statement with the Securities and Exchange Commission (or which is included in such a statement so filed by another person), the most recent audited annual financial statement (including the notes which form an integral part of such statement) of such shareholder (or which includes such shareholder)—

“(i) which was so filed on or before June 30, 2007, and

“(ii) which was certified on or before June 30, 2007, as being prepared in accordance with generally accepted accounting principles, and

“(B) with respect to any other United States shareholder, the most recent audited financial statement (including the notes which form an integral part of such statement) of such shareholder (or which includes such shareholder)—

“(i) which was certified on or before June 30, 2007, as being prepared in accordance with generally accepted accounting principles, and

“(ii) which is used for the purposes of a statement or report—

“(I) to creditors,

“(II) to shareholders, or

“(III) for any other substantial nontax purpose.

“(2) BASE PERIOD YEAR.—

“(A) IN GENERAL.—The base period year is the first taxable year ending in 2007.

“(B) MERGERS, ACQUISITIONS, ETC.—

“(i) IN GENERAL.—Rules similar to the rules of subparagraphs (A) and (B) of section 41(f)(3) shall apply for purposes of this paragraph.

“(ii) SPIN-OFFS, ETC.—If there is a distribution to which section 355 (or so much of section 356 as relates to section 355) applies during the base period year and the controlled corporation (within the meaning of section 355) is a United States shareholder—

“(I) the controlled corporation shall be treated as being in existence during the period that the distributing corporation (within the meaning of section 355) is in existence, and

“(II) for purposes of applying subsection (b)(2) to the controlled corporation and the distributing corporation, amounts described in subsection (b)(2)(B) which are received or includible by the distributing corporation or controlled corporation (as the case may be) before the distribution referred to in subclause (I) from a controlled foreign corporation shall be allocated between such corporations in proportion to their respective interests as United States shareholders of such controlled foreign corporation immediately after such distribution.

Subclause (II) shall not apply if neither the controlled corporation nor the distributing corporation is a United States shareholder of such controlled foreign corporation immediately after such distribution.

“(3) DIVIDEND.—The term ‘dividend’ shall not include amounts includible in gross income as a dividend under section 78, 367, or 1248. In the case of a liquidation under section 332 to which section 367(b) applies, the preceding sentence shall not apply to the extent the United States shareholder actually receives cash as part of the liquidation.

“(4) COORDINATION WITH DIVIDENDS RECEIVED DEDUCTION.—No deduction shall be allowed under section 243 or 245 for any dividend for which a deduction is allowed under this section.

“(5) CONTROLLED GROUPS.—

“(A) IN GENERAL.—All United States shareholders which are members of an affiliated group filing a consolidated return under section 1501 shall be treated as one United States shareholder.

“(B) APPLICATION OF \$500,000,000 LIMIT.—All corporations which are treated as a single employer under section 52(a) shall be limited to one \$500,000,000 amount in subsection (b)(1)(A), and such amount shall be divided among such corporations under regulations prescribed by the Secretary.

“(C) PERMANENTLY REINVESTED EARNINGS.—If a financial statement is an applicable financial statement for more than 1 United States shareholder, the amount applicable under subparagraph (B) or (C) of subsection (b)(1) shall be divided among such shareholders under regulations prescribed by the Secretary.

“(d) DENIAL OF FOREIGN TAX CREDIT; DENIAL OF CERTAIN EXPENSES.—

“(1) FOREIGN TAX CREDIT.—No credit shall be allowed under section 901 for any taxes paid or accrued (or treated as paid or accrued) with respect to the deductible portion of—

“(A) any dividend, or

“(B) any amount described in subsection (a)(2) which is included in income under section 951(a)(1)(A).

No deduction shall be allowed under this chapter for any tax for which credit is not allowable by reason of the preceding sentence.

“(2) EXPENSES.—No deduction shall be allowed for expenses properly allocated and apportioned to the deductible portion described in paragraph (1).

“(3) DEDUCTIBLE PORTION.—For purposes of paragraph (1), unless the taxpayer otherwise specifies, the deductible portion of any dividend or other amount is the amount which bears the same ratio to the amount of such dividend or other amount as the amount allowed as a deduction under subsection (a) for the taxable year bears to the amount described in subsection (b)(2)(A) for such year.

“(4) COORDINATION WITH SECTION 78.—Section 78 shall not apply to any tax which is not allowable as a credit under section 901 by reason of this subsection.

“(e) INCREASE IN TAX ON INCLUDED AMOUNTS NOT REDUCED BY CREDITS, ETC.—

“(1) IN GENERAL.—Any tax under this chapter by reason of nondeductible CFC dividends shall not be treated as tax imposed by this chapter for purposes of determining—

“(A) the amount of any credit allowable under this chapter, or

“(B) the amount of the tax imposed by section 55.

Subparagraph (A) shall not apply to the credit under section 53 or to the credit under section 27(a) with respect to taxes which are imposed by foreign countries and possessions of the United States and are attributable to such dividends.

“(2) LIMITATION ON REDUCTION IN TAXABLE INCOME, ETC.—

“(A) IN GENERAL.—The taxable income of any United States shareholder for any taxable year shall in no event be less than the amount of nondeductible CFC dividends received during such year.

“(B) COORDINATION WITH SECTION 172.—The nondeductible CFC dividends for any taxable year shall not be taken into account—

“(i) in determining under section 172 the amount of any net operating loss for such taxable year, and

“(ii) in determining taxable income for such taxable year for purposes of the 2nd sentence of section 172(b)(2).

“(3) NONDEDUCTIBLE CFC DIVIDENDS.—For purposes of this subsection, the term ‘nondeductible CFC dividends’ means the excess of the amount of dividends taken into account under subsection (a) over the deduction allowed under subsection (a) for such dividends.

“(f) ELECTION.—The taxpayer may elect to apply this section to—

“(1) the taxpayer’s last taxable year which begins before the date of the enactment of this section, or

“(2) the taxpayer’s first taxable year which begins during the 1-year period beginning on such date.

Such election may be made for a taxable year only if made before the due date (including extensions) for filing the return of tax for such taxable year.”.

(b) CLERICAL AMENDMENT.—The item in the table of sections for subpart F of part III of subchapter N of chapter 1 of such Code relating to section 965 is amended to read as follows:

“Sec. 965. Deduction for dividends received.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after the date of the enactment of this Act.

#### **SEC. 203. GAIN OR LOSS FROM SALE OR EXCHANGE OF CERTAIN PREFERRED STOCK.**

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, gain or loss from the sale or exchange of any applicable preferred stock by any applicable financial institution shall be treated as ordinary income or loss.

(b) APPLICABLE PREFERRED STOCK.—For purposes of this section, the term ‘applicable preferred stock’ means any stock—

(1) which is preferred stock in—

(A) the Federal National Mortgage Association, established pursuant to the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.), or

(B) the Federal Home Loan Mortgage Corporation, established pursuant to the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.), and

(2) which—

(A) was held by the applicable financial institution on September 6, 2008, or

(B) was sold or exchanged by the applicable financial institution on or after January 1, 2008, and before September 7, 2008.

(c) APPLICABLE FINANCIAL INSTITUTION.—For purposes of this section:

(1) IN GENERAL.—Except as provided in paragraph (2), the term ‘applicable financial institution’ means—

(A) a financial institution referred to in section 582(c)(2) of the Internal Revenue Code of 1986, or

(B) a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1))).

(2) SPECIAL RULES FOR CERTAIN SALES.—In the case of—

(A) a sale or exchange described in subsection (b)(2)(B), an entity shall be treated as an applicable financial institution only if it was an entity described in subparagraph (A) or (B) of paragraph (1) at the time of the sale or exchange, and

(B) a sale or exchange after September 6, 2008, of preferred stock described in subsection (b)(2)(A), an entity shall be treated as an applicable financial institution only if it was an entity described in subparagraph (A) or (B) of paragraph (1) at all times during the period beginning on September 6, 2008,

and ending on the date of the sale or exchange of the preferred stock.

(d) SPECIAL RULE FOR CERTAIN PROPERTY NOT HELD ON SEPTEMBER 6, 2008.—The Secretary of the Treasury or the Secretary’s delegate may extend the application of this section to all or a portion of the gain or loss from a sale or exchange in any case where—

(1) an applicable financial institution sells or exchanges applicable preferred stock after September 6, 2008, which the applicable financial institution did not hold on such date, but the basis of which in the hands of the applicable financial institution at the time of the sale or exchange is the same as the basis in the hands of the person which held such stock on such date, or

(2) the applicable financial institution is a partner in a partnership which—

(A) held such stock on September 6, 2008, and later sold or exchanged such stock, or

(B) sold or exchanged such stock during the period described in subsection (b)(2)(B).

(e) REGULATORY AUTHORITY.—The Secretary of the Treasury or the Secretary’s delegate may prescribe such guidance, rules, or regulations as are necessary to carry out the purposes of this section.

(f) EFFECTIVE DATE.—This section shall apply to sales or exchanges occurring after December 31, 2007, in taxable years ending after such date.

#### **TITLE III—MORTGAGE FRAUD PREVENTION**

##### **SEC. 301. SHORT TITLE.**

This Act may be cited as the ‘‘Stop Mortgage Fraud Act’’.

##### **SEC. 302. MORTGAGE FRAUD ELIMINATION.**

(a) AUTHORIZATION OF APPROPRIATION FOR THE FBI.—For fiscal years 2009, 2010, 2011, and 2012, there are authorized to be appropriated

(1) \$31,250,000 to support the employment of 30 additional agents of the Federal Bureau of Investigation and 2 additional dedicated prosecutors at the Department of Justice to coordinate prosecution of mortgage fraud efforts with the offices of the United States Attorneys; and

(2) \$750,000 to support the operations of interagency task forces of the Federal Bureau of Investigation in the areas with the 15 highest concentrations of mortgage fraud.

(b) AUTHORIZATION OF APPROPRIATIONS FOR THE SEC.—There are authorized to be appropriated to the Securities Exchange Commission, [the Federal Bureau of Investigation, and the Department of Justice] such sums as are necessary for activities to uncover address mortgage fraud.

##### **SEC. 303. LIMITATIONS ON GSE SECURITIZATION AUTHORITY.**

Part 2 of subtitle A of the Federal Housing Enterprise Financial Safety and Soundness Act of 1992 (12 U.S.C. 4541 et seq.), as amended by the Housing and Economic Recovery Act of 2008 (Public Law 110-289) is amended by adding at the end the following new section:

##### **“SEC. 1327. LIMITATIONS ON GSE SECURITIZATION AUTHORITY.**

“(a) PROHIBITION.—The director shall, by regulation, prohibit each enterprise from issuing, guaranteeing, or selling securities based on or backed by mortgages described in subsection (b).

“(b) COVERED MORTGAGES.—The mortgages described in this subsection are

“(1) mortgages commonly known as Alt-A or Alternative A-paper mortgages, as defined by the Director, which shall include mortgages that the Director determines to have an increased level of credit risk due to borrower’s not meeting traditional or standard underwriting guidelines, including guidelines with respect to—

“(A) documentation of amount or source of income or assets;

“(B) debt-to-income ratio;  
 “(C) assets and type of property being financed;  
 “(D) credit history;  
 “(E) loan to value ratios; and  
 “(F) occupancy of the property being financed or borrower characteristics involved; and

“(2) mortgages having characteristics that are not typical of the lending practices of the mortgages that are made to comply with a provision of Federal or State law or regulation.”.

#### SEC. 304. COMMISSION REGULATIONS RELATING TO ASSET-BACKED SECURITIES FOR PURPOSES OF NRSRO RATINGS.

(a) NRSRO ASSET-BACKED SECURITIES.—Section 3(a)(62)(B)(iv) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(62)(B)(iv)) is amended by striking “as in effect on the date of enactment of this Act” and inserting “, including NRSRO asset-backed securities approved by the Commission and listed in such section.”.

(b) REVISION OF REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Securities and Exchange Commission shall revise the regulations in section 1101(c) of part 229 of title 17, Code of Federal Regulations, relating to the term “asset-backed securities” for purposes of section 3(a)(62)(B)(iv) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(62)(B)(iv)). The revisions required under this subsection shall—

(1) define a subset of asset-back securities to be referred to as “NRSRO asset-backed securities”, which shall be the only asset-backed securities for which a credit rating agency may register and issue ratings as a nationally recognized statistical rating organization and, which shall be restricted to securities representing interests in pools of assets whose performance can be evaluated based on a documented history of predictable performance of similar assets and which are contained in structures which also have a documented history of predictable performance; and

(2) include a list of the classes of securities approved as NRSRO asset-backed securities pursuant to subsection (c).

Nothing in this subsection shall be construed so as to limit any credit rating agency from rating asset-backed instruments which are not designated as “NRSRO asset-backed securities” so long as such credit rating agency makes it explicit that such instruments are not NRSRO asset-backed securities and the associated ratings are not issued pursuant to its status as a nationally recognized statistical rating organization.

(c) APPROVAL PROCESS FOR NRSRO ASSET-BACKED SECURITIES CLASSES.—

(1) INITIAL FAST-TRACK APPROVAL.—Not later than 90 days after the date of enactment of this Act, the Securities and Exchange Commission shall establish an initial list of classes of securities approved as NRSRO asset-backed securities.

(2) SUBSEQUENT APPROVAL.—After the approval of the initial list of classes of NRSRO asset-backed securities under paragraph (1), the Commission shall approve additional classes of asset-backed securities as NRSRO asset-backed securities on an ongoing basis.

(3) PROCEDURE.—The Commission shall approve a securities class as NRSRO asset-backed securities only—

(A) upon the application (in such form determined by the Commission) of a nationally recognized statistical rating organization concerning a specific class of asset-backed securities;

(B) after receiving comment from Federal and State regulators of institutions or entities reasonably expected to seek funding

from or invest in such class of securities, including the Federal Reserve System, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, the Pension Benefit Guaranty Insurance Corporation, and State banking insurance authorities; and

(C) after any other investigation and due diligence the Commission determines to be necessary to evaluate the proposed NRSRO asset-backed securities class's compliance with the standards described in paragraph (4) prior to granting their approval.

(4) STANDARDS FOR APPROVAL OF NRSRO ASSET-BACKED SECURITIES.—Approval of a class of securities as an NRSRO asset-backed securities class shall be limited to those securities whose future performance meets the standard of ‘reasonably predictable’. At a minimum, a determination of a reasonably predictable performance standard shall require—

(A) a sufficient history of performance data, from a diverse base of sponsors spanning at least 1 complete economic cycle for both the collateral assets or reference assets and the structure so as to generate reasonably accurate statistical estimates of future performance;

(B) the ability to aggregate pools of the collateral assets or reference assets of sufficient size to generate reasonably accurate statistical estimates;

(C) the existence of contracts for such collateral asset product which are sufficiently standardized to generate reasonably accurate statistical estimates; and

(D) sufficient standardization of service quality and procedures for such collateral asset product to generate reasonably accurate statistical estimates. Securities that fail to meet 1 or more of conditions set forth in subparagraphs (A) through (D) shall not qualify for eligibility as NRSRO asset-backed securities or ratings.

#### SEC. 305. QUALIFICATIONS FOR REGISTRATION.

Section 15E of the Securities Exchange Act (15 U.S.C. 78o-7) is amended—

(1) in subsection (c), by redesignating paragraph (2) as paragraph (3) and inserting after paragraph (1) the following:

“(2) REVIEW OF RATINGS AND COOPERATION WITH COMMISSION.—In order to maintain its registration and the integrity of the NRSRO ratings system, a nationally recognized statistical rating organization shall annually review all ratings issued and outstanding in obligor categories for which it has registered, with such review to result in a formal re-rating affirmation, upgrade, downgrade or ratings removal. Each nationally recognized statistical rating organization shall provide the Commission with full access to models, documentation, assumptions and performance data upon request, shall answer all questions and queries posed by Commission on a timely basis, and otherwise cooperate with any Commission investigation”.

(2) in subsection (d), by striking ‘The Commission’ and inserting

“(1) IN GENERAL.—The Commission.”.

(3) by redesignating paragraphs (1) through (5) as subparagraphs (A) through (E), respectively; and (4)

(4) by adding a new subparagraph (F) as follows:

“(F) has, in the course of an investigation into the integrity of its NRSRO ratings caused the Commission to believe that a suspension or revocation of its NRSRO registration is in the public interest.”.

(5) by adding at the end the following:

“(2) DETERMINATION AND EXAMINATION BY COMMISSION.—In assessing whether a nationally recognized statistical rating organiza-

tion is consistently producing credit ratings with integrity for purposes of paragraph (5), the Commission shall determine whether ratings are issued with the expectation of meeting aggregate historical loss and default standards for given ratings levels across all categories for which a credit rating agency has registered under this section. In the case of a nationally recognized statistical rating organization which has registered for a category or categories for which its ratings experience covers less than a full economic cycle, the standards shall be consistent with industry norms for such category or categories. Additionally, as part of the ongoing qualification of NRSROs, adherence to the foregoing provisions shall be evaluated through the Commission's regular surveillance of NRSRO models, systems, assumptions and performance.”.

#### SEC. 306. FINANCIAL STATEMENT REVIEW.

(a) IN GENERAL.—The Securities and Exchange Commission shall—

(1) review any financial statements required under section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) of any rescued issuer for the rescued issuer's fiscal year 2005 and each succeeding fiscal year up to and including the fiscal year in which such issuer became a rescued issuer; and

(2) examine each of the audits that were the basis of such financial statements, and all the supporting books, papers, correspondence, memoranda, or other records or materials on which such audits were performed.

(b) ADDITIONAL ACTION.—The Commission shall—

(1) if the Commission determines there was a material misstatement made in any financial statement reviewed under subsection (a), require the issuer to file with the Commission a financial statement correcting such misstatement; and

(2) take all other appropriate actions under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

(c) DEFINITION.—For purposes of this section, the term “rescued issuer” means any issuer (as such term is defined in section 3(a)(8) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(8)) that has received, prior to the date of enactment of this Act, Federal Government intervention through sale negotiation assistance, loan guarantee, placement under conservatorship or receivership, or other assumption of the management, governance, and control of the issuer by the Department of the Treasury or the Board of Governors of the Federal Reserve, an emergency loan of public funds made to the issuer by the Department of the Treasury or the Board of Governors of the Federal Reserve, or other similar Federal Government intervention.

#### SEC. 307. COMPENSATION ADJUSTMENT.

(a) COMPENSATION ADJUSTMENT DUE TO GOVERNMENT INTERVENTION.—

(1) IN GENERAL.—An officer of an institution shall pay to the Department of the Treasury any amounts received by such officer during a year as a bonus or other incentive-based or equity-based compensation from the institution during—

(A) a year in which the institution is subject to a government intervention; and

(B) the two years prior to a year in which the institution is subject to a government intervention.

(2) COMPENSATION ADJUSTMENT DEFINED.—For purposes of this subsection, and with respect to an issuer, the term “government intervention” means—

(A) the placement of the issuer under conservatorship, receivership, or other assumption of the management, governance, and control of the issuer by the Department of the Treasury or the Board of Governors of the Federal Reserve; or

(B) an emergency loan of public funds made to the issuer by the Department of the Treasury or the Board of Governors of the Federal Reserve, if the Chairman of the Board of Governors of the Federal Reserve determines that such a loan is necessary to prevent the imminent failure of the issuer.

(b) **EFFECTIVE DATE.**—This compensation adjustment shall take effect on enactment of this Act, and shall have no effect after September 30, 2009.

#### SEC. 308. SUSPENSION OF MARK TO MARKET ACCOUNTING.

The Securities and Exchange Commission shall have the authority under the securities laws (as such term defined in section 3(a)(47) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(47)) to suspend, by rule, regulation, or order, the application of Federal Accounting Standard 157 for a period of up to [xxxx] for any issuer (as such term is defined in section 3(a)(8) of such Act) or any class or category of issuer.

Ms. SLAUGHTER. I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. DREIER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. WAMP (at the request of Mr. BOEHNER) for today on account of a family medical emergency.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DREIER) to revise and extend their remarks and include extraneous material:)

Ms. FOXX, for 5 minutes, today and September 29.

Mr. MORAN of Kansas, for 5 minutes, today and September 29.

Mr. JONES, for 5 minutes, September 29.

Mr. POE, for 5 minutes, September 29.

#### ADJOURNMENT

Ms. SLAUGHTER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 3 minutes a.m.), under its previous order, the House adjourned until today, Monday, September 29, 2008, at 8 a.m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

8801. A letter from the U.S. House of Representatives, Clerk, transmitting notification, pursuant to section 1(k)(2) of H.R. 895, that the board members and alternate board members of the Office of Congressional Ethics: Former Congressman David Skaggs; Former Congressman Porter J. Goss; Former Congresswoman Yvonne Brathwaite Burke; Former House Chief Administrative Officer Jay Eagen; Former Congresswoman Karan English; Professor Allison Hayward; Former Congressman Abner Mikva; and Former Congressman Bill Frenzel, have individually signed an agreement to not be a candidate for the office of Senator or Representative in, or Delegate or Resident Commissioner to, the Congress for purposes of the Federal Election Campaign Act of 1971 until at least 3 years after the individual is no longer a member of the Board or staff of the Office of Congressional Ethics.

8871. A letter from the Division Director, Policy Issuance Division, Department of Agriculture, transmitting the Department's final rule — Accredited Laboratory Program (RIN: 0583-AD09) received September 19, 2008, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

8872. A letter from the Division Director, Policy Issuance Division, Department of Agriculture, transmitting the Department's final rule — Allowing Bar-Type Cut Turkey Operations To Use J-Type Cut Maximum Line Speeds (RIN: 0583-AD18) received September 19, 2008, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

8873. A letter from the Division Director, Policy Issuances Division, Department of Agriculture, transmitting the Department's final rule — Determining Net Weight Compliance for Meat and Poultry Products (RIN: 0583-AD17) received September 26, 2008, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

8874. A letter from the Under Secretary for Personnel and Readiness, Department of Defense, transmitting the Department's review of programs designed to prevent recruiter misconduct as requested in the Senate Armed Services Committee 110-77; to the Committee on Armed Services.

8875. A letter from the Assistant Secretary of the Navy, Department of Defense, transmitting notification that the Department has decided to convert to contract the aircraft maintenance functions currently performed by 101 military personnel of the Fleet Logistics Support Squadrons; to the Committee on Armed Services.

8876. A letter from the Assistant Secretary of the Navy, Department of Defense, transmitting the Department's decision to conduct a streamlined A-76 competition of information assurance functions performed by 8 military personnel of the Fleet Area Control and Surveillance Facility Virginia Capes in Virginia Beach, VA; to the Committee on Armed Services.

8877. A letter from the Secretary of the Air Force, Department of Defense, transmitting notification that the Commander of Air Force Space Command is initiating a single function standard competition of the Maintenance Function located at Kaena Point, Hawaii; to the Committee on Armed Services.

8878. A letter from the Comptroller, Department of Defense, transmitting certification that the current Future Years Defense Program fully funds the support costs associated with the multiyear program, pursuant to 10 U.S.C. 2306b(i)(1)(A); to the Committee on Armed Services.

8879. A letter from the Assistant Secretary of the Navy, Department of Defense, transmitting notification of the result of a public-private competition, pursuant to 10 U.S.C. 2462(a); to the Committee on Armed Services.

8880. A letter from the Secretary of the Air Force, Department of Defense, transmitting notification that the commander of Headquarters Air Education and Training Command (HQ AETC), Sheppard Air Force Base, Texas, has conducted a public-private competition on August 26, 2008; to the Committee on Armed Services.

8881. A letter from the Secretary of the Air Force, Department of Defense, transmitting notification that the Commander of Air Mobility Command (AMC), Scott Air Force Base (AFB), Illinois, has conducted a public-private competition on September 8, 2008; to the Committee on Armed Services.

8882. A letter from the Secretary, Department of Energy, transmitting the Department's fifth report concerning plutonium storage at the Savannah River Site (SRS), pursuant to Public Law 107-314, section 3183; to the Committee on Armed Services.

8883. A letter from the Chief Counsel, FEMA, Department of Homeland Security, transmitting the Department's final rule — Changes in Flood Elevation Determinations [Docket No. FEMA-B-1001] received September 27, 2008, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

8884. A letter from the Secretary, Department of Health and Human Services, transmitting the Department's annual financial report for Fiscal Year 2007, pursuant to the Prescription Drug User Fee Act of 1992; to the Committee on Energy and Commerce.

8885. A letter from the Secretaries, Department of the Interior and Department of Energy, transmitting notification that both Departments hereby certify that the sum of monies deposited in the established special Treasury fund is balanced with regards to environmental restoration, pursuant to 10 U.S.C. 7439(f)(2); to the Committee on Energy and Commerce.

8886. A letter from the Administrator, Environmental Protection Agency, transmitting the Agency's report entitled, "RCRA Hazardous Waste Identification of Methamphetamine Production Process By-products," pursuant to 42 U.S.C. 6921(j), section 742; to the Committee on Energy and Commerce.

8887. A letter from the Vice Admiral, USN Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Air Force's Proposed Letter(s) of Offer and Acceptance to Turkey for defense articles and services (Transmittal No. 08-94), pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

8888. A letter from the Vice Admiral, USN Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Air Force's Proposed Letter(s) of Offer and Acceptance to France for defense articles and services (Transmittal No. 08-102), pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

8889. A letter from the Vice Admiral, USN Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Air Force's Proposed Letter(s) of Offer and Acceptance to Israel for defense articles and services (Transmittal No. 08-83), pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

8890. A letter from the Vice Admiral, USN Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Army's Proposed Letter(s) of Offer and Acceptance to Brazil for defense articles and services (Transmittal No. 08-92), pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

8891. A letter from the Vice Admiral, USN Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Army's Proposed Letter(s) of Offer and Acceptance to