

I don't want to see taking place, but I think you heard from the Senator from Pennsylvania—a respected, open-minded Member of this body—that if we do not start approving some circuit court judges in some significant numbers—I think my colleague from Arizona mentioned hitting some of the historic averages, or at least getting close to it—I think you are going to see people start to jam the body down and say that unless we start approving some circuit court judges, business is not going to happen around here.

I think people will understand why. Circuit court judges are positions that are significant, that are long lasting, that are needed, and yet nominees are not being approved. Why are they not being approved? We have qualified nominees who are in the queue who have been waiting for a long period of time. I have one to talk about here, Judge Robert Conrad in the Fourth Circuit. The seat to which he has been nominated is a judicial emergency. We have a third of the positions on the Fourth Circuit that are open. It is a judicial emergency. His nomination is supported by both home State Senators. They want this position. In North Carolina, Senator BURR and Senator DOLE both support this nominee. He is highly qualified. The ABA says this is a highly qualified nominee, meeting their highest standard of "unanimously well-qualified." This is an individual who has been previously approved by this body for a Federal judgeship, and has now been nominated to move from the Federal district court bench to the circuit court bench. It is a judicial emergency. Yet Judge Conrad's nomination languishes and has languished for over 250 days.

I think clearly what we are setting up right now is for not much to happen in the Senate. I think what you are going to see starting to take place—and we are serving notice here today, if we do not start moving these nominees at some regular pace—qualified people who fit the criteria, who should move on through, business is going to slow down in this body. It may come to a complete standstill if we do not start getting some judges.

We should not go that route. I urge my colleagues, I urge the chairman of the committee and the ranking member, to sit down and say: OK, what can we work out on circuit court judges? District court judges? What can we get worked out so the business of the Senate can move forward? Without that, things are going to slow down here. Things are not going to get done. It is going to be because we are not getting anywhere close to reasonable numbers of circuit court judges approved. I want to say that clearly. That is where this is all headed.

The majority party can choose to go that route. That is what is going to end up taking place. It is going to be about judges. We are going to have a big debate then across the country on that. Meanwhile, the whole Nation wants us

to get work done and we are not getting it done because judges are not being approved.

I hope the majority party would sit up and say we are going to approve this many, that many, we are going to get these moving through in some reasonable fashion so the body can do its job. Judge Conrad is one of those who deserves a hearing. If there are challenges to him on the basis that we don't think he is qualified, we don't like what he said here or there—fine, hold a hearing so we can get those out in the air. Clearly, if we do not start moving some judges in reasonable numbers, you are going to start seeing this body start to not move much through, as we begin to protest not getting judges approved.

We should not go that route. I hope we do not have to.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma.

Mr. COBURN. Mr. President, I have sat here and listened and I have some outline notes from which to speak, but I am not sure we should. The very thing we are talking about is what America wants to spit out, in terms of their elected representatives. The Senate has an obligation to offer advice and consent. There is no question judges are important. That is why you are here, seeing a demonstration from the minority today, of judicial committee members, because we know it is important. It is important across the country because making law from the bench is something that is the antithesis of what most freedom-loving Americans want. The idea that we want to have judges who know their role, know the role of interpreting law rather than making law, is something with which the vast majority of Americans agree.

But I am struck by the fact that gamesmanship is taking place—not just in terms of the majority but also the minority. We are in a game now. How do we move this? How do we leverage this? How do we force it?

My disheartenment comes from the fact—why are we here in the first place? Why did we get here, when we know what the role of the Senate is in terms of advice and consent.

My hope is we do not see a devolution to parliamentary maneuvering, to raise the issue above where it should be.

I am reminded of the fact that the majority had problems with four of President Bush's nominees, starting in January. He withdrew those. In a gesture of good will, he withdraw four nominees who were not—although they were well qualified, they were not acceptable to movement down the road. Now we have highly qualified judges in districts that are judicial emergencies that get actually slandered by the chairman of the committee about supposedly an anti-Catholic statement—when they are Catholic in their faith. So we offer criticism to somebody and never offer them a venue in which to defend themselves.

That is not what America expects of this body. That is not what it expects of the Judiciary Committee. My hope is the majority leader will say: There is a deal to be struck here. Let's do what we can so we don't spend our time on the business of creating wedge issues that don't further the best interests of this country. Give President Bush five or six more, seven or eight more district court nominees, all of which are qualified, bring them to the floor. Let's get it done so it doesn't interfere with other important work. It is time for the Senate to make good on promises. It is time for it to reciprocate for what President Bush did in terms of withdrawing the four nominations. My hope is we will think about what is in the best long-term interest of the country and not the next election.

I thank the Chair.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ALEXANDER. I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. REID. Mr. President, I ask if the distinguished Senator from Tennessee is ready to make his remarks, we should do it now. The two managers are not here, but I am sure they would not care. Then when you complete your remarks, we will go forward.

Mr. ALEXANDER. I am prepared to go ahead.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

NEW DIRECTION FOR ENERGY INDEPENDENCE, NATIONAL SECURITY, AND CONSUMER PROTECTION ACT AND THE RENEWABLE ENERGY AND ENERGY CONSERVATION TAX ACT OF 2007

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of H.R. 3221, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 3221) moving the United States toward greater energy independence and security, developing innovative new technologies, reducing carbon emissions, creating green jobs, protecting consumers, increasing clean renewable energy production, and modernizing our energy infrastructure, and to amend the Internal Revenue Code of 1986 to provide tax incentives for the production of renewable energy and energy conservation.

Pending:

Dodd-Shelby amendment No. 4387, in the nature of a substitute.

Ensign amendment No. 4419 (to amendment No. 4387), to amend the Internal Revenue

Code of 1986 to provide for the limited continuation of clean energy production incentives and incentives to improve energy efficiency in order to prevent a downturn in these sectors that would result from a lapse in the tax law.

Alexander amendment No. 4429 (to amendment No. 4419), to provide a longer extension of the renewable energy production tax credit and to encourage all emerging renewable sources of electricity.

AMENDMENT NO. 4429

The ACTING PRESIDENT pro tempore. Under the previous order, the question is on agreeing to amendment No. 4429 offered by the Senator from Tennessee, Mr. ALEXANDER. The Senator from Tennessee and the Senator from Nevada, Mr. ENSIGN, each have 5 minutes for debate.

The Senator from Tennessee.

Mr. ALEXANDER. I ask that the Chair let me know when 2 minutes remain because Senator KYL may be back as a cosponsor.

Mr. President, I rise in favor of the Alexander-Kyl amendment No. 4429, which we hope is a helpful amendment to the Ensign-Cantwell amendment. Let me try to say this in two different ways. If you care about climate change, here is what our amendment will do. It will extend from 1 year to 2 the production tax credit for all qualified renewable sources of electricity. In other words, these emerging renewable energies, which have the capacity to work 24 hours a day, would have 2 years, as well as wind.

Second, it would mean that wind would not get all the money but that some others would have more time to respond to the incentives we are creating with these tax credits. Let me use a story to illustrate. Let's say a family has several children. One of them older. Dad calls a meeting and says: I have \$3 billion extra, which is the amount of money we are talking about for the Ensign-Cantwell amendment. Let's give it to the overgrown son who is still living at home who has gotten most of the allowance money for the last 16 years. Let's give him another year. Mom, who is a little wiser, says: It is nice for you to want to give an allowance to the children, but what about all these other children—open-loop biomass and small irrigation power and landfill gas and trash combustion. Instead of giving all the money to the son living at home, let's give some to all the children, including the overgrown son. That is what we would do if we adopt the Alexander-Kyl amendment.

According to the Energy Information Administration, the production tax credit Senator ENSIGN wants to extend for a year, 97 percent of it went to wind in Fiscal Year 2007, which has gotten most of our renewable electricity tax credit money since 1992. So the Ensign-Cantwell amendment is being advertised as helping renewable energy. It adds another \$3 billion over the next 10 years to the \$11 billion we have already invested in wind and these other promising children. Wind only works when

it wants to. These emerging technologies might work when they are told to. We would like to include them. Wind would still get more of the money than anybody else, but it would not get 97 percent. It would not get almost all of it.

There is another reason to favor the Alexander-Kyl amendment. That would be if you care about the spending of tax dollars. According to the Energy Information Administration, we spend 53 more times per megawatt hour on wind than we do on coal in subsidies, and coal provides half our electricity. We spend 94 more times on wind per hour than we do on natural gas which produces clean electricity; 15 times more on wind per megawatt hour than we do on nuclear; 26 more per megawatt hour than we do on biomass; 25 times more than we do on geothermal; 35 times more than we do on hydroelectric; 17 times more than we do on landfill gas. We spend 27 times more per megawatt hour to subsidize wind, a proven technology that only works when it wants to, than we do on all the other renewables, 27 to 1. That is not a wise use of tax dollars.

We urge support for the Alexander-Kyl amendment so these technologies, and wind as well, will have a 2-year extension of the tax credit instead of 1 and so all these promising children can help with climate change and clean air rather than giving all the money to one overgrown son who ought to be out on his own by now.

I reserve the remainder of my time.

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

Mr. ENSIGN. Mr. President, I ask the Chair to notify me when 2½ minutes remain. First, I'd like to thank Senator CANTWELL for her leadership in the last few weeks that we have worked together on drafting a bipartisan compromise making sure that we help renewable energy become more of the power supply to the United States. We all believe from an economic standpoint, that it will help create jobs and new technologies as well as help the economy not only now, but into the future. Renewable energy helps the environment. It is cleaner than fossil fuels and makes us less dependent on foreign sources of energy. A lot of the money we send overseas is to folks who are not exactly friendly to the United States.

The Ensign-Cantwell amendment is supported by a broad range of industries as well as environmental groups.

I ask unanimous consent that the following two letters of support be printed in the RECORD.

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

NATIONAL ASSOCIATION
OF MANUFACTURERS,
Washington, DC, April 8, 2008.

U.S. SENATE,
Washington, DC.

DEAR SENATOR: On behalf of the National Association of Manufacturers (NAM), the nation's largest industrial trade association

representing small and large manufacturers in every industrial sector and in all 50 states, I urge you to support the Cantwell-Ensign Clean Energy Tax Stimulus amendment number 4419 to H.R. 3221, housing legislation currently being considered on the Senate floor. This amendment would, among other provisions, extend incentives for clean and renewable energy that are set to expire at the end of this year.

U.S. manufacturers, large and small, have a substantial concern for affordable domestic energy supplies and improved energy efficiency. As a key component to reducing energy demand, increasing energy efficiency will go a long way to lowering energy costs and increasing economic competitiveness. By promoting energy efficiency and the development of renewable and alternative energy sources, the package of incentives included in the Cantwell-Ensign amendment represents an important step in securing our nation's energy security without raising taxes.

The NAM's Key Vote Advisory Committee has indicated that votes on the amendment offered by Senators Maria Cantwell (D-WA) and John Ensign (R-NV) will be considered for designation as Key Manufacturing Votes in the NAM voting record for the 110th Congress. Eligibility for the NAM Award for Manufacturing Legislative Excellence will be based on a member's record on Key Manufacturing Votes.

Thank you for your consideration.

Sincerely,

JAY TIMMONS,
Executive Vice President.

AMERICAN CHEMISTRY COUNCIL,
Arlington, VA, April 4, 2008.

Hon. MARIA CANTWELL,

U.S. Senate,
Washington, DC.

Hon. JOHN ENSIGN,
U.S. Senate,
Washington, DC.

DEAR SENATOR CANTWELL AND SENATOR ENSIGN: The American Chemistry Council wishes to convey its strong support for the "Clean Energy Tax Stimulus Act of 2008," (S. 2821), introduced yesterday by you and cosponsored by a large bipartisan group of Senators. The ACC has long advocated for a balanced portfolio of energy policies that advance energy efficiency, fuel diversity, and new supply sources. S. 2821, in its current form, contains a number of critical and cost effective energy efficiency and energy production incentives. We urge the Senate to take up the measure quickly and approve it without attaching any of the controversial "pay for" provisions that have prevented the passage of these beneficial incentives in the past.

The members of the ACC use natural energy resources to make the products that allow our customers to save energy. The products of chemistry go into energy-saving materials used throughout the economy, such as insulation, weatherization equipment, lightweight vehicle parts, lubricants, coatings, energy efficient appliances, solar parts and windmill blades. For example, the use of just one product, insulation in buildings, results in a net benefit to society of 40 BTUs of energy saved for every BTU used to produce the product. We applaud the provisions of the bill that would encourage the use of energy efficient products.

Similarly, we appreciate that this bill does not include provisions that would increase tax burden on the oil and gas industry, which is a key supplier to and a customer of the American chemical industry. As you know, worldwide demand for energy has pushed our industries power and feedstock prices to dangerously high levels. In the first half of the

decade our fuel and feedstock costs have increased by more than \$100 billion. Our global competitors do not face similar cost pressures. Our vital industry has lost \$60 billion in business to overseas competitors and more than 110,000 high-paying jobs have disappeared. Additional taxes on the companies supplying these feedstocks will increase costs to our industry, result in high costs of our industry's inputs and make it more difficult to compete in the global market. You are to be commended for not linking discriminatory and damaging taxes to the very laudable energy efficiency and energy production policy objectives of the bill.

The American Chemistry Council urges the Senate to pass S. 2821, as it is a critical plank in a broader energy policy platform, and for you to strenuously resist including tax increases that constrain the supply of feedstocks that the industry needs to competitively make our energy efficiency products.

Sincerely,

JACK N. GERARD,
President and CEO.

Mr. ENSIGN. It is supported by everybody from the U.S. Chamber of Commerce, the National Association of Manufacturers, the Real Estate Roundtable, the American Chemistry Council, the Sierra Club, the National Resources Defense Council, as well as hundreds of other businesses and organizations.

This, however, is a delicate compromise. Three times in the past there have been attempts to pass a renewable energy bill. They have all failed. This is our chance to actually pass something that can be signed into law. Unfortunately, the Alexander amendment would break the delicate balance. We need to defeat the Alexander amendment and pass the Ensign-Cantwell amendment if we truly want to encourage renewables into the marketplace in a much larger way in the United States. It is good for the country, good for the environment, and good for the economy.

I urge a defeat of the Alexander amendment and adoption of the Ensign-Cantwell amendment.

I yield the remainder of my time to Senator CANTWELL.

Ms. CANTWELL. How much time remains?

The ACTING PRESIDENT pro tempore. There is 2½ minutes.

Ms. CANTWELL. Mr. President, I rise in opposition to the Alexander amendment. Along with my colleague from Nevada, we reached a very delicate balance to get this legislation where it is today. I would hate to see that balance disturbed by the proposal the Senator from Tennessee is offering about wind. The reality is our nation is still only producing a small percentage of renewable energy, and we could produce much more. To curtail investment in one of the most promising renewable technologies at this point would be premature. We have to realize what we are trying to do is create continued incentives not just for the long-term, and this legislation is aimed at saving this year's investment cycle. If the Senator from Tennessee wants to have a discussion later about long-term

clean energy investments and what that horizon should be, this Senator is more than happy to talk to him about that. But this amendment before us is about the near term.

The bottom line is that we are trying to do is create stimulus for this year, we are trying to save the investment in the production tax credits, the investment tax credits, and efficiency tax credits. For example, PG&E has proposed purchasing 553 megawatts of power, which is the size of a typical natural gas or coal plant, from a concentrating solar facility in the Mojave Desert. If we don't pass this legislation, we are going to lose about \$1.5 to \$2 billion in investment and a big opportunity to increase the tax base of San Bernardino County, CA.

Another example, Butte, MT, has one of the largest polysilicon plants in the world, producing feedstock material for solar panels. Expansion of this plant, an investment over \$1 billion, is on hold because we haven't given predictability in the tax code.

Passing this amendment will also give consumers efficiency credits of up to \$500. Using that credit on insulation for example could save homeowners over 20 percent on their annual heating and cooling bills. The production tax credits in the underlying Ensign amendment, not the Alexander amendment, as a result in the next 3 to 5 years, we will have enough green renewable power to power 35 cities the size of Seattle. If we agree to the Ensign amendment instead of the Alexander amendment, with the investment tax credit, it will build enough solar power, and 1.1 million homes could instead have the power of solar and more renewable green energy. I encourage my colleagues to turn down the Alexander amendment and vote for the Ensign amendment.

Mr. BYRD. Mr. President, it has been written that King of England Edward I—known as the "Hammer of the Scots"—once tried to prohibit London's burning of coal. He is said to have proclaimed, "Be it known to all within the sound of my voice, whoever shall be found guilty of burning coal shall suffer the loss of his head."

Coal has always had its critics. Despite them, coal has not only endured, it has prevailed. It fueled America's Industrial Revolution in the 19th century. It fueled America's naval battleships in the early 20th century. It possesses the bright potential to help America get out from under the thumb of foreign oil-wielding despots in the 21st century.

The coal industry has evolved in the last centuries, shaped by safety and environmental critiques. It has professed a willingness to evolve further. But the harsh attacks and efforts to demonize coal on the campaign trail are becoming increasingly irresponsible and inflammatory, and destructive. Coal miners hear these comments, and what are they to think? They are patriotic Americans. They risk their lives every

day underground. They reside in the coalfields, where they live honest, modest lives, and where they attend church and teach their children solid values. And they vote. The last thing they deserve is to have their profession—or to have their father's profession—demonized.

These kinds of comments are counterproductive to the challenges that lie in front of us. If our Nation is to regain its independence from foreign oil, we must rely on coal. There is no getting around that reality.

Coal produces half of the electricity consumed by the American people. It is a cheap, abundant resource in a time when the American people demand stable, reliable energy prices. The U.S. military is already making long-term investments in liquid-coal technology. The chunk of rock that once burned in a stove will soon be widely used in fuel tanks of aircrafts, cars, trucks, and buses, and just about anything else we need it for. Coal will be around for a long, long time.

I support a broad energy portfolio. Renewable energies have their place in that portfolio, but they are not a panacea. Certainly one renewable energy alone, like wind, will not guarantee our Nation's energy independence. We need to expand our use of other renewable and alternative fuels. Solar is important, geothermal is showing promise, tidal has great possibilities, and biomass—particularly when combined with coal to help immediately reduce emissions that concern us all—is certainly a fuel worth investing in.

It is clear to me that the intent of the Ensign/Cantwell amendment is good, but the benefit of the Alexander amendment is greater. And so I will cast my vote with those who seek a broader investment in renewable energies that is also grounded in the realities of the continuing promise of coal.

Mr. DODD. Mr. President, I rise today to discuss the Ensign-Cantwell amendment to the housing bill. This amendment extends expiring tax credits for renewable energy production and development and tax credits for energy efficient homes and buildings.

Let me be perfectly clear. I fully support extending these tax credits. I voted for them last December when we tried to attach them to the Energy bill. I supported them again when we considered the economic stimulus package in February. I am in fact an original cosponsor of the freestanding legislation this amendment is based on. I have long argued that we have a responsibility to put our nation on a path toward energy independence. In addition to making us better stewards of the environment, this is also vitally important to protecting our national security by reducing our dependence on foreign fossil fuels. Done responsibly, it can also spur economic growth and create tens of thousands of new good-paying green collar jobs.

However, I felt compelled to oppose the Ensign-Cantwell proposal as an

amendment to the housing bill. In my view, however, the housing bill simply was the wrong legislative vehicle for this initiative. As I have said many times, nearly 8,000 people every day are facing foreclosure—8,000 people every single day are losing their homes and must cope with uncertain and difficult financial futures for themselves and their families. Working this week with Senator SHELBY, the majority and minority leaders, and others, I felt it my responsibility to shepherd through a basic set of policies that will help mitigate this housing crisis. This bill did clearly not include everything I would have liked, but it provides a critical first step, and it was imperative in my view that we act quickly to stem this national housing crisis without being sidelined by other matters, regardless of their merit.

I wish to thank my colleagues Senator CANTWELL and Senator ENSIGN for their commitment to clean, renewable energy and their leadership on the issue. For the reasons I have given, I wish this proposal could have been advanced differently. However, I remain committed to working with them and all the Members of this body to achieve the goal of energy independence.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee has 55 seconds.

Mr. ALEXANDER. Mr. President, let me emphasize this point. No. 1, the Alexander-Kyl amendment has more certainty. It extends the production tax credit from 1 year to 2 for all these. Second, the distinguished Senator from Washington mentioned solar power. Solar asked to be out of the production tax credit 3 years ago because all the money in the production tax credit was going to wind. In the Energy Policy Act of 2005, I was the lead sponsor of the amendment adding the investment tax credit for solar power. No one loses under the Alexander amendment No. 4429, except wind is treated similar to everybody else. It gets 1 cent per kilowatt hour. That means it will still get more of the money than anybody in the production tax credit. But open-loop biomass, all these emerging renewable technologies will suddenly have a fighting chance to get some of the money that since 1992 has almost all gone to one proven technology. That is not a wise use of taxpayer dollars. It is not a good use of funds to continue to over subsidize wind, which is now a mature energy technology. Two years instead of one is a vote yes.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. ENSIGN. I ask unanimous consent for the yeas and nays on both the Ensign and Alexander amendments.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Is there a sufficient second?

There appears to be and is a sufficient second.

The yeas and nays are ordered on both amendments.

The Senator from Washington.

Ms. CANTWELL. I ask unanimous consent that in any sequence of votes after the first vote, the time be limited to 10 minutes each and that prior to each vote, there be 2 minutes of debate available, equally divided and controlled in the usual form.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The question is on agreeing to the amendment No. 4429.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from New York (Mrs. CLINTON), the Senator from Iowa (Mr. HARKIN), the Senator from New Jersey (Mr. MENENDEZ), and the Senator from Illinois (Mr. OBAMA) are necessarily absent.

I further announce that, if present and voting, the Senator from New Jersey (Mr. MENENDEZ) would vote "nay."

Mr. KYL. The following Senators are necessarily absent: the Senator from North Carolina (Mrs. DOLE) and the Senator from Arizona (Mr. MCCAIN).

The PRESIDING OFFICER (Mr. BROWN). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 15, nays 79, as follows:

[Rollcall Vote No. 94 Leg.]

YEAS—15

Alexander	Cochran	Sessions
Bennett	Gregg	Shelby
Bunning	Isakson	Vitter
Byrd	Kyl	Voinovich
Chambliss	McConnell	Wicker

NAYS—79

Akaka	Dorgan	Mikulski
Allard	Durbin	Murkowski
Barrasso	Ensign	Murray
Baucus	Enzi	Nelson (FL)
Bayh	Feingold	Nelson (NE)
Biden	Feinstein	Pryor
Bingaman	Graham	Reed
Bond	Grassley	Reid
Boxer	Hagel	Roberts
Brown	Hatch	Rockefeller
Brownback	Hutchison	Salazar
Burr	Inhofe	Sanders
Cantwell	Inouye	Schumer
Cardin	Johnson	Smith
Carper	Kennedy	Snowe
Casey	Kerry	Specter
Coburn	Klobuchar	Stabenow
Coleman	Kohl	Stevens
Collins	Landrieu	Sununu
Conrad	Lautenberg	Sununu
Corker	Leahy	Tester
Cornyn	Levin	Thune
Craig	Lieberman	Warner
Crapo	Lincoln	Webb
DeMint	Lugar	Whitehouse
Dodd	Martinez	Wyden
Domenici	McCaskill	

NOT VOTING—6

Clinton	Harkin	Menendez
Dole	McCain	Obama

The amendment (No. 4429) was rejected.

Ms. CANTWELL. Mr. President, I move to reconsider the vote, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to Ensign amendment No. 4419.

There are 2 minutes for debate equally divided. Who seeks time?

The Senator from Nevada is recognized.

Mr. ENSIGN. Mr. President, just very briefly, this is our chance, a bipartisan chance, to have renewable energy in this country in a big way. It will preserve over 100,000 jobs in the United States. Let's help us become less dependent on foreign energy. Let's help the environment in the United States. I encourage all Members to vote aye.

I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. ENSIGN. Mr. President, I ask unanimous consent that all time be yielded back.

The PRESIDING OFFICER. Without objection, it is so ordered. The question is on agreeing to the amendment.

The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. DURBIN. I announce that the Senator from New York (Mrs. CLINTON) and the Senator from Illinois (Mr. OBAMA) are necessarily absent.

Mr. KYL. The following Senators are necessarily absent: the Senator from North Carolina (Mrs. DOLE) and the Senator from Arizona (Mr. MCCAIN).

Further, if present and voting, the Senator from North Carolina (Mrs. DOLE) would have voted "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 88, nays 8, as follows:

[Rollcall Vote No. 95 Leg.]

YEAS—88

Akaka	Ensign	Mikulski
Allard	Enzi	Murkowski
Barrasso	Feingold	Murray
Baucus	Feinstein	Nelson (FL)
Bayh	Graham	Nelson (NE)
Bennett	Grassley	Pryor
Biden	Gregg	Reed
Bingaman	Hagel	Reid
Bond	Harkin	Roberts
Boxer	Hatch	Rockefeller
Brown	Hutchison	Salazar
Brownback	Inhofe	Sanders
Burr	Inouye	Schumer
Cantwell	Isakson	Shelby
Cardin	Johnson	Smith
Casey	Kennedy	Snowe
Chambliss	Kerry	Specter
Coburn	Klobuchar	Stabenow
Cochran	Kohl	Stevens
Coleman	Landrieu	Sununu
Collins	Lautenberg	Sununu
Conrad	Leahy	Tester
Corker	Levin	Thune
Cornyn	Lieberman	Vitter
Craig	Lincoln	Warner
Crapo	Lugar	Webb
DeMint	Martinez	Whitehouse
Domenici	McCaskill	Wicker
Dorgan	McConnell	Wyden
Durbin	Menendez	

NAYS—8

Alexander	Carper	Sessions
Bunning	Dodd	Voinovich
Byrd	Kyl	

NOT VOTING—4

Clinton	McCain
Dole	Obama

The amendment (No. 4419) was agreed to.

FIRST-TIME HOMEBUYERS' TAX CREDIT

Mr. CARDIN. Mr. President, in a short while, the Senate will be voting to approve H.R. 3221, the Foreclosure Prevention Act. It is a good bill with some good provisions; namely, \$10 billion for mortgage revenue bonds, \$4 billion for community development block grants, and \$200 million for foreclosure prevention counseling. I regret, however, that we missed two opportunities to make it even better. The first missed opportunity was our failure to adopt Senator DURBIN's provision regarding bankruptcy. I am still mystified why a bankruptcy judge can reduce the principal or modify the mortgage loan terms on a vacation home but not on a primary residence. The second missed opportunity, in my estimation, was our inability to adopt an amendment Senator ENSIGN and I offered to establish a \$7,000 nonrefundable tax credit for first-time homebuyers. I regret that the Parliamentarian ruled our amendment out of order and we never had a chance to vote on it.

The amendment Senator ENSIGN and I offered was timely, targeted, and temporary: eligibility for the credit would be phased out for single filers whose adjusted gross income, AGI, is between \$70,000 and \$90,000; for married couples filing a joint return, eligibility for the credit would be phased out if their AGI is between \$110,000 and \$130,000. These phase-out levels are identical to the phase-out levels contained in the District of Columbia's first-time homebuyers' tax credit. The credit would be available only for the purchase of a primary residence made within 1 year of the date of enactment.

We need to encourage prospective buyers to get off the sidelines and back into the market. An important segment of that population—39 percent nationwide—consists of first-time homebuyers. Recently, first-time homebuyers have accounted for 65 to 67 percent of sales in Baltimore.

The District of Columbia had a similar tax credit and it worked. Through the end of last year, first-time homebuyers who purchased a home in the District were eligible for a \$5,000 tax credit. The credit helped 3,000 to 4,000 people become home owners each year, and it boosted buyers' interest in neighborhoods where home ownership rates lagged.

I think this amendment, if adopted, would have made a good bill better. I hope the House will incorporate a first-time homebuyers' tax credit provision in its version of this bill.

Mr. ENSIGN. I would like to associate myself with the remarks from the junior Senator from Maryland regarding the Cardin-Ensign first-time homebuyers' tax credit amendment. We worked together as members of the House Ways & Means Committee and I was pleased to be able to work with him again on this amendment here in the Senate. The foreclosure problem is particularly acute in Nevada; in fact,

we have the highest rate of foreclosures in the Nation. Last year, according to RealtyTrac.com, we had 66,316 foreclosure filings—a 215 percent increase over 2006 and a 760-percent increase over 2005. We have nearly 35,000 properties in foreclosure, which is 3.4 percent of all households. This tidal wave of economic misfortune is swamping the housing market in my home State. The amendment Senator CARDIN and I offered would have helped to stabilize the market and I am disappointed that the Senate didn't have a chance to vote on it.

Mr. BAUCUS. I would say to my colleagues from Maryland and Nevada that I, too, think that in the current economy, a temporary tax credit is a meritorious idea. I commend the Senators for working so hard on their amendment and I can understand their disappointment. It appears that, yesterday, the Ways and Means Committee adopted a credit more along the lines the Senators have proposed. I look forward to working with the House in a conference to craft a homebuyer tax credit that will help the housing market recover. There are many things we can and should do to help homeowners and a targeted, temporary homebuyer credit is one of them.

Mr. CARDIN. Mr. President, I would like to thank the chairman of the Senate Finance Committee for his remarks, which I find encouraging. I look forward to working with him and with my colleague from Nevada on this matter.

• Mr. MCCAIN. Mr. President, there is a justifiable feeling of anger and worry across America today regarding the ongoing housing crisis. Millions of Americans are currently bearing a heavy burden to keep their family homes and desperate for relief. The clamor for the Federal Government to act quickly has been heard by the Senate and we are now set to vote on a bipartisan package that will offer some assistance to suffering homeowners.

Without action, the pain of the foreclosure crisis will not only be felt by the millions of American families who stand to lose their homes but by all Americans. Congress must confront this reality and pass legislation that has three key components: it is temporary in nature, has an immediate goal of helping cash-strapped but credit-worthy home owners stay in their homes, and prevents a mortgage crisis from happening again.

The bill before the Senate is not perfect, but it does contain several provisions that I support and believe can help our housing market—for both mortgage borrowers and lenders—now and in the future. It is important to avoid situations in which homeowners owe more money than their home is worth. Unfortunately, that has become too common a scenario in part because many homeowners never had much equity in their home to begin with. This bill contains a provision that would en-

sure homeowners avoid this situation by requiring a modest increase in the downpayment necessary for Federal Housing Administration-insured mortgages. This legislation can also offer some relief to borrowers by increasing the amount of FHA-insured loans, which typically carry lower interest rates. Additionally, it is also vital to have well-informed borrowers who understand the terms and obligations in a mortgage agreement and provide lenders with accurate and easily understood financial information. The bill expands the early disclosures requirements under the Truth In Lending Act and requires a new disclosure informing borrowers of the maximum monthly payments possible under their loans. While these provisions should help bring about some relief, I do not think we should kid ourselves into believing that this bill is the panacea for our housing crisis.

I am supporting this bill and thank its bipartisan sponsors. However, I do want the record to be clear that I remain concerned over the inclusion of several provisions that do not adhere to my principles for mortgage relief and question the effectiveness of these provisions in delivering needed assistance to home owners. Mr. President, again, I thank those who have worked so hard on this measure on both sides of the aisle, and I look forward to acting on this important subject. •

Mr. KOHL. Mr. President, today the Senate threw a lifeline to homeowners facing the specter of foreclosure. This legislation includes valuable resources for communities, homeowners, and industry to combat the downturn in the housing market.

In my home State of Wisconsin, foreclosures have risen at an alarming rate. Compared to last year, foreclosures have increased by 145 percent. Many of these foreclosed properties were connected with subprime loans with adjusting interest rates. A combination of lax lending standards and the creation of exotic financial products gave lenders the ability to offer people who would not qualify before the chance to own a home. However, there was little concern on whether or not the person or family would be able to sustain home ownership. Because of the irresponsibility of some lenders, families across the country have lost their homes and more are soon to follow if help does not come.

One of the provisions included in the Foreclosure Prevention Act increases funds for housing counseling services. These nonprofit housing counseling agencies help homeowners connect to their lenders and renegotiate terms that will allow them to keep their homes. The money is estimated to help close to 500,000 families stay in their homes. Another very important provision provides \$4 billion in community development block grant for communities to purchase and redevelop foreclosed-upon properties. This will enable localities to purchase unoccupied

properties which drag down neighboring home prices and are easy targets for criminal activity. By rehabilitating these blights, communities will be able to prevent further loss of property value while at the same time providing affordable housing units. Other important provisions include providing a temporary tax refund to help struggling businesses stay afloat and including reforms to the Federal Housing Administration to make it easier for low- and moderate-income families utilize the home ownership programs.

The housing crisis has shed light on the complexity and problems in our Nation's lending system. Many homeowners were rushed through the process without truly understanding the terms and conditions of their loans. The Foreclosure Prevention Act will amend the Truth in Lending Act to require lenders to fully disclose the terms and conditions of the loan and to provide the home buyer with the maximum loan payment they will have to make. This simple change will enable future home buyers to make informed decisions regarding their mortgage and enable them to plan accordingly.

While this bill is not the final answer to the housing crisis, it is a step in the right direction. There are still many issues that need to be resolved in order to avoid a similar housing and economic downturn. We must consider revising lending standards to protect future home buyers, increasing our affordable rental housing stock and ensuring we create sound fiscal policies that promote the economic well-being of each and every American.

Mr. WARNER. Mr. President, I wish to speak about the legislation currently before the Senate. The Foreclosure Prevention Act of 2008 seeks to provide assistance to families and businesses adversely affected by the decline of the values of real estate.

While I support many of the worthy initiatives in this bill, such as the Federal Housing Authority modernization provisions and other resources to assist communities devastated by foreclosures, there are several provisions that cause me to withhold my support at this time. I note that the bill will go to a conference committee with the House of Representatives, and subsequent to their work, I will revisit this legislation.

America, our Republic, rests on basic and time tested principles. Among them is our free enterprise system. The foundation of this system must not be unduly influenced from excessive government interference.

Again, while this legislation contains a number of worthy initiatives, respectfully, in my view, this legislation as a whole overreaches and fails this basic test.

Mr. FEINGOLD. Mr. President, I support the Foreclosure Prevention Act of 2008 because it provides targeted relief to homeowners facing foreclosure and communities dealing with the negative effects of increasing numbers of fore-

closures. Unfortunately, this bill also includes provisions that would not provide assistance to those most in need and it is my hope that those provisions will be modified or removed during the conference process. While I have reservations about some of the provisions in this bill, on balance, the legislation takes a step towards addressing some of the problems in the housing industry by increasing mortgage disclosures provided to borrowers and providing more housing counseling to homeowners facing foreclosure. I hope as Congress moves forward on this bill and other related housing measures we make sure that the legislation is crafted to help those most in need.

It is estimated that at least 2 million Americans may face foreclosure on their homes in the coming months and years, which will not only have a devastating impact for those individual families, but will also have significant negative impact on the communities in which those homes are located. Various cities report that increased numbers of foreclosures and the concentration of foreclosures in certain neighborhoods can lead to increased instances of vandalism, crime, and theft. We need to act now to provide assistance that will help keep American families in their homes both for the good of those families and also for the good of whole neighborhoods.

While Wisconsin has not been as hard hit as other regions of the country, foreclosures are in the rise in the state and a number of Wisconsinites have told me about their concerns about the effects of rising number of foreclosures on communities around the state. I have heard from local government officials who are concerned about holding lenders accountable for maintaining abandoned homes and ensuring the abandoned homes do not fall into disrepair. I have heard from housing advocates concerned about borrowers who may have been misled into taking out a subprime loan and now face the prospect of losing their homes. And I have heard from dedicated lawyers and counselors who are trying to provide counseling and other services in order to help individual and families through these tough times.

If these personal stories are not enough to urge us to act, available foreclosure data should also move us to take steps to address the rising number of foreclosures around our country. One report, by the Center for Responsible Lending, looks at the effects of subprime loans issued in 2005 and 2006 throughout the Nation, including in Wisconsin. According to the center's analysis, there were over 60,000 subprime loans issued in 2005 and 2006 in Wisconsin and close to 12,000 of these homes financed by a subprime loan during those years may be foreclosed upon. Additionally, the foreclosures from these subprime loans may result in over 550,000 surrounding homes in my State of Wisconsin experiencing a decline in their value. These statistics

are alarming and unfortunately are replicated in States around the country.

This bill does take some good steps towards trying to address the rising number of foreclosures around the country. I am pleased that this bill includes an additional \$150 million in housing counseling funds for 2008 and \$30 million to provide legal services to homeowners dealing with the possible foreclosure of their homes. These funds are to be used to assist families facing foreclosure reach agreements with their lenders so that they can remain in their homes while also making reasonable payments on the amount owed on the home. Congress appropriated funding for counseling services as part of the fiscal year 2008 omnibus appropriations bill and reports indicate that these funds are a cost-effective use of Federal resources. I am disappointed that the Senate did not provide the full \$200 million in housing counseling funds that was included in the original bill introduced by Senator REID in February. I am hopeful that we can continue to look for fiscally responsible ways to increase access to foreclosure counseling services in the coming months in order to assist more families in their attempts to restructure payments.

I was also pleased to support the increased Community Development Block Grant, CDBG, funds that were included in the Foreclosure Prevention Act. CDBG is an immensely popular Federal program that provides a flexible source of funding for States and local governments to address the unique problems facing their communities. States and localities will be able to use these CDBG funds for a variety of purposes including: establishing methods to purchase foreclosed homes, rehabbing these homes in order to sell or rent them out, and demolishing foreclosed homes that are contributing to neighborhood blight. The increased number of foreclosures is impacting States and local communities in unique ways, and providing flexibility in the use of these CDBG funds is essential to help communities make the best possible use of this money. I was particularly pleased that the negotiators of this bill agreed to require that 25 percent of the CDBG funds provided in this bill be used to redevelop foreclosed homes for families or individuals whose income is at 50 percent of the area median income or less. While this targeting could be even stronger, it will help ensure that the Americans most in need are not left out of the Federal assistance provided in this legislation.

The additional mortgage disclosures included in this package will do much to help ensure that future borrowers, whether taking out a first mortgage or refinancing their existing mortgages, better know the terms of the mortgages and how much they can expect to pay every month. While it is true that some borrowers fully knew that they

were getting in over their heads when they took out mortgages, other borrowers did not understand the terms of their loans or were misled by lenders. The changes that this legislation makes to the Truth in Lending Act, TILA, will help to prevent some of the egregious lending practices that have gone on in the past from occurring again. While this provision is a good step forward, much more needs to be done to rein in predatory lending. I hope that the Senate can move quickly on comprehensive predatory lending legislation this year.

Unfortunately, there were some tax provisions included in this legislation that will not directly help families and individuals facing foreclosure on their homes. I am particularly disappointed that the single largest provision in the bill is a tax break that bails out some of those businesses whose actions helped aggravate the housing crisis.

I was also disappointed that the Senate voted to table the Durbin amendment which would have removed a provision in bankruptcy law that prevents mortgages on primary residences from being modified during bankruptcy. According to advocates, the Durbin amendment could have helped approximately 600,000 individuals or families remain in their homes. It is the single most effective thing that could be done to reduce foreclosures. Unfortunately, this amendment faced stiff resistance in the lending community, even though mortgages on vacation homes and luxury items such as yachts can be modified in bankruptcy under current law. Senator DURBIN even worked to narrow the amendment to address some of the lenders' concerns. Even after these reasonable modifications, the lending community remained opposed to the amendment, and the Senate bowed to this opposition. That is unfortunate. The Durbin amendment was a measured response targeted at homeowners facing extreme hardship. I voted for Senator DURBIN's stand-alone legislation on this last week in the Judiciary Committee, and I hope the Senate can move this proposal forward in the coming weeks and months.

With respect to the renewable energy amendment offered by Senators ENSIGN and CANTWELL, while I continue to support extending critical renewable energy tax provisions, I am disappointed that this amendment was not offset. I also oppose the amendment's section 105 language. It unfortunately does not reflect the latest compromise reached within both the House and Senate as reflected in H.R. 6, which passed the House on December 2, 2007; S. Amdt 3841, which I supported on December 13, 2007; and H.R. 5351. I am pleased, however, that Senator CANTWELL has committed to working with me to ensure this provision is fixed to correct its overly broad definition, which poses a unique but serious threat to Wisconsin. Unless modified, the bill's language could have the unintended consequence of penalizing Wisconsin, which has a

unique, State-mandated independent transmission model, by incentivizing its existing independent transmission company to sell assets to another independent transmission company. The provision is intended to only apply to vertically integrated utilities and I am pleased by my colleagues' willingness to work with me and Senator KOHL to preserve this intent.

I have reservations about some of the provisions in this bill, but I will support the final bill because the bill does provide some important assistance to individuals and communities and it is important that we get the CDBG and housing counseling funds to States and local communities as soon as possible. The high number of foreclosures around our country has caused much suffering among individual homeowners and throughout local communities and we need to take action now to help these homeowners and communities rebuild their lives and neighborhoods. I hope that this bill can be improved during conference negotiations and that Congress will address the unresolved housing issues we face, including the need for stronger predatory lending laws and the need for more affordable housing for low income Americans. The problems in the housing industry and their broader impact on the Nation's economy are serious issues that will require the involvement of all levels of government as well as both private and nonprofit organizations. This bill represents a step forward in those efforts, but much more remains to be done.

Mr. AKAKA. Mr. President, I support the Foreclosure Prevention Act of 2008. I thank Chairman DODD and Ranking Member SHELBY for their work to develop a meaningful bill to help address the housing crisis in our country. Too many working families are losing their homes, credit access has been significantly reduced, and our economy has slowed. This act will help alleviate the challenges faced by homeowners.

Hawaii's foreclosure rate increased by more than 88 percent last year, for a total of 1,270 families who had their homes foreclosed. The loss of a family home can be financially and emotionally devastating. Compared with other States, Hawaii has not suffered as much during this housing crisis. However, foreclosure statistics do not reflect the many families who are having difficulties making mortgage payments after their adjustable interest rate mortgage reset or having to sell at a significant loss due to an unexpected transfer or a loss of a job.

This much needed bipartisan legislation will help protect homeowners across the country, prevent foreclosures, and assist our Nation's veterans. This legislation will modernize and improve the Federal Housing Administration, FHA, to provide homeowners with additional access to fixed rate mortgages. Additional resources will be provided by this bill for housing counseling to assist homeowners in

finding solutions to their difficult situations. In addition, mortgage disclosures will be made more meaningful to consumers by this bill.

I also appreciate the inclusion of a provision that is derived from legislation that I introduced last month, S. 2768. That legislation would correct an oversight in the Economic Stimulus Act and extend the temporary home loan guaranty increase to veterans so that more of them can realize the dream of home ownership.

The VA Home Loan Guaranty was part of the original GI bill in 1944. It was signed into law by President Franklin D. Roosevelt and provided veterans with a federally guaranteed home loan with no down payment. So as World War II was ending, landmark legislation made the dream of home ownership a reality for millions of returning veterans. Today, more than 25 million veterans and servicemembers are eligible for VA home loan guarantees.

The amount of the home loan guaranty was last adjusted by the Veterans Benefits Act of 2004. The maximum guaranty amount was increased to 25 percent of the Freddie Mac conforming loan limit determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a single family residence, as adjusted for the year involved. Using that formula, since the Freddie Mac conforming loan limit for a single family residence in 2008 is \$417,000, VA will guarantee a veteran's loan up to \$104,250, or 25 percent of the Freddie Mac limit. This guaranty exempts homeowners from having to make a down payment or secure private mortgage insurance.

The newly enacted Economic Stimulus Act of 2008, however, temporarily reset the Fannie Mae, Freddie Mac, and FHA home loan guarantee limits to 125 percent of metropolitan-area median home prices, without reference to the VA home loan program. This had the effect of raising the Fannie Mae and Freddie Mac limits to nearly \$730,000 in the highest cost areas, while leaving the VA limit of \$417,000 in place.

I urge all of my colleagues to support this measure so that this important group of Americans may benefit from an increased home loan guaranty in this time of economic uncertainty.

This legislation would also increase benefits for specially adapted housing for disabled veterans. This legislation would authorize VA to pay an additional \$10,000 to those eligible for assistance pursuant to section 2101(a), title 38, United States Code, increasing the total amount of funds available per grant to \$60,000. Individuals eligible for assistance pursuant to section 2101(b) would be able to receive an additional \$2,000 in assistance, increasing the total amount of funds available per grant to \$12,000.

Increases in housing and home adaptation grants have been infrequent, despite the fact that real estate and construction costs are continually on the

rise. Unless the amounts of the grants are adjusted, inflation erodes the value and effectiveness of these benefits, making it more difficult for beneficiaries to afford the accommodations they need. This provision would go a long way in making certain that specially adapted housing benefits meet the current needs of America's veterans.

We must enact this legislation quickly to help homeowners remain in their homes, stabilize the economy, and provide much needed improvements to veterans' housing benefits.

Mr. LEVIN. Mr. President, the progress this bill represents is overdue. The foreclosure crisis is dire, and there is much still to be done. But this bill offers some immediate help.

Over the past few months, I have hosted a series of roundtable meetings in Michigan communities with leaders from local and State government, as well as organizations that are in the trenches working with families facing foreclosure, to discuss practical ways to help homeowners and protect our economy from further damage. When I have asked for their feedback on this bill, they think it would help address a number of the problems they highlighted.

Across Michigan, communities would like to rehabilitate abandoned and foreclosed properties so that surrounding property values do not continue to fall. But currently there are not funds to meet the growing demand. This bill provides Federal block grants to areas with the highest foreclosure rates and filings to help rehabilitate abandoned or foreclosed properties and prevent further damage to local housing values and neighborhoods. In addition, taxpayers who purchase a home that has been foreclosed upon will be eligible for a tax credit.

This bill also provides funding for much needed pre-foreclosure counseling. I am encouraged by the good work currently being done by many counseling organizations who are trying to help families avoid foreclosure. But across Michigan, foreclosure prevention counselors are overwhelmed, and a lack of funds is tying the hands of local groups trying to help keep families on track.

This bill also helps address the critical need for more affordable loans to help families refinance and stay in their current homes. States are authorized to issue new tax-exempt bonds to help homeowners refinance adjustable rate mortgages. Providing refinancing options for homeowners in potentially solvent situations is an important component in the effort to reverse the current tide of foreclosures.

Ending the foreclosure crisis will require a team effort among Federal, State, and local governments, community and neighborhood organizations, and lenders, brokers, and borrowers. This bill recognizes that fact. It provides an opportunity to help keep struggling families in their homes. It

provides an opportunity to help restore our housing markets by keeping declining property values stable. It will protect neighborhoods from a glut of vacant homes. There is much more we need to do, but this bill represents a long overdue start. I am hopeful that an even stronger version will return quickly to the Senate from a House/Senate conference committee so we can get much-needed help to people in Michigan as soon as possible.

Mr. BAUCUS. Mr. President, I am proud to have worked with my colleague CHUCK GRASSLEY on the important tax relief measures in this bill. They will help homeowners, homebuyers, and homebuilders. And I urge my colleagues to support them.

The tax provisions in the bill come to a little over \$10 billion over 10 years.

The bill creates a standard property tax deduction for homeowners who do not itemize their Federal taxes. And that deduction will help low- and middle-income homeowners to afford to keep their homes.

The bill increases funding for mortgage revenue bonds. And those bonds will help homeowners and homebuyers to obtain affordable loans.

The bill provides a substantial credit to buyers of foreclosed homes. And that credit will help to stabilize local markets and restore property values.

The bill allows companies losing money—and laying off employees—to write off current losses and bolster struggling operations. And that ability to carry over losses will help struggling companies to keep workers on the payroll.

There is no magic solution to this housing crisis. This bill is just plain responsible policy. It addresses a lot of irresponsible actions that led to serious trouble for many Americans and for our economy.

To respond to this crisis, Senator GRASSLEY and I crafted provisions that support American families and American workers. These folks deserve to keep their homes. And they deserve to keep their jobs.

This bill will put real money in their pockets. It will do so through tax relief. And it will do so through continued paychecks from companies that use the tax relief in the bill to survive.

I urge my colleagues to support this bill. Let's send it to the House. Let's send its tax relief to American homeowners, homebuyers, and homebuilders. And let's speed this help to American families and American workers.

Mr. REID. Mr. President, the U.S. Senate will soon have the opportunity to vote for legislation that will help lift struggling homeowners, neighborhoods and our economy.

This bipartisan housing bill—forged through compromise and cooperation on the part of Senator DODD, Senator SHELBY and others, is not perfect.

It is not a magic bullet that will solve the problem. Either coauthor would be the first to say that. But it is an important step.

Experts now predict 3 million foreclosures in the next 2 years. Another 45 million homeowners will experience reduced value in their homes as a result of these foreclosures.

Nevadans are facing the fallout of this crisis more than any other state.

In February alone, one out of every 165 homes was in foreclosure. That is the highest rate in America.

Nevada's economy is suffering, just as it is throughout America, and this bill will help begin to turn things around.

If passed into law, the housing bill now before us would improve the prospects and options for families and communities all across our country.

During our country's last great banking crisis in the 1930s, the Federal Housing Administration, FHA, was created to stabilize the economy and help Americans secure the benefits of homeownership.

Over the past three quarters of a century, millions of American families have become homeowners with the help of the FHA.

But the rules that govern the FHA have limited the effectiveness of the program.

Our housing bill addresses this problem by modernizing the FHA. One of the principal benefits will be to permanently raise loan limits to \$550,000 and to introduce more flexibility into the lending process.

President Bush has announced his support for FHA modernization. Democrats and Republicans in Congress agree that it is the right thing to do for American families.

This bill will achieve that crucial and bipartisan goal.

Among the many little-noticed consequences of the war in Iraq is that thousands of service men and women stationed overseas are struggling to meet their mortgage obligations.

The sacrifice of our men and women in uniform is more than enough. They should not ever be forced to sacrifice their homes.

Our housing bill will help avoid that terrible prospect. We extend for service members the protection period against foreclosure and make it easier for them to afford their mortgages.

These are just some of the important provisions that this bill includes.

But as I have said before, we must recognize that the upcoming vote is just the beginning of a process that begins here in the Senate and will continue in the House of Representatives.

I hope that when the process is complete, we will have a strengthened bipartisan bill that will do even more to help families, communities and our economy.

Yesterday, the administration announced a new program at the FHA that would insure new loans that refinance existing mortgages for homeowners who are "underwater," meaning that they owe more than their house is now worth.

There are reports that 9 million homeowners are now under water. The

administration's proposal is predicted to help just 100,000 of them.

It is encouraging that President Bush is beginning to address the core of the crisis, but his proposal does not go far enough.

Chairman DODD and Congressman BARNEY FRANK have been discussing a similar proposal for weeks that could help as many as 2 million.

The importance of our work to help our country weather this crisis cannot be overstated.

This week, the Washington Post reported that experts at the Federal Reserve have said this:

The nationwide drop in home prices could put the economy in uncharted territory, as there are no clear precedents for how consumers will respond.

It is time for Congress to take action. Our vote today marks not the end but the beginning of that process.

AMENDMENT NO. 4387

The PRESIDING OFFICER. Under the previous order, amendment No. 4387, as amended, is agreed to. The motion to reconsider is considered made and laid on the table.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. REID. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is, Shall the bill, as amended, pass?

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from New York (Mrs. CLINTON) and the Senator from Illinois (Mr. OBAMA) are necessarily absent.

Mr. KYL. The following Senators are necessarily absent: the Senator from North Carolina (Mrs. DOLE) and the Senator from Arizona (Mr. MCCAIN).

Further, if present and voting, the Senator from North Carolina (Mrs. DOLE) would have voted "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 84, nays 12, as follows:

[Rollcall Vote No. 96 Leg.]

YEAS—84

Akaka	Carper	Graham
Alexander	Casey	Grassley
Allard	Chambliss	Harkin
Baucus	Cochran	Hatch
Bayh	Coleman	Hutchison
Bennett	Collins	Inouye
Biden	Conrad	Isakson
Bingaman	Cornyn	Johnson
Bond	Craig	Kennedy
Boxer	Dodd	Kerry
Brown	Domenici	Klobuchar
Brownback	Dorgan	Kohl
Burr	Durbin	Landrieu
Byrd	Ensign	Lautenberg
Cantwell	Feingold	Leahy
Cardin	Feinstein	Levin

Lieberman	Pryor	Specter
Lincoln	Reed	Stabenow
Lugar	Reid	Stevens
Martinez	Roberts	Sununu
McCaskill	Rockefeller	Tester
McConnell	Salazar	Thune
Menendez	Sanders	Vitter
Mikulski	Schumer	Voinovich
Murkowski	Sessions	Webb
Murray	Shelby	Whitehouse
Nelson (FL)	Smith	Wicker
Nelson (NE)	Snowe	Wyden

NAYS—12

Barrasso	Crapo	Hagel
Bunning	DeMint	Inhofe
Coburn	Enzi	Kyl
Corker	Gregg	Warner

NOT VOTING—4

Clinton	McCain
Dole	Obama

The bill (H.R. 3221), as amended, was passed, as follows:

H.R. 3221

Resolved, That the bill from the House of Representatives (H.R. 3221) entitled "An Act moving the United States toward greater energy independence and security, developing innovative new technologies, reducing carbon emissions, creating green jobs, protecting consumers, increasing clean renewable energy production, and modernizing our energy infrastructure, and to amend the Internal Revenue Code of 1986 to provide tax incentives for the production of renewable energy and energy conservation.", do pass with the following amendments:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) *SHORT TITLE*.—This Act may be cited as the "Foreclosure Prevention Act of 2008".

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

Sec. 1. Short title; table of contents.

TITLE I—FHA MODERNIZATION ACT OF 2008

Sec. 101. Short title.

Subtitle A—Building American Homeownership

Sec. 111. Short title.

Sec. 112. Maximum principal loan obligation.

Sec. 113. Cash investment requirement and prohibition of seller-funded down-payment assistance.

Sec. 114. Mortgage insurance premiums.

Sec. 115. Rehabilitation loans.

Sec. 116. Discretionary action.

Sec. 117. Insurance of condominiums.

Sec. 118. Mutual Mortgage Insurance Fund.

Sec. 119. Hawaiian home lands and Indian reservations.

Sec. 120. Conforming and technical amendments.

Sec. 121. Insurance of mortgages.

Sec. 122. Home equity conversion mortgages.

Sec. 123. Energy efficient mortgages program.

Sec. 124. Pilot program for automated process for borrowers without sufficient credit history.

Sec. 125. Homeownership preservation.

Sec. 126. Use of FHA savings for improvements in FHA technologies, procedures, processes, program performance, staffing, and salaries.

Sec. 127. Post-purchase housing counseling eligibility improvements.

Sec. 128. Pre-purchase homeownership counseling demonstration.

Sec. 129. Fraud prevention.

Sec. 130. Limitation on mortgage insurance premium increases.

Sec. 131. Savings provision.

Sec. 132. Implementation.

Sec. 133. Moratorium on implementation of risk-based premiums.

Subtitle B—Manufactured Housing Loan Modernization

Sec. 141. Short title.

Sec. 142. Purposes.

Sec. 143. Exception to limitation on financial institution portfolio.

Sec. 144. Insurance benefits.

Sec. 145. Maximum loan limits.

Sec. 146. Insurance premiums.

Sec. 147. Technical corrections.

Sec. 148. Revision of underwriting criteria.

Sec. 149. Prohibition against kickbacks and unearned fees.

Sec. 150. Leasehold requirements.

TITLE II—MORTGAGE FORECLOSURE PROTECTIONS FOR SERVICEMEMBERS

Sec. 201. Temporary increase in maximum loan guaranty amount for certain housing loans guaranteed by the Secretary of Veterans Affairs.

Sec. 202. Counseling on mortgage foreclosures for members of the Armed Forces returning from service abroad.

Sec. 203. Enhancement of protections for servicemembers relating to mortgages and mortgage foreclosures.

Sec. 204. Limitation on distribution of funds.

TITLE III—EMERGENCY ASSISTANCE FOR THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES

Sec. 301. Emergency assistance for the redevelopment of abandoned and foreclosed homes.

Sec. 302. Nationwide distribution of resources.

Sec. 303. Limitation on use of funds with respect to eminent domain.

Sec. 304. Counseling intermediaries.

TITLE IV—HOUSING COUNSELING RESOURCES

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Sec. 801. Short title; amendment of 1986 Code.

Subtitle A—Taxable REIT Subsidiaries

Sec. 811. Conforming taxable REIT subsidiary asset test.

Subtitle B—Dealer Sales

Sec. 821. Holding period under safe harbor.

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Sec. 831. Conformity for health care facilities.

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Sec. 841. Effective dates and sunset.

TITLE IX—VETERANS HOUSING MATTERS

Sec. 901. Home improvements and structural alterations for totally disabled members of the Armed Forces before discharge or release from the Armed Forces.

Sec. 902. Eligibility for specially adapted housing benefits and assistance for members of the Armed Forces with service-connected disabilities and individuals residing outside the United States.

Sec. 903. Specially adapted housing assistance for individuals with severe burn injuries.

Sec. 904. Extension of assistance for individuals residing temporarily in housing owned by a family member.

Sec. 905. Increase in specially adapted housing benefits for disabled veterans.

Sec. 906. Report on specially adapted housing for disabled individuals.

Sec. 907. Report on specially adapted housing assistance for individuals who reside in housing owned by a family member on permanent basis.

Sec. 908. Definition of annual income for purposes of section 8 and other public housing programs.

Sec. 909. Payment of transportation of baggage and household effects for members of the Armed Forces who relocate due to foreclosure of leased housing.

TITLE X—CLEAN ENERGY TAX STIMULUS

Sec. 1001. Short title; etc.

Subtitle A—Extension of Clean Energy Production Incentives

Sec. 1011. Extension and modification of renewable energy production tax credit.

Sec. 1012. Extension and modification of solar energy and fuel cell investment tax credit.

Sec. 1013. Extension and modification of residential energy efficient property credit.

Sec. 1014. Extension and modification of credit for clean renewable energy bonds.

Sec. 1015. Extension of special rule to implement FERC restructuring policy.

Subtitle B—Extension of Incentives to Improve Energy Efficiency

Sec. 1021. Extension and modification of credit for energy efficiency improvements to existing homes.

Sec. 1022. Extension and modification of tax credit for energy efficient new homes.

Sec. 1023. Extension and modification of energy efficient commercial buildings deduction.

Sec. 1024. Modification and extension of energy efficient appliance credit for appliances produced after 2007.

TITLE XI—SENSE OF THE SENATE

Sec. 1101. Sense of the Senate.

TITLE I—FHA MODERNIZATION ACT OF 2008

SEC. 101. SHORT TITLE.

This title may be cited as the “FHA Modernization Act of 2008”.

Subtitle A—Building American Homeownership

SEC. 111. SHORT TITLE.

This subtitle may be cited as the “Building American Homeownership Act of 2008”.

SEC. 112. MAXIMUM PRINCIPAL LOAN OBLIGATION.

(a) IN GENERAL.—Paragraph (2) of section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended—

(1) by amending subparagraphs (A) and (B) to read as follows:

“(A) not to exceed the lesser of—

“(i) in the case of a 1-family residence, 110 percent of the median 1-family house price in the area, as determined by the Secretary; and in the case of a 2-, 3-, or 4-family residence, the percentage of such median price that bears the same ratio to such median price as the dollar amount limitation in effect for 2007 under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for a 2-, 3-, or 4-family residence, respectively, bears to the dollar amount limitation in effect for 2007 under such section for a 1-family residence; or

“(ii) 132 percent of the dollar amount limitation in effect for 2007 under such section 305(a)(2) for a residence of the applicable size (without regard to any authority to increase such limitations with respect to properties located in Alaska, Guam, Hawaii, or the Virgin Islands), except that each such maximum dollar amount shall be adjusted effective January 1 of each year beginning with 2009, by adding to or subtracting from each such amount (as it may have been previously adjusted) a percentage thereof equal to the percentage increase or decrease, during the most recently completed 12-month or 4-quarter period ending before the time of determining such annual adjustment, in an housing price index developed or selected by the Secretary for purposes of adjustments under this clause;

except that the dollar amount limitation in effect under this subparagraph for any size residence for any area may not be less than the greater of: (I) the dollar amount limitation in effect under this section for the area on October 21, 1998; or (II) 65 percent of the dollar amount limitation in effect for 2007 under such section 305(a)(2) for a residence of the applicable size, as such limitation is adjusted by any subsequent percentage adjustments determined under clause (ii) of this subparagraph; and

“(B) not to exceed 100 percent of the appraised value of the property.”; and

(2) in the matter following subparagraph (B), by striking the second sentence (relating to a definition of “average closing cost”) and all that follows through “section 3103A(d) of title 38, United States Code.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect upon the expiration of the date described in section 202(a) of the Economic Stimulus Act of 2008 (Public Law 110-185).

SEC. 113. CASH INVESTMENT REQUIREMENT AND PROHIBITION OF SELLER-FUNDED DOWNPAYMENT ASSISTANCE.

Paragraph 9 of section 203(b) of the National Housing Act (12 U.S.C. 1709(b)(9)) is amended to read as follows:

“(9) CASH INVESTMENT REQUIREMENT.—

“(A) IN GENERAL.—A mortgage insured under this section shall be executed by a mortgagor who shall have paid, in cash, on account of the property an amount equal to not less than 3.5 percent of the appraised value of the property or such larger amount as the Secretary may determine.

“(B) FAMILY MEMBERS.—For purposes of this paragraph, the Secretary shall consider as cash or its equivalent any amounts borrowed from a family member (as such term is defined in section 201), subject only to the requirements that, in any case in which the repayment of such borrowed amounts is secured by a lien against the property, that—

“(i) such lien shall be subordinate to the mortgage; and

“(ii) the sum of the principal obligation of the mortgage and the obligation secured by such lien may not exceed 100 percent of the appraised value of the property.

“(C) PROHIBITED SOURCES.—In no case shall the funds required by subparagraph (A) consist, in whole or in part, of funds provided by any of the following parties before, during, or after closing of the property sale:

“(i) The seller or any other person or entity that financially benefits from the transaction.

“(ii) Any third party or entity that is reimbursed, directly or indirectly, by any of the parties described in clause (i).”.

SEC. 114. MORTGAGE INSURANCE PREMIUMS.

Section 203(c)(2) of the National Housing Act (12 U.S.C. 1709(c)(2)) is amended—

(1) in the matter preceding subparagraph (A), by striking “or of the General Insurance Fund” and all that follows through “section 234(c),”; and

(2) in subparagraph (A)—

(A) by striking “2.25 percent” and inserting “3 percent”; and

(B) by striking “2.0 percent” and inserting “2.75 percent”.

SEC. 115. REHABILITATION LOANS.

Subsection (k) of section 203 of the National Housing Act (12 U.S.C. 1709(k)) is amended—

(1) in paragraph (1), by striking “on” and all that follows through “1978”; and

(2) in paragraph (5)—

(A) by striking “General Insurance Fund” the first place it appears and inserting “Mutual Mortgage Insurance Fund”; and

(B) in the second sentence, by striking the comma and all that follows through “General Insurance Fund”.

SEC. 116. DISCRETIONARY ACTION.

The National Housing Act is amended—

(1) in subsection (e) of section 202 (12 U.S.C. 1708(e))—

(A) in paragraph (3)(B), by striking “section 202(e) of the National Housing Act” and inserting “this subsection”; and

(B) by redesignating such subsection as subsection (f);

(2) by striking paragraph (4) of section 203(s) (12 U.S.C. 1709(s)(4)) and inserting the following new paragraph:

“(4) the Secretary of Agriculture;”; and

(3) by transferring subsection (s) of section 203 (as amended by paragraph (2) of this section) to section 202, inserting such subsection after subsection (d) of section 202, and redesignating such subsection as subsection (e).

SEC. 117. INSURANCE OF CONDOMINIUMS.

(a) IN GENERAL.—Section 234 of the National Housing Act (12 U.S.C. 1715y) is amended—

(1) in subsection (c), in the first sentence—

(A) by striking “and” before “(2)”; and

(B) by inserting before the period at the end the following: “, and (3) the project has a blanket mortgage insured by the Secretary under subsection (d)”; and

(2) in subsection (g), by striking “, except that” and all that follows and inserting a period.

(b) DEFINITION OF MORTGAGE.—Section 201(a) of the National Housing Act (12 U.S.C. 1707(a)) is amended—

(1) before “a first mortgage” insert “(A)”;

(2) by striking “or on a leasehold (1)” and inserting “(B) a first mortgage on a leasehold on real estate (i)”;

(3) by striking “or (2)” and inserting “, or (ii)”; and

(4) by inserting before the semicolon the following: “, or (C) a first mortgage given to secure the unpaid purchase price of a fee interest in, or long-term leasehold interest in, real estate consisting of a one-family unit in a multifamily project, including a project in which the dwelling units are attached, or are manufactured housing units, semi-detached, or detached, and an undivided interest in the common areas and facilities which serve the project”.

(c) DEFINITION OF REAL ESTATE.—Section 201 of the National Housing Act (12 U.S.C. 1707) is amended by adding at the end the following new subsection:

“(g) The term ‘real estate’ means land and all natural resources and structures permanently affixed to the land, including residential buildings and stationary manufactured housing. The Secretary may not require, for treatment of any land or other property as real estate for purposes of this title, that such land or property be treated as real estate for purposes of State taxation.”

SEC. 118. MUTUAL MORTGAGE INSURANCE FUND.

(a) *IN GENERAL.*—Subsection (a) of section 202 of the National Housing Act (12 U.S.C. 1708(a)) is amended to read as follows:

“(a) **MUTUAL MORTGAGE INSURANCE FUND.**—

“(1) **ESTABLISHMENT.**—Subject to the provisions of the Federal Credit Reform Act of 1990, there is hereby created a Mutual Mortgage Insurance Fund (in this title referred to as the ‘Fund’), which shall be used by the Secretary to carry out the provisions of this title with respect to mortgages insured under section 203. The Secretary may enter into commitments to guarantee, and may guarantee, such insured mortgages.

“(2) **LIMIT ON LOAN GUARANTEES.**—The authority of the Secretary to enter into commitments to guarantee such insured mortgages shall be effective for any fiscal year only to the extent that the aggregate original principal loan amount under such mortgages, any part of which is guaranteed, does not exceed the amount specified in appropriations Acts for such fiscal year.

“(3) **FIDUCIARY RESPONSIBILITY.**—The Secretary has a responsibility to ensure that the Mutual Mortgage Insurance Fund remains financially sound.

“(4) **ANNUAL INDEPENDENT ACTUARIAL STUDY.**—The Secretary shall provide for an independent actuarial study of the Fund to be conducted annually, which shall analyze the financial position of the Fund. The Secretary shall submit a report annually to the Congress describing the results of such study and assessing the financial status of the Fund. The report shall recommend adjustments to underwriting standards, program participation, or premiums, if necessary, to ensure that the Fund remains financially sound. The report shall also include an evaluation of the quality control procedures and accuracy of information utilized in the process of underwriting loans guaranteed by the Fund. Such evaluation shall include a review of the risk characteristics of loans based not only on borrower information and performance, but on risks associated with loans originated or funded by various entities or financial institutions.

“(5) **QUARTERLY REPORTS.**—During each fiscal year, the Secretary shall submit a report to the Congress for each calendar quarter, which shall specify for mortgages that are obligations of the Fund—

“(A) the cumulative volume of loan guarantee commitments that have been made during such fiscal year through the end of the quarter for which the report is submitted;

“(B) the types of loans insured, categorized by risk;

“(C) any significant changes between actual and projected claim and prepayment activity;

“(D) projected versus actual loss rates; and

“(E) updated projections of the annual subsidy rates to ensure that increases in risk to the Fund are identified and mitigated by adjustments to underwriting standards, program participation, or premiums, and the financial soundness of the Fund is maintained.

The first quarterly report under this paragraph shall be submitted on the last day of the first quarter of fiscal year 2008, or on the last day of the first full calendar quarter following the enactment of the Building American Homeownership Act of 2008, whichever is later.

“(6) **ADJUSTMENT OF PREMIUMS.**—If, pursuant to the independent actuarial study of the Fund required under paragraph (4), the Secretary de-

termines that the Fund is not meeting the operational goals established under paragraph (7) or there is a substantial probability that the Fund will not maintain its established target subsidy rate, the Secretary may either make programmatic adjustments under this title as necessary to reduce the risk to the Fund, or make appropriate premium adjustments.

“(7) **OPERATIONAL GOALS.**—The operational goals for the Fund are—

“(A) to minimize the default risk to the Fund and to homeowners by among other actions instituting fraud prevention quality control screening not later than 18 months after the date of enactment of the Building American Homeownership Act of 2008; and

“(B) to meet the housing needs of the borrowers that the single family mortgage insurance program under this title is designed to serve.”

(b) **OBLIGATIONS OF FUND.**—The National Housing Act is amended as follows:

(1) **HOMEOWNERSHIP VOUCHER PROGRAM MORTGAGES.**—In section 203(v) (12 U.S.C. 1709(v))—

(A) by striking “Notwithstanding section 202 of this title, the” and inserting “The”; and

(B) by striking “General Insurance Fund” the first place such term appears and all that follows through the end of the subsection and inserting “Mutual Mortgage Insurance Fund.”

(2) **HOME EQUITY CONVERSION MORTGAGES.**—Section 255(i)(2)(A) of the National Housing Act (12 U.S.C. 1715z–20(i)(2)(A)) is amended by striking “General Insurance Fund” and inserting “Mutual Mortgage Insurance Fund”.

(c) **CONFORMING AMENDMENTS.**—The National Housing Act is amended—

(1) in section 205 (12 U.S.C. 1711), by striking subsections (g) and (h); and

(2) in section 519(e) (12 U.S.C. 1735c(e)), by striking “203(b)” and all that follows through “203(i)” and inserting “203, except as determined by the Secretary”.

SEC. 119. HAWAIIAN HOME LANDS AND INDIAN RESERVATIONS.

(a) **HAWAIIAN HOME LANDS.**—Section 247(c) of the National Housing Act (12 U.S.C. 1715z–12(c)) is amended—

(1) by striking “General Insurance Fund established in section 519” and inserting “Mutual Mortgage Insurance Fund”; and

(2) in the second sentence, by striking “(1) all references” and all that follows through “and (2)”.

(b) **INDIAN RESERVATIONS.**—Section 248(f) of the National Housing Act (12 U.S.C. 1715z–13(f)) is amended—

(1) by striking “General Insurance Fund” the first place it appears through “519” and inserting “Mutual Mortgage Insurance Fund”; and

(2) in the second sentence, by striking “(1) all references” and all that follows through “and (2)”.

SEC. 120. CONFORMING AND TECHNICAL AMENDMENTS.

(a) **REPEALS.**—The following provisions of the National Housing Act are repealed:

(1) Subsection (i) of section 203 (12 U.S.C. 1709(i)).

(2) Subsection (o) of section 203 (12 U.S.C. 1709(o)).

(3) Subsection (p) of section 203 (12 U.S.C. 1709(p)).

(4) Subsection (q) of section 203 (12 U.S.C. 1709(q)).

(5) Section 222 (12 U.S.C. 1715m).

(6) Section 237 (12 U.S.C. 1715z–2).

(7) Section 245 (12 U.S.C. 1715z–10).

(b) **DEFINITION OF AREA.**—Section 203(u)(2)(A) of the National Housing Act (12 U.S.C. 1709(u)(2)(A)) is amended by striking “shall” and all that follows and inserting “means a metropolitan statistical area as established by the Office of Management and Budget;”.

(c) **DEFINITION OF STATE.**—Section 201(d) of the National Housing Act (12 U.S.C. 1707(d)) is amended by striking “the Trust Territory of the

Pacific Islands” and inserting “the Commonwealth of the Northern Mariana Islands”.

SEC. 121. INSURANCE OF MORTGAGES.

Subsection (n)(2) of section 203 of the National Housing Act (12 U.S.C. 1709(n)(2)) is amended—

(1) in subparagraph (A), by inserting “or subordinate mortgage or” before “lien given”; and

(2) in subparagraph (C), by inserting “or subordinate mortgage or” before “lien”.

SEC. 122. HOME EQUITY CONVERSION MORTGAGES.

(a) *IN GENERAL.*—Section 255 of the National Housing Act (12 U.S.C. 1715z–20) is amended—

(1) in subsection (b)(2), insert “‘real estate,’” after “mortgage;”;

(2) by amending subsection (d)(1) to read as follows:

“(1) have been originated by a mortgagee approved by the Secretary;”;

(3) by amending subsection (d)(2)(B) to read as follows:

“(B) has received adequate counseling, as provided in subsection (f), by an independent third party that is not, either directly or indirectly, associated with or compensated by a party involved in—

“(i) originating or servicing the mortgage;

“(ii) funding the loan underlying the mortgage; or

“(iii) the sale of annuities, investments, long-term care insurance, or any other type of financial or insurance product;”;

(4) in subsection (f)—

(A) by striking “(f) INFORMATION SERVICES FOR MORTGAGORS.” and inserting “(f) COUNSELING SERVICES AND INFORMATION FOR MORTGAGORS.”; and

(B) by amending the matter preceding paragraph (1) to read as follows: “The Secretary shall provide or cause to be provided adequate counseling for the mortgagor, as described in subsection (d)(2)(B). Such counseling shall be provided by counselors that meet qualification standards and follow uniform counseling protocols. The qualification standards and counseling protocols shall be established by the Secretary within 12 months of the date of enactment of the Reverse Mortgage Proceeds Protection Act. The protocols shall require a qualified counselor to discuss with each mortgagor information which shall include—”

(5) in subsection (g), by striking “established under section 203(b)(2)” and all that follows through “located” and inserting “limitation established under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a 1-family residence”;

(6) in subsection (i)(1)(C), by striking “limitations” and inserting “limitation”;

(7) by striking subsection (l);

(8) by redesignating subsection (m) as subsection (l);

(9) by amending subsection (l), as so redesignated, to read as follows:

“(l) **FUNDING FOR COUNSELING.**—The Secretary may use a portion of the mortgage insurance premiums collected under the program under this section to adequately fund the counseling and disclosure activities required under subsection (f), including counseling for those homeowners who elect not to take out a home equity conversion mortgage, provided that the use of such funds is based upon accepted actuarial principles.”; and

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

“(m) **AUTHORITY TO INSURE HOME PURCHASE MORTGAGE.**—

“(1) *IN GENERAL.*—Notwithstanding any other provision of this section, the Secretary may insure, upon application by a mortgagee, a home equity conversion mortgage upon such terms and conditions as the Secretary may prescribe, when the home equity conversion mortgage will be used to purchase a 1- to 4-family dwelling unit, one unit of which that the mortgagor will occupy as a primary residence, and to provide

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for any future payments to the mortgagor, based on available equity, as authorized under subsection (d)(9).

“(2) **LIMITATION ON PRINCIPAL OBLIGATION.**—A home equity conversion mortgage insured pursuant to paragraph (1) shall involve a principal obligation that does not exceed the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a 1-family residence.

“(n) **REQUIREMENTS ON MORTGAGE ORIGINATORS.**—

“(1) **IN GENERAL.**—The mortgagee and any other party that participates in the origination of a mortgage to be insured under this section shall—

“(A) not participate in, be associated with, or employ any party that participates in or is associated with any other financial or insurance activity; or

“(B) demonstrate to the Secretary that the mortgagee or other party maintains, or will maintain, firewalls and other safeguards designed to ensure that—

“(i) individuals participating in the origination of the mortgage shall have no involvement with, or incentive to provide the mortgagor with, any other financial or insurance product; and

“(ii) the mortgagor shall not be required, directly or indirectly, as a condition of obtaining a mortgage under this section, to purchase any other financial or insurance product.

“(2) **APPROVAL OF OTHER PARTIES.**—All parties that participate in the origination of a mortgage to be insured under this section shall be approved by the Secretary.

“(o) **PROHIBITION AGAINST REQUIREMENTS TO PURCHASE ADDITIONAL PRODUCTS.**—The mortgagee or any other party shall not be required by the mortgagor or any other party to purchase an insurance, annuity, or other additional product as a requirement or condition of eligibility for a mortgage authorized under subsection (c).

“(p) **STUDY TO DETERMINE CONSUMER PROTECTIONS AND UNDERWRITING STANDARDS.**—The Secretary shall conduct a study to examine and determine appropriate consumer protections and underwriting standards to ensure that the purchase of products referred to in subsection (o) is appropriate for the consumer. In conducting such study, the Secretary shall consult with consumer advocates (including recognized experts in consumer protection), industry representatives, representatives of counseling organizations, and other interested parties.”.

(b) **MORTGAGES FOR COOPERATIVES.**—Subsection (b) of section 255 of the National Housing Act (12 U.S.C. 1715z–20(b)) is amended—

(1) in paragraph (4)—

(A) by inserting “a first or subordinate mortgage or lien” before “on all stock”;

(B) by inserting “unit” after “dwelling”; and

(C) by inserting “a first mortgage or first lien” before “on a leasehold”; and

(2) in paragraph (5), by inserting “a first or subordinate lien on” before “all stock”.

(c) **LIMITATION ON ORIGINATION FEES.**—Section 255 of the National Housing Act (12 U.S.C. 1715z–20), as amended by the preceding provisions of this section, is further amended by adding at the end the following new subsection:

“(r) **LIMITATION ON ORIGINATION FEES.**—The Secretary shall establish limits on the origination fee that may be charged to a mortgagor under a mortgage insured under this section, which limitations shall—

“(1) equal 1.5 percent of the maximum claim amount of the mortgage unless adjusted thereafter on the basis of—

“(A) the costs to the mortgagor; and

“(B) the impact of such fees on the reverse mortgage market;

“(2) be subject to a minimum allowable amount;

“(3) provide that the origination fee may be fully financed with the mortgage;

“(4) include any fees paid to correspondent mortgages approved by the Secretary; and

“(5) have the same effective date as subsection (m)(2) regarding the limitation on principal obligation.”.

(d) **STUDY REGARDING PROGRAM COSTS AND CREDIT AVAILABILITY.**—

(1) **IN GENERAL.**—The Comptroller General of the United States shall conduct a study regarding the costs and availability of credit under the home equity conversion mortgages for elderly homeowners program under section 255 of the National Housing Act (12 U.S.C. 1715z–20) (in this subsection referred to as the “program”).

(2) **PURPOSE.**—The purpose of the study required under paragraph (1) is to help Congress analyze and determine the effects of limiting the amounts of the costs or fees under the program from the amounts charged under the program as of the date of the enactment of this title.

(3) **CONTENT OF REPORT.**—The study required under paragraph (1) should focus on—

(A) the cost to mortgagors of participating in the program;

(B) the financial soundness of the program;

(C) the availability of credit under the program; and

(D) the costs to elderly homeowners participating in the program, including—

(i) mortgage insurance premiums charged under the program;

(ii) up-front fees charged under the program; and

(iii) margin rates charged under the program.

(4) **TIMING OF REPORT.**—Not later than 12 months after the date of the enactment of this title, the Comptroller General shall submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives setting forth the results and conclusions of the study required under paragraph (1).

SEC. 123. ENERGY EFFICIENT MORTGAGES PROGRAM.

Section 106(a)(2) of the Energy Policy Act of 1992 (42 U.S.C. 12712 note) is amended—

(1) by amending subparagraph (C) to read as follows:

“(C) **COSTS OF IMPROVEMENTS.**—The cost of cost-effective energy efficiency improvements shall not exceed the greater of—

“(i) 5 percent of the property value (not to exceed 5 percent of the limit established under section 203(b)(2)(A)) of the National Housing Act (12 U.S.C. 1709(b)(2)(A)); or

“(ii) 2 percent of the limit established under section 203(b)(2)(B) of such Act.”; and

(2) by adding at the end the following:

“(D) **LIMITATION.**—In any fiscal year, the aggregate number of mortgages insured pursuant to this section may not exceed 5 percent of the aggregate number of mortgages for 1- to 4-family residences insured by the Secretary of Housing and Urban Development under title II of the National Housing Act (12 U.S.C. 1707 et seq.) during the preceding fiscal year.”.

SEC. 124. PILOT PROGRAM FOR AUTOMATED PROCESS FOR BORROWERS WITHOUT SUFFICIENT CREDIT HISTORY.

(a) **ESTABLISHMENT.**—Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended by adding at the end the following new section:

“SEC. 257. PILOT PROGRAM FOR AUTOMATED PROCESS FOR BORROWERS WITHOUT SUFFICIENT CREDIT HISTORY.

“(a) **ESTABLISHMENT.**—The Secretary shall carry out a pilot program to establish, and make available to mortgagoes, an automated process for providing alternative credit rating information for mortgagors and prospective mortgagors under mortgages on 1- to 4-family residences to be insured under this title who have insufficient credit histories for determining their creditworthiness. Such alternative credit rating information may include rent, utilities, and insurance payment histories, and such other information as the Secretary considers appropriate.

“(b) **SCOPE.**—The Secretary may carry out the pilot program under this section on a limited basis or scope, and may consider limiting the program to first-time homebuyers.

“(c) **LIMITATION.**—In any fiscal year, the aggregate number of mortgages insured pursuant to the automated process established under this section may not exceed 5 percent of the aggregate number of mortgages for 1- to 4-family residences insured by the Secretary under this title during the preceding fiscal year.

“(d) **SUNSET.**—After the expiration of the 5-year period beginning on the date of the enactment of the Building American Homeownership Act of 2008, the Secretary may not enter into any new commitment to insure any mortgage, or newly insure any mortgage, pursuant to the automated process established under this section.”.

(b) **GAO REPORT.**—Not later than the expiration of the two-year period beginning on the date of the enactment of this subtitle, the Comptroller General of the United States shall submit to the Congress a report identifying the number of additional mortgagors served using the automated process established pursuant to section 257 of the National Housing Act (as added by the amendment made by subsection (a) of this section) and the impact of such process and the insurance of mortgages pursuant to such process on the safety and soundness of the insurance funds under the National Housing Act of which such mortgages are obligations.

SEC. 125. HOMEOWNERSHIP PRESERVATION.

The Secretary of Housing and Urban Development and the Commissioner of the Federal Housing Administration, in consultation with industry, the Neighborhood Reinvestment Corporation, and other entities involved in foreclosure prevention activities, shall—

(1) develop and implement a plan to improve the Federal Housing Administration’s loss mitigation process; and

(2) report such plan to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.

SEC. 126. USE OF FHA SAVINGS FOR IMPROVEMENTS IN FHA TECHNOLOGIES, PROCEDURES, PROCESSES, PROGRAM PERFORMANCE, STAFFING, AND SALARIES.

(a) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated for each of fiscal years 2009 through 2013, \$25,000,000, from negative credit subsidy for the mortgage insurance programs under title II of the National Housing Act, to the Secretary of Housing and Urban Development for increasing funding for the purpose of improving technology, processes, program performance, eliminating fraud, and for providing appropriate staffing in connection with the mortgage insurance programs under title II of the National Housing Act.

(b) **CERTIFICATION.**—The authorization under subsection (a) shall not be effective for a fiscal year unless the Secretary of Housing and Urban Development has, by rulemaking in accordance with section 553 of title 5, United States Code (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section), made a determination that—

(1) premiums being, or to be, charged during such fiscal year for mortgage insurance under title II of the National Housing Act are established at the minimum amount sufficient to—

(A) comply with the requirements of section 205(f) of such Act (relating to required capital ratio for the Mutual Mortgage Insurance Fund); and

(B) ensure the safety and soundness of the other mortgage insurance funds under such Act; and

(2) any negative credit subsidy for such fiscal year resulting from such mortgage insurance programs adequately ensures the efficient delivery and availability of such programs.

(c) **STUDY AND REPORT.**—The Secretary of Housing and Urban Development shall conduct

a study to obtain recommendations from participants in the private residential (both single family and multifamily) mortgage lending business and the secondary market for such mortgages on how best to update and upgrade processes and technologies for the mortgage insurance programs under title II of the National Housing Act so that the procedures for originating, insuring, and servicing of such mortgages conform with those customarily used by secondary market purchasers of residential mortgage loans. Not later than the expiration of the 12-month period beginning on the date of the enactment of this title, the Secretary shall submit a report to the Congress describing the progress made and to be made toward updating and upgrading such processes and technology, and providing appropriate staffing for such mortgage insurance programs.

SEC. 127. POST-PURCHASE HOUSING COUNSELING ELIGIBILITY IMPROVEMENTS.

Section 106(c)(4) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(c)(4)) is amended:

(1) in subparagraph (C)—

(A) in clause (i), by striking “; or” and inserting a semicolon;

(B) in clause (ii), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

“(iii) a significant reduction in the income of the household due to divorce or death; or

“(iv) a significant increase in basic expenses of the homeowner or an immediate family member of the homeowner (including the spouse, child, or parent for whom the homeowner provides substantial care or financial assistance) due to—

“(I) an unexpected or significant increase in medical expenses;

“(II) a divorce;

“(III) unexpected and significant damage to the property, the repair of which will not be covered by private or public insurance; or

“(IV) a large property-tax increase; or”;

(2) by striking the matter that follows subparagraph (C); and

(3) by adding at the end the following:

“(D) the Secretary of Housing and Urban Development determines that the annual income of the homeowner is no greater than the annual income established by the Secretary as being of low- or moderate-income.”.

SEC. 128. PRE-PURCHASE HOMEOWNERSHIP COUNSELING DEMONSTRATION.

(a) **ESTABLISHMENT OF PROGRAM.**—For the period beginning on the date of enactment of this title and ending on the date that is 3 years after such date of enactment, the Secretary of Housing and Urban Development shall establish and conduct a demonstration program to test the effectiveness of alternative forms of pre-purchase homeownership counseling for eligible homebuyers.

(b) **FORMS OF COUNSELING.**—The Secretary of Housing and Urban Development shall provide to eligible homebuyers pre-purchase homeownership counseling under this section in the form of—

(1) telephone counseling;

(2) individualized in-person counseling;

(3) web-based counseling;

(4) counseling classes; or

(5) any other form or type of counseling that the Secretary may, in his discretion, determine appropriate.

(c) **SIZE OF PROGRAM.**—The Secretary shall make available the pre-purchase homeownership counseling described in subsection (b) to not more than 3,000 eligible homebuyers in any given year.

(d) **INCENTIVE TO PARTICIPATE.**—The Secretary of Housing and Urban Development may provide incentives to eligible homebuyers to participate in the demonstration program established under subsection (a). Such incentives may include the reduction of any insurance premium

charges owed by the eligible homebuyer to the Secretary.

(e) **ELIGIBLE HOMEBUYER DEFINED.**—For purposes of this section an “eligible homebuyer” means a first-time homebuyer who has been approved for a home loan with a loan-to-value ratio between 97 percent and 98.5 percent.

(f) **REPORT TO CONGRESS.**—The Secretary of Housing and Urban Development shall report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representative—

(1) on an annual basis, on the progress and results of the demonstration program established under subsection (a); and

(2) for the period beginning on the date of enactment of this title and ending on the date that is 5 years after such date of enactment, on the payment history and delinquency rates of eligible homebuyers who participated in the demonstration program.

SEC. 129. FRAUD PREVENTION.

Section 1014 of title 18, United States Code, is amended in the first sentence—

(1) by inserting “the Federal Housing Administration” before “the Farm Credit Administration”; and

(2) by striking “commitment, or loan” and inserting “commitment, loan, or insurance agreement or application for insurance or a guarantee”.

SEC. 130. LIMITATION ON MORTGAGE INSURANCE PREMIUM INCREASES.

(a) **IN GENERAL.**—Notwithstanding any other provision of law, including any provision of this title and any amendment made by this title—

(1) for the period beginning on the date of the enactment of this title and ending on October 1, 2009, the premiums charged for mortgage insurance under multifamily housing programs under the National Housing Act may not be increased above the premium amounts in effect under such program on October 1, 2006, unless the Secretary of Housing and Urban Development determines that, absent such increase, insurance of additional mortgages under such program would, under the Federal Credit Reform Act of 1990, require the appropriation of new budget authority to cover the costs (as such term is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a) of such insurance; and

(2) a premium increase pursuant to paragraph (1) may be made only if not less than 30 days prior to such increase taking effect, the Secretary of Housing and Urban Development—

(A) notifies the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives of such increase; and

(B) publishes notice of such increase in the Federal Register.

(b) **WAIVER.**—The Secretary of Housing and Urban Development may waive the 30-day notice requirement under subsection (a)(2), if the Secretary determines that waiting 30-days before increasing premiums would cause substantial damage to the solvency of multifamily housing programs under the National Housing Act.

SEC. 131. SAVINGS PROVISION.

Any mortgage insured under title II of the National Housing Act before the date of enactment of this subtitle shall continue to be governed by the laws, regulations, orders, and terms and conditions to which it was subject on the day before the date of the enactment of this subtitle.

SEC. 132. IMPLEMENTATION.

The Secretary of Housing and Urban Development shall by notice establish any additional requirements that may be necessary to immediately carry out the provisions of this subtitle. The notice shall take effect upon issuance.

SEC. 133. MORATORIUM ON IMPLEMENTATION OF RISK-BASED PREMIUMS.

For the 12-month period beginning on the date of enactment of this title, the Secretary of Housing and Urban Development shall not enact,

execute, or take any action to make effective the planned implementation of risk-based premiums, which are designed for mortgage lenders to offer borrowers an FHA-insured product that provides a range of mortgage insurance premium pricing, based on the risk the insurance contract represents, as such planned implementation was set forth in the Notice published in the Federal Register on September 20, 2007 (Vol. 72, No. 182, Page 53872).

Subtitle B—Manufactured Housing Loan Modernization

SEC. 141. SHORT TITLE.

This subtitle may be cited as the “FHA Manufactured Housing Loan Modernization Act of 2008”.

SEC. 142. PURPOSES.

The purposes of this subtitle are—

(1) to provide adequate funding for FHA-insured manufactured housing loans for low- and moderate-income homebuyers during all economic cycles in the manufactured housing industry;

(2) to modernize the FHA title I insurance program for manufactured housing loans to enhance participation by Ginnie Mae and the private lending markets; and

(3) to adjust the low loan limits for title I manufactured home loan insurance to reflect the increase in costs since such limits were last increased in 1992 and to index the limits to inflation.

SEC. 143. EXCEPTION TO LIMITATION ON FINANCIAL INSTITUTION PORTFOLIO.

The second sentence of section 2(a) of the National Housing Act (12 U.S.C. 1703(a)) is amended—

(1) by striking “In no case” and inserting “Other than in connection with a manufactured home or a lot on which to place such a home (or both), in no case”; and

(2) by striking “; Provided, That with” and inserting “. With”.

SEC. 144. INSURANCE BENEFITS.

(a) **IN GENERAL.**—Subsection (b) of section 2 of the National Housing Act (12 U.S.C. 1703(b)), is amended by adding at the end the following new paragraph:

“(B) **INSURANCE BENEFITS FOR MANUFACTURED HOUSING LOANS.**—Any contract of insurance with respect to loans, advances of credit, or purchases in connection with a manufactured home or a lot on which to place a manufactured home (or both) for a financial institution that is executed under this title after the date of the enactment of the FHA Manufactured Housing Loan Modernization Act of 2008 by the Secretary shall be conclusive evidence of the eligibility of such financial institution for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of the bearer from the date of the execution of such contract, except for fraud or misrepresentation on the part of such institution.”.

(b) **APPLICABILITY.**—The amendment made by subsection (a) shall only apply to loans that are registered or endorsed for insurance after the date of the enactment of this title.

SEC. 145. MAXIMUM LOAN LIMITS.

(a) **DOLLAR AMOUNTS.**—Paragraph (1) of section 2(b) of the National Housing Act (12 U.S.C. 1703(b)(1)) is amended—

(1) in clause (ii) of subparagraph (A), by striking “\$17,500” and inserting “\$25,090”;

(2) in subparagraph (C) by striking “\$48,600” and inserting “\$69,678”;

(3) in subparagraph (D) by striking “\$64,800” and inserting “\$92,904”;

(4) in subparagraph (E) by striking “\$16,200” and inserting “\$23,226”;

(5) by realigning subparagraphs (C), (D), and (E) 2 ems to the left so that the left margins of such subparagraphs are aligned with the margins of subparagraphs (A) and (B).

(b) **ANNUAL INDEXING.**—Subsection (b) of section 2 of the National Housing Act (12 U.S.C.

1703(b)), as amended by the preceding provisions of this title, is further amended by adding at the end the following new paragraph:

“(9) ANNUAL INDEXING OF MANUFACTURED HOUSING LOANS.—The Secretary shall develop a method of indexing in order to annually adjust the loan limits established in subparagraphs (A)(ii), (C), (D), and (E) of this subsection. Such index shall be based on the manufactured housing price data collected by the United States Census Bureau. The Secretary shall establish such index no later than 1 year after the date of the enactment of the FHA Manufactured Housing Loan Modernization Act of 2008.”

(c) TECHNICAL AND CONFORMING CHANGES.—Paragraph (1) of section 2(b) of the National Housing Act (12 U.S.C. 1703(b)(1)) is amended—

(1) by striking “No” and inserting “Except as provided in the last sentence of this paragraph, no”; and

(2) by adding after and below subparagraph (G) the following:

“The Secretary shall, by regulation, annually increase the dollar amount limitations in subparagraphs (A)(ii), (C), (D), and (E) (as such limitations may have been previously adjusted under this sentence) in accordance with the index established pursuant to paragraph (9).”

SEC. 146. INSURANCE PREMIUMS.

Subsection (f) of section 2 of the National Housing Act (12 U.S.C. 1703(f)) is amended—

(1) by inserting “(1) PREMIUM CHARGES.—” after “(f)”; and

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

“(2) MANUFACTURED HOME LOANS.—Notwithstanding paragraph (1), in the case of a loan, advance of credit, or purchase in connection with a manufactured home or a lot on which to place such a home (or both), the premium charge for the insurance granted under this section shall be paid by the borrower under the loan or advance of credit, as follows:

“(A) At the time of the making of the loan, advance of credit, or purchase, a single premium payment in an amount not to exceed 2.25 percent of the amount of the original insured principal obligation.

“(B) In addition to the premium under subparagraph (A), annual premium payments during the term of the loan, advance, or obligation purchased in an amount not exceeding 1.0 percent of the remaining insured principal balance (excluding the portion of the remaining balance attributable to the premium collected under subparagraph (A) and without taking into account delinquent payments or prepayments).

“(C) Premium charges under this paragraph shall be established in amounts that are sufficient, but do not exceed the minimum amounts necessary, to maintain a negative credit subsidy for the program under this section for insurance of loans, advances of credit, or purchases in connection with a manufactured home or a lot on which to place such a home (or both), as determined based upon risk to the Federal Government under existing underwriting requirements.

“(D) The Secretary may increase the limitations on premium payments to percentages above those set forth in subparagraphs (A) and (B), but only if necessary, and not in excess of the minimum increase necessary, to maintain a negative credit subsidy as described in subparagraph (C).”

SEC. 147. TECHNICAL CORRECTIONS.

(a) DATES.—Subsection (a) of section 2 of the National Housing Act (12 U.S.C. 1703(a)) is amended—

(1) by striking “on and after July 1, 1939,” each place such term appears; and

(2) by striking “made after the effective date of the Housing Act of 1954”.

(b) AUTHORITY OF SECRETARY.—Subsection (c) of section 2 of the National Housing Act (12 U.S.C. 1703(c)) is amended to read as follows:

“(c) HANDLING AND DISPOSAL OF PROPERTY.—“(1) AUTHORITY OF SECRETARY.—Notwithstanding any other provision of law, the Secretary may—

“(A) deal with, complete, rent, renovate, modernize, insure, or assign or sell at public or private sale, or otherwise dispose of, for cash or credit in the Secretary’s discretion, and upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any real or personal property conveyed to or otherwise acquired by the Secretary, in connection with the payment of insurance heretofore or hereafter granted under this title, including any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of insurance heretofore or hereafter granted under this section; and

“(B) pursue to final collection, by way of compromise or otherwise, all claims assigned to or held by the Secretary and all legal or equitable rights accruing to the Secretary in connection with the payment of such insurance, including unpaid insurance premiums owed in connection with insurance made available by this title.

“(2) ADVERTISEMENTS FOR PROPOSALS.—Section 3709 of the Revised Statutes shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$25,000.

“(3) DELEGATION OF AUTHORITY.—The power to convey and to execute in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein heretofore or hereafter acquired by the Secretary pursuant to the provisions of this title may be exercised by an officer appointed by the Secretary without the execution of any express delegation of power or power of attorney. Nothing in this subsection shall be construed to prevent the Secretary from delegating such power by order or by power of attorney, in the Secretary’s discretion, to any officer or agent the Secretary may appoint.”

SEC. 148. REVISION OF UNDERWRITING CRITERIA.

(a) IN GENERAL.—Subsection (b) of section 2 of the National Housing Act (12 U.S.C. 1703(b)), as amended by the preceding provisions of this title, is further amended by adding at the end the following new paragraph:

“(10) FINANCIAL SOUNDNESS OF MANUFACTURED HOUSING PROGRAM.—The Secretary shall establish such underwriting criteria for loans and advances of credit in connection with a manufactured home or a lot on which to place a manufactured home (or both), including such loans and advances represented by obligations purchased by financial institutions, as may be necessary to ensure that the program under this title for insurance for financial institutions against losses from such loans, advances of credit, and purchases is financially sound.”

(b) TIMING.—Not later than the expiration of the 6-month period beginning on the date of the enactment of this title, the Secretary of Housing and Urban Development shall revise the existing underwriting criteria for the program referred to in paragraph (10) of section 2(b) of the National Housing Act (as added by subsection (a) of this section) in accordance with the requirements of such paragraph.

SEC. 149. PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES.

Title I of the National Housing Act is amended by adding at the end of section 9 the following new section:

“SEC. 10. PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES.

“(a) IN GENERAL.—Except as provided in subsection (b), the provisions of sections 3, 8, 16, 17, 18, and 19 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.) shall apply to each sale of a manufactured home financed with an FHA-insured loan or extension of credit, as well as to services rendered in connection with such transactions.

“(b) AUTHORITY OF THE SECRETARY.—The Secretary is authorized to determine the manner and extent to which the provisions of sections 3, 8, 16, 17, 18, and 19 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.) may reasonably be applied to the transactions described in subsection (a), and to grant such exemptions as may be necessary to achieve the purposes of this section.

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

“(1) the term ‘federally related mortgage loan’ as used in sections 3, 8, 16, 17, 18, and 19 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.) shall include an FHA-insured loan or extension of credit made to a borrower for the purpose of purchasing a manufactured home that the borrower intends to occupy as a personal residence; and

“(2) the term ‘real estate settlement service’ as used in sections 3, 8, 16, 17, 18, and 19 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.) shall include any service rendered in connection with a loan or extension of credit insured by the Federal Housing Administration for the purchase of a manufactured home.

“(d) UNFAIR AND DECEPTIVE PRACTICES.—In connection with the purchase of a manufactured home financed with a loan or extension of credit insured by the Federal Housing Administration under this title, the Secretary shall prohibit acts or practices in connection with loans or extensions of credit that the Secretary finds to be unfair, deceptive, or otherwise not in the interests of the borrower.”

SEC. 150. LEASEHOLD REQUIREMENTS.

Subsection (b) of section 2 of the National Housing Act (12 U.S.C. 1703(b)), as amended by the preceding provisions of this title, is further amended by adding at the end the following new paragraph:

“(11) LEASEHOLD REQUIREMENTS.—No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it, made for the purposes of financing a manufactured home which is intended to be situated in a manufactured home community pursuant to a lease, unless such lease—

“(A) expires not less than 3 years after the origination date of the obligation;

“(B) is renewable upon the expiration of the original 3 year term by successive 1 year terms; and

“(C) requires the lessor to provide the lessee written notice of termination of the lease not less than 180 days prior to the expiration of the current lease term in the event the lessee is required to move due to the closing of the manufactured home community, and further provides that failure to provide such notice to the mortgagor in a timely manner will cause the lease term, at its expiration, to automatically renew for an additional 1 year term.”

TITLE II—MORTGAGE FORECLOSURE PROTECTIONS FOR SERVICEMEMBERS

SEC. 201. TEMPORARY INCREASE IN MAXIMUM LOAN GUARANTY AMOUNT FOR CERTAIN HOUSING LOANS GUARANTEED BY THE SECRETARY OF VETERANS AFFAIRS.

Notwithstanding subparagraph (C) of section 3703(a)(1) of title 38, United States Code, for purposes of any loan described in subparagraph (A)(i)(IV) of such section that is originated during the period beginning on the date of the enactment of this Act and ending on December 31, 2008, the term “maximum guaranty amount” shall mean an amount equal to 25 percent of the higher of—

(1) the limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for the calendar year in which the loan is originated for a single-family residence; or

(2) 125 percent of the area median price for a single-family residence, but in no case to exceed 175 percent of the limitation determined under such section 305(a)(2) for the calendar year in which the loan is originated for a single-family residence.

SEC. 202. COUNSELING ON MORTGAGE FORECLOSURES FOR MEMBERS OF THE ARMED FORCES RETURNING FROM SERVICE ABROAD.

(a) **IN GENERAL.**—The Secretary of Defense shall develop and implement a program to advise members of the Armed Forces (including members of the National Guard and Reserve) who are returning from service on active duty abroad (including service in Operation Iraqi Freedom and Operation Enduring Freedom) on actions to be taken by such members to prevent or forestall mortgage foreclosures.

(b) **ELEMENTS.**—The program required by subsection (a) shall include the following:

- (1) Credit counseling.
- (2) Home mortgage counseling.
- (3) Such other counseling and information as the Secretary considers appropriate for purposes of the program.

(c) **TIMING OF PROVISION OF COUNSELING.**—Counseling and other information under the program required by subsection (a) shall be provided to a member of the Armed Forces covered by the program as soon as practicable after the return of the member from service as described in subsection (a).

SEC. 203. ENHANCEMENT OF PROTECTIONS FOR SERVICEMEMBERS RELATING TO MORTGAGES AND MORTGAGE FORECLOSURES.

(a) **EXTENSION OF PERIOD OF PROTECTIONS AGAINST MORTGAGE FORECLOSURES.**—

(1) **EXTENSION OF PROTECTION PERIOD.**—Subsection (c) of section 303 of the Servicemembers Civil Relief Act (50 U.S.C. App. 533) is amended by striking “90 days” and inserting “9 months”.

(2) **EXTENSION OF STAY OF PROCEEDINGS PERIOD.**—Subsection (b) of such section is amended by striking “90 days” and inserting “9 months”.

(b) **TREATMENT OF MORTGAGES AS OBLIGATIONS SUBJECT TO INTEREST RATE LIMITATION.**—Section 207 of the Servicemembers Civil Relief Act (50 U.S.C. App. 527) is amended—

(1) in subsection (a)(1), by striking “in excess of 6 percent” the second place it appears and all that follows and inserting “in excess of 6 percent—

“(A) during the period of military service and one year thereafter, in the case of an obligation or liability consisting of a mortgage, trust deed, or other security in the nature of a mortgage; or

“(B) during the period of military service, in the case of any other obligation or liability.”; and

(2) by striking subsection (d) and inserting the following new subsection:

“(d) **DEFINITIONS.**—In this section:

“(1) **INTEREST.**—The term ‘interest’ includes service charges, renewal charges, fees, or any other charges (except bona fide insurance) with respect to an obligation or liability.

“(2) **OBLIGATION OR LIABILITY.**—The term ‘obligation or liability’ includes an obligation or liability consisting of a mortgage, trust deed, or other security in the nature of a mortgage.”.

(c) **EFFECTIVE DATE; SUNSET.**—

(1) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

(2) **SUNSET.**—The amendments made by subsection (a) shall expire on December 31, 2010. Effective January 1, 2011, the provisions of subsections (b) and (c) of section 303 of the Servicemembers Civil Relief Act, as in effect on the day before the date of the enactment of this Act, are hereby revived.

SEC. 204. LIMITATION ON DISTRIBUTION OF FUNDS.

(a) **IN GENERAL.**—None of the funds made available under this title or title III shall be distributed to—

(1) an organization which has been indicted for a violation under Federal law relating to an election for Federal office; or

(2) an organization which employs applicable individuals.

(b) **APPLICABLE INDIVIDUALS DEFINED.**—In this section, the term “applicable individual” means an individual who—

(1) is—

(A) employed by the organization in a permanent or temporary capacity;

(B) contracted or retained by the organization; or

(C) acting on behalf of, or with the express or apparent authority of, the organization; and

(2) has been indicted for a violation under Federal law relating to an election for Federal office.

TITLE III—EMERGENCY ASSISTANCE FOR THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES

SEC. 301. EMERGENCY ASSISTANCE FOR THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES.

(a) **DIRECT APPROPRIATIONS.**—There are appropriated out of any money in the Treasury not otherwise appropriated for the fiscal year 2008, \$4,000,000,000, to remain available until expended, for assistance to States and units of general local government (as such terms are defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302)) for the redevelopment of abandoned and foreclosed upon homes and residential properties.

(b) **ALLOCATION OF APPROPRIATED AMOUNTS.**—

(1) **IN GENERAL.**—The amounts appropriated or otherwise made available to States and units of general local government under this section shall be allocated based on a funding formula established by the Secretary of Housing and Urban Development (in this title referred to as the “Secretary”).

(2) **FORMULA TO BE DEvised SWIFTLY.**—The funding formula required under paragraph (1) shall be established not later than 60 days after the date of enactment of this section.

(3) **CRITERIA.**—The funding formula required under paragraph (1) shall ensure that any amounts appropriated or otherwise made available under this section are allocated to States and units of general local government with the greatest need, as such need is determined in the discretion of the Secretary based on—

(A) the number and percentage of home foreclosures in each State or unit of general local government;

(B) the number and percentage of homes financed by a subprime mortgage related loan in each State or unit of general local government; and

(C) the number and percentage of homes in default or delinquency in each State or unit of general local government.

(4) **DISTRIBUTION.**—Amounts appropriated or otherwise made available under this section shall be distributed according to the funding formula established by the Secretary under paragraph (1) not later than 30 days after the establishment of such formula.

(c) **USE OF FUNDS.**—

(1) **IN GENERAL.**—Any State or unit of general local government that receives amounts pursuant to this section shall, not later than 18 months after the receipt of such amounts, use such amounts to purchase and redevelop abandoned and foreclosed homes and residential properties.

(2) **PRIORITY.**—Any State or unit of general local government that receives amounts pursuant to this section shall in distributing such amounts give priority emphasis and consideration to those metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas, and other areas with the greatest need, including those—

(A) with the greatest percentage of home foreclosures;

(B) with the highest percentage of homes financed by a subprime mortgage related loan; and

(C) identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures.

(3) **ELIGIBLE USES.**—Amounts made available under this section may be used to—

(A) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers;

(B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;

(C) establish land banks for homes that have been foreclosed upon; and

(D) demolish blighted structures.

(d) **LIMITATIONS.**—

(1) **ON PURCHASES.**—Any purchase of a foreclosed upon home or residential property under this section shall be at a discount from the current market appraised value of the home or property, taking into account its current condition, and such discount shall ensure that purchasers are paying below-market value for the home or property.

(2) **SALE OF HOMES.**—If an abandoned or foreclosed upon home or residential property is purchased, redeveloped, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition.

(3) **REINVESTMENT OF PROFITS.**—

(A) **PROFITS FROM SALES, RENTALS, AND REDEVELOPMENT.**—

(i) **5-YEAR REINVESTMENT PERIOD.**—During the 5-year period following the date of enactment of this Act, any revenue generated from the sale, rental, redevelopment, rehabilitation, or any other eligible use that is in excess of the cost to acquire and redevelop (including reasonable development fees) or rehabilitate an abandoned or foreclosed upon home or residential property shall be provided to and used by the State or unit of general local government in accordance with, and in furtherance of, the intent and provisions of this section.

(ii) **DEPOSITS IN THE TREASURY.**—

(I) **PROFITS.**—Upon the expiration of the 5-year period set forth under clause (i), any revenue generated from the sale, rental, redevelopment, rehabilitation, or any other eligible use that is in excess of the cost to acquire and redevelop (including reasonable development fees) or rehabilitate an abandoned or foreclosed upon home or residential property shall be deposited in the Treasury of the United States as miscellaneous receipts, unless the Secretary approves a request to use the funds for purposes under this Act.

(II) **OTHER AMOUNTS.**—Upon the expiration of the 5-year period set forth under clause (i), any other revenue not described under subclause (I) generated from the sale, rental, redevelopment, rehabilitation, or any other eligible use of an abandoned or foreclosed upon home or residential property shall be deposited in the Treasury of the United States as miscellaneous receipts.

(B) **OTHER REVENUES.**—Any revenue generated under subparagraphs (A), (C) or (D) of subsection (c)(3) shall be provided to and used by the State or unit of general local government in accordance with, and in furtherance of, the intent and provisions of this section.

(e) **RULES OF CONSTRUCTION.**—

(1) **IN GENERAL.**—Except as otherwise provided by this section, amounts appropriated, revenues generated, or amounts otherwise made available to States and units of general local government under this section shall be treated as though such funds were community development block grant funds under title I of the Housing and

Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

(2) **NO MATCH.**—No matching funds shall be required in order for a State or unit of general local government to receive any amounts under this section.

(f) **AUTHORITY TO SPECIFY ALTERNATIVE REQUIREMENTS.**—

(1) **IN GENERAL.**—In administering any amounts appropriated or otherwise made available under this section, the Secretary may specify alternative requirements to any provision under title I of the Housing and Community Development Act of 1974 (except for those related to fair housing, nondiscrimination, labor standards, and the environment) in accordance with the terms of this section and for the sole purpose of expediting the use of such funds.

(2) **NOTICE.**—The Secretary shall provide written notice of its intent to exercise the authority to specify alternative requirements under paragraph (1) to the Committee on Banking, Housing and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives not later than 10 business days before such exercise of authority is to occur.

(3) **LOW AND MODERATE INCOME REQUIREMENT.**—

(A) **IN GENERAL.**—Notwithstanding the authority of the Secretary under paragraph (1)—

(i) all of the funds appropriated or otherwise made available under this section shall be used with respect to individuals and families whose income does not exceed 120 percent of area median income; and

(ii) not less than 25 percent of the funds appropriated or otherwise made available under this section shall be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of area median income.

(B) **RECURRENT REQUIREMENT.**—The Secretary shall, by rule or order, ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed upon homes and residential properties under this section remain affordable to individuals or families described in subparagraph (A).

(g) **PERIODIC AUDITS.**—In consultation with the Secretary of Housing and Urban Development, the Comptroller General of the United States shall conduct periodic audits to ensure that funds appropriated, made available, or otherwise distributed under this section are being used in a manner consistent with the criteria provided in this section.

SEC. 302. NATIONWIDE DISTRIBUTION OF RESOURCES.

Notwithstanding any other provision of this Act or the amendments made by this Act, each State shall receive not less than 0.5 percent of funds made available under section 301 (relating to emergency assistance for the redevelopment of abandoned and foreclosed homes).

SEC. 303. LIMITATION ON USE OF FUNDS WITH RESPECT TO EMINENT DOMAIN.

No State or unit of general local government may use any amounts received pursuant to section 301 to fund any project that seeks to use the power of eminent domain, unless eminent domain is employed only for a public use: Provided, That for purposes of this section, public use shall not be construed to include economic development that primarily benefits private entities.

SEC. 304. COUNSELING INTERMEDIARIES.

Notwithstanding any other provision of this Act, the amount appropriated under section 301(a) of this Act shall be \$3,920,000,000 and the amount appropriated under section 401 of this Act shall be \$180,000,000: Provided, That of amounts appropriated under such section 401 \$30,000,000 shall be used by the Neighborhood Reinvestment Corporation (referred to in this section as the “NRC”) to make grants to coun-

seling intermediaries approved by the Department of Housing and Urban Development or the NRC to hire attorneys to assist homeowners who have legal issues directly related to the homeowner’s foreclosure, delinquency or short sale. Such attorneys shall be capable of assisting homeowners of owner-occupied homes with mortgages in default, in danger of default, or subject to or at risk of foreclosure and who have legal issues that cannot be handled by counselors already employed by such intermediaries: Provided, That of the amounts provided for in the prior provisos the NRC shall give priority consideration to counseling intermediaries and legal organizations that (1) provide legal assistance in the 100 metropolitan statistical areas (as defined by the Director of the Office of Management and Budget) with the highest home foreclosure rates, and (2) have the capacity to begin using the financial assistance within 90 days after receipt of the assistance: Provided further, That no funds provided under this Act shall be used to provide, obtain, or arrange on behalf of a homeowner, legal representation involving or for the purposes of civil litigation.

TITLE IV—HOUSING COUNSELING RESOURCES

SEC. 401. HOUSING COUNSELING RESOURCES.

There are appropriated out of any money in the Treasury not otherwise appropriated for the fiscal year 2008, for an additional amount for the “Neighborhood Reinvestment Corporation—Payment to the Neighborhood Reinvestment Corporation” \$100,000,000, to remain available until September 30, 2008, for foreclosure mitigation activities under the terms and conditions contained in the second undesignated paragraph (beginning with the phrase “For an additional amount”) under the heading “Neighborhood Reinvestment Corporation—Payment to the Neighborhood Reinvestment Corporation” of Public Law 110–161.

SEC. 402. CREDIT COUNSELING.

(a) **IN GENERAL.**—Entities approved by the Neighborhood Reinvestment Corporation or the Secretary and State housing finance entities receiving funds under this title shall work to identify and coordinate with non-profit organizations operating national or statewide toll-free foreclosure prevention hotlines, including those that—

(1) serve as a consumer referral source and data repository for borrowers experiencing some form of delinquency or foreclosure;

(2) connect callers with local housing counseling agencies approved by the Neighborhood Reinvestment Corporation or the Secretary to assist with working out a positive resolution to their mortgage delinquency or foreclosure; or

(3) facilitate or offer free assistance to help homeowners to understand their options, negotiate solutions, and find the best resolution for their particular circumstances.

TITLE V—MORTGAGE DISCLOSURE IMPROVEMENT ACT

SEC. 501. SHORT TITLE.

This title may be cited as the “Mortgage Disclosure Improvement Act of 2008”.

SEC. 502. ENHANCED MORTGAGE LOAN DISCLOSURES.

(a) **TRUTH IN LENDING ACT DISCLOSURES.**—Section 128(b)(2) of the Truth in Lending Act (15 U.S.C. 1638(b)(2)) is amended—

(1) by inserting “(A)” before “In the”;

(2) by striking “a residential mortgage transaction, as defined in section 103(w)” and inserting “any extension of credit that is secured by the dwelling of a consumer”;

(3) by striking “before the credit is extended, or”;

(4) by inserting “, which shall be at least 7 business days before consummation of the transaction” after “written application”;

(5) by striking “, whichever is earlier”; and

(6) by striking “If the” and all that follows through the end of the paragraph and inserting the following:

“(B) In the case of an extension of credit that is secured by the dwelling of a consumer, the disclosures provided under subparagraph (A), shall be in addition to the other disclosures required by subsection (a), and shall—

“(i) state in conspicuous type size and format, the following: ‘You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.’; and

“(ii) be provided in the form of final disclosures at the time of consummation of the transaction, in the form and manner prescribed by this section.

“(C) In the case of an extension of credit that is secured by the dwelling of a consumer, under which the annual rate of interest is variable, or with respect to which the regular payments may otherwise be variable, in addition to the other disclosures required by subsection (a), the disclosures provided under this subsection shall do the following:

“(i) Label the payment schedule as follows: ‘Payment Schedule: Payments Will Vary Based on Interest Rate Changes’.

“(ii) State in conspicuous type size and format examples of adjustments to the regular required payment on the extension of credit based on the change in the interest rates specified by the contract for such extension of credit. Among the examples required to be provided under this clause is an example that reflects the maximum payment amount of the regular required payments on the extension of credit, based on the maximum interest rate allowed under the contract, in accordance with the rules of the Board. Prior to issuing any rules pursuant to this clause, the Board shall conduct consumer testing to determine the appropriate format for providing the disclosures required under this subparagraph to consumers so that such disclosures can be easily understood.

“(D) In any case in which the disclosure statement under subparagraph (A) contains an annual percentage rate of interest that is no longer accurate, as determined under section 107(c), the creditor shall furnish an additional, corrected statement to the borrower, not later than 3 business days before the date of consummation of the transaction.

“(E) The consumer shall receive the disclosures required under this paragraph before paying any fee to the creditor or other person in connection with the consumer’s application for an extension of credit that is secured by the dwelling of a consumer. If the disclosures are mailed to the consumer, the consumer is considered to have received them 3 business days after they are mailed. A creditor or other person may impose a fee for obtaining the consumer’s credit report before the consumer has received the disclosures under this paragraph, provided the fee is bona fide and reasonable in amount.

“(F) **WAIVER OF TIMELINESS OF DISCLOSURES.**—To expedite consummation of a transaction, if the consumer determines that the extension of credit is needed to meet a bona fide personal financial emergency, the consumer may waive or modify the timing requirements for disclosures under subparagraph (A), provided that—

“(i) the term ‘bona fide personal emergency’ may be further defined in regulations issued by the Board;

“(ii) the consumer provides to the creditor a dated, written statement describing the emergency and specifically waiving or modifying those timing requirements, which statement shall bear the signature of all consumers entitled to receive the disclosures required by this paragraph; and

“(iii) the creditor provides to the consumers at or before the time of such waiver or modification, the final disclosures required by paragraph (1).

“(G) The requirements of subparagraphs (B), (C), (D) and (E) shall not apply to extensions of credit relating to plans described in section 101(53D) of title 11, United States Code.”

(b) CIVIL LIABILITY.—Section 130(a) of the Truth in Lending Act (15 U.S.C. 1640(a)) is amended—

(1) in paragraph (2)(A)(iii), by striking “not less than \$200 or greater than \$2,000” and inserting “not less than \$400 or greater than \$4,000”; and

(2) in the penultimate sentence of the undesigned matter following paragraph (4)—

(A) by inserting “or section 128(b)(2)(C)(ii),” after “128(a),”; and

(B) by inserting “or section 128(b)(2)(C)(ii)” before the period.

(c) EFFECTIVE DATES.—

(1) GENERAL DISCLOSURES.—Except as provided in paragraph (2), the amendments made by subsection (a) shall become effective 12 months after the date of enactment of this Act.

(2) VARIABLE INTEREST RATES.—Subparagraph (C) of section 128(b)(2) of the Truth in Lending Act (15 U.S.C. 1638(b)(2)(C)), as added by subsection (a) of this section, shall become effective on the earlier of—

(A) the compliance date established by the Board for such purpose, by regulation; or

(B) 30 months after the date of enactment of this Act.

SEC. 503. COMMUNITY DEVELOPMENT INVESTMENT AUTHORITY FOR DEPOSITORY INSTITUTIONS.

(a) DEPOSITORY INSTITUTION COMMUNITY DEVELOPMENT INVESTMENTS.—

(1) NATIONAL BANKS.—The first sentence of the paragraph designated as the “Eleventh” of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24) (as amended by section 305(a) of the Financial Services Regulatory Relief Act of 2006) is amended by striking “promotes the public welfare by benefitting primarily” and inserting “is designed primarily to promote the public welfare, including the welfare of”.

(2) STATE MEMBER BANKS.—The first sentence of the 23rd paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 338a) is amended by striking “promotes the public welfare by benefitting primarily” and inserting “is designed primarily to promote the public welfare, including the welfare of”.

SEC. 504. FEDERAL HOME LOAN BANK REFINANCING AUTHORITY FOR CERTAIN RESIDENTIAL MORTGAGE LOANS.

Section 10(j)(2) of the Federal Home Loan Bank Act (12 U.S.C. 1430(j)(2)) is amended—

(1) in subparagraph (A), by striking “or” at the end;

(2) in subparagraph (B), by striking the period at the end and inserting “; or”; and

(3) by adding at the end the following:

“(C) during the 2-year period beginning on the date of enactment of this subparagraph, refinancing loans that are secured by a first mortgage on a primary residence of any family having an income at or below 80 percent of the median income for the area.”.

TITLE VI—TAX-RELATED PROVISIONS

SEC. 601. ELECTION FOR 4-YEAR CARRYBACK OF CERTAIN NET OPERATING LOSSES AND TEMPORARY SUSPENSION OF 90 PERCENT AMT LIMIT.

(a) IN GENERAL.—

(1) 4-YEAR CARRYBACK OF CERTAIN LOSSES.—Subparagraph (H) of section 172(b)(1) of the Internal Revenue Code of 1986 (relating to years to which loss may be carried) is amended to read as follows:

“(H) ADDITIONAL 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 2008 AND 2009.—In the case of a net operating loss with respect to any eligible taxpayer (within the mean-

ing of section 168(k)(4)) for any taxable year ending during 2008 or 2009—

“(I) subparagraph (A)(i) shall be applied by substituting ‘4’ for ‘2’,

“(II) subparagraph (E)(ii) shall be applied by substituting ‘3’ for ‘2’, and

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

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

(A) IN GENERAL.—Section 56(d) of the Internal Revenue Code of 1986 (relating to definition of alternative tax net operating loss deduction) is amended by adding at the end the following new paragraph:

“(3) ADDITIONAL ADJUSTMENTS.—For purposes of paragraph (1)(A), in the case of an eligible taxpayer (within the meaning of section 168(k)(4)), the amount described in subclause (I) of paragraph (1)(A)(ii) shall be increased by the amount of the net operating loss deduction allowable for the taxable year under section 172 attributable to the sum of—

“(A) carrybacks of net operating losses from taxable years ending during 2008 and 2009, and

“(B) carryovers of net operating losses to taxable years ending during 2008 or 2009.”.

(B) 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)”.

(3) EFFECTIVE DATES.—

(A) NET OPERATING LOSSES.—The amendments made by paragraph (1) shall apply to net operating losses arising in taxable years ending in 2008 or 2009.

(B) SUSPENSION OF AMT LIMITATION.—The amendments made by paragraph (2) shall apply to taxable years ending after December 31, 1997.

(4) ANTI-ABUSE RULES.—The Secretary of 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 subsection, including anti-stuffing rules, anti-churning 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.

(b) ELECTION AMONG STIMULUS INCENTIVES.—

(1) IN GENERAL.—

(A) BONUS DEPRECIATION.—Section 168(k) of the Internal Revenue Code of 1986 (relating to special allowance for certain property acquired after December 31, 2007, and before January 1, 2009), as amended by the Economic Stimulus Act of 2008, is amended—

(i) in paragraph (1), by inserting “placed in service by an eligible taxpayer” after “any qualified property”, and

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

“(4) ELIGIBLE TAXPAYER.—

“(A) IN GENERAL.—At such time and in such manner as the Secretary shall prescribe, each taxpayer may elect to be an eligible taxpayer with respect to 1 (and only 1) of the following:

“(i) This subsection and section 179(b)(7).

“(ii) The application of section 56(d)(1)(A)(ii)(I) and section 172(b)(1)(H)(ii) in connection with net operating losses relating to taxable years ending during 2008 and 2009.

“(B) ELIGIBLE TAXPAYER.—For purposes of each of the provisions described in subparagraph (A), a taxpayer shall only be treated as an eligible taxpayer with respect to the provision with respect to which the taxpayer made the election under subparagraph (A).

“(C) ELECTION IRREVOCABLE.—An election under subparagraph (A) may not be revoked except with the consent of the Secretary.”.

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect as if included in section 103 of the Economic Stimulus Act of 2008.

(2) ELECTION FOR INCREASED EXPENSING.—

(A) IN GENERAL.—Paragraph (7) of section 179(b) of the Internal Revenue Code of 1986 (relating to limitations), as added by the Economic

Stimulus Act of 2008, is amended to read as follows:

“(7) SPECIAL RULE FOR ELIGIBLE TAXPAYERS IN 2008.—In the case of any taxable year of any eligible taxpayer (within the meaning of section 168(k)(4)) beginning in 2008—

“(A) the dollar limitation under paragraph (1) shall be \$250,000,

“(B) the dollar limitation under paragraph (2) shall be \$800,000, and

“(C) the amounts described in subparagraphs (A) and (B) shall not be adjusted under paragraph (5).”.

(B) EFFECTIVE DATE.—The amendment made by this paragraph shall take effect as if included in section 102 of the Economic Stimulus Act of 2008.

SEC. 602. MODIFICATIONS ON USE OF QUALIFIED MORTGAGE BONDS; TEMPORARY INCREASED VOLUME CAP FOR CERTAIN HOUSING BONDS.

(a) USE OF QUALIFIED MORTGAGE BONDS PROCEEDS FOR SUBPRIME REFINANCING LOANS.—Section 143(k) of the Internal Revenue Code of 1986 (relating to other definitions and special rules) is amended by adding at the end the following new paragraph:

“(12) SPECIAL RULES FOR SUBPRIME REFINANCINGS.—

“(A) IN GENERAL.—Notwithstanding the requirements of subsection (i)(1), the proceeds of a qualified mortgage issue may be used to refinance a mortgage on a residence which was originally financed by the mortgagor through a qualified subprime loan.

“(B) SPECIAL RULES.—In applying this paragraph to any case in which the proceeds of a qualified mortgage issue are used for any refinancing described in subparagraph (A)—

“(i) subsection (a)(2)(D)(i) (relating to proceeds must be used within 42 months of date of issuance) shall be applied by substituting ‘12-month period’ for ‘42-month period’ each place it appears,

“(ii) subsection (d) (relating to 3-year requirement) shall not apply, and

“(iii) subsection (e) (relating to purchase price requirement) shall be applied by using the market value of the residence at the time of refinancing in lieu of the acquisition cost.

“(C) QUALIFIED SUBPRIME LOAN.—The term ‘qualified subprime loan’ means an adjustable rate single-family residential mortgage loan originated after December 31, 2001, and before January 1, 2008, that the bond issuer determines would be reasonably likely to cause financial hardship to the borrower if not refinanced.

“(D) TERMINATION.—This paragraph shall not apply to any bonds issued after December 31, 2010.”.

(b) INCREASED VOLUME CAP FOR CERTAIN BONDS.—

(1) IN GENERAL.—Subsection (d) of section 146 of the Internal Revenue Code of 1986 (relating to State ceiling) is amended by adding at the end the following new paragraph:

“(5) INCREASE AND SET ASIDE FOR HOUSING BONDS FOR 2008.—

“(A) INCREASE FOR 2008.—In the case of calendar year 2008, the State ceiling for each State shall be increased by an amount equal to the greater of—

“(i) \$10,000,000,000 multiplied by a fraction—

“(I) the numerator of which is the population of such State, and

“(II) the denominator of which is the total population of all States, or

“(ii) the amount determined under subparagraph (B).

“(B) MINIMUM AMOUNT.—The amount determined under this subparagraph is—

“(i) in the case of a State (other than a possession), \$90,300,606, and

“(ii) in the case of a possession of the United States with a population less than the least populous State (other than a possession), the product of—

“(I) a fraction the numerator of which is \$90,300,606 and the denominator of which is

population of the least populous State (other than a possession), and

“(II) the population of such possession.

In the case of any possession of the United States not described in clause (ii), the amount determined under this subparagraph shall be zero.

“(C) SET ASIDE.—

“(i) IN GENERAL.—Any amount of the State ceiling for any State which is attributable to an increase under this paragraph shall be allocated solely for one or more qualified purposes.

“(ii) QUALIFIED PURPOSE.—For purposes of this paragraph, the term ‘qualified purpose’ means—

“(I) the issuance of exempt facility bonds used solely to provide qualified residential rental projects, or

“(II) a qualified mortgage issue (determined by substituting ‘12-month period’ for ‘42-month period’ each place it appears in section 143(a)(2)(D)(i)).”

(2) CARRYFORWARD OF UNUSED LIMITATIONS.—Subsection (f) of section 146 of such Code (relating to elective carryforward of unused limitation for specified purpose) is amended by adding at the end the following new paragraph:

“(6) SPECIAL RULES FOR INCREASED VOLUME CAP UNDER SUBSECTION (d)(5).—

“(A) IN GENERAL.—No amount which is attributable to the increase under subsection (d)(5) may be used—

“(i) for a carryforward purpose other than a qualified purpose (as defined in subsection (d)(5)), and

“(ii) to issue any bond after calendar year 2010.

“(B) ORDERING RULES.—For purposes of subparagraph (A), any carryforward of an issuing authority’s volume cap for calendar year 2008 shall be treated as attributable to such increase to the extent of such increase.”

(c) ALTERNATIVE MINIMUM TAX EXEMPTION FOR QUALIFIED MORTGAGE BONDS, QUALIFIED VETERANS’ MORTGAGE BONDS, AND BONDS FOR QUALIFIED RESIDENTIAL RENTAL PROJECTS.—

(1) IN GENERAL.—Clause (ii) of section 57(a)(5)(C) of the Internal Revenue Code of 1986 (relating to specified private activity bonds) is amended by striking “shall not include” and all that follows and inserting “shall not include—

“(I) any qualified 501(c)(3) bond (as defined in section 145), or

“(II) any qualified mortgage bond (as defined in section 143(a)), any qualified veterans’ mortgage bond (as defined in section 143(b)), or any exempt facility bond (as defined in section 142(a)) issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide qualified residential rental projects (as defined in section 142(d)), but only if such bond is issued after the date of the enactment of this subclause and before January 1, 2011.

Subclause (II) shall not apply to a refunding bond unless such subclause applied to the refunded bond (or in the case of a series of refundings, the original bond).”

(2) CONFORMING AMENDMENT.—The heading for section 57(a)(5)(C)(ii) of such Code is amended by striking “QUALIFIED 501(c)(3) BONDS” and inserting “CERTAIN BONDS”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 603. CREDIT FOR CERTAIN HOME PURCHASES.

(a) ALLOWANCE OF CREDIT.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to non-refundable personal credits) is amended by inserting after section 25D the following new section:

“SEC. 25E. CREDIT FOR CERTAIN HOME PURCHASES.

“(a) ALLOWANCE OF CREDIT.—

“(1) IN GENERAL.—In the case of an individual who is a purchaser of a qualified principal resi-

dence during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter an amount equal to so much of the purchase price of the residence as does not exceed \$7,000.

“(2) ALLOCATION OF CREDIT AMOUNT.—The amount of the credit allowed under paragraph (1) shall be equally divided among the 2 taxable years beginning with the taxable year in which the purchase of the qualified principal residence is made.

“(b) LIMITATIONS.—

“(1) DATE OF PURCHASE.—The credit allowed under subsection (a) shall be allowed only with respect to purchases made—

“(A) after the date of the enactment of this section, and

“(B) before the date that is 12 months after such date.

“(2) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

“(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(B) the sum of the credits allowable under this subpart (other than this section and section 23) for the taxable year.

“(3) ONE-TIME ONLY.—

“(A) IN GENERAL.—If a credit is allowed under this section in the case of any individual (and such individual’s spouse, if married) with respect to the purchase of any qualified principal residence, no credit shall be allowed under this section in any taxable year with respect to the purchase of any other qualified principal residence by such individual or a spouse of such individual.

“(B) JOINT PURCHASE.—In the case of a purchase of a qualified principal residence by 2 or more unmarried individuals or by 2 married individuals filing separately, no credit shall be allowed under this section if a credit under this section has been allowed to any of such individuals in any taxable year with respect to the purchase of any other qualified principal residence.

“(c) QUALIFIED PRINCIPAL RESIDENCE.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified principal residence’ means an eligible single-family residence that is purchased to be the principal residence of the purchaser.

“(2) ELIGIBLE SINGLE-FAMILY RESIDENCE.—

“(A) IN GENERAL.—The term ‘eligible single-family residence’ means a single-family structure that is a residence—

“(i) upon which foreclosure has been filed pursuant to the laws of the State in which the residence is located, and

“(ii) which—

“(I) is a new previously unoccupied residence for which a building permit was issued and construction began on or before September 1, 2007, or

“(II) was occupied as a principal residence by the mortgagor for at least 1 year prior to the foreclosure filing.

“(B) CERTIFICATION.—In the case of an eligible single-family residence described in subparagraph (A)(ii)(I), no credit shall be allowed under this section unless the purchaser submits a certification by the seller of such residence that such residence meets the requirements of such subparagraph.

“(3) PRINCIPAL RESIDENCE.—The term ‘principal residence’ has the same meaning as when used in section 121.

“(d) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any purchase for which a credit is allowed under section 1400C.

“(e) RECAPTURE IN THE CASE OF CERTAIN DISPOSITIONS.—In the event that a taxpayer—

“(1) disposes of the qualified principal residence with respect to which a credit is allowed under subsection (a), or

“(2) fails to occupy such residence as the taxpayer’s principal residence,

at any time within 24 months after the date on which the taxpayer purchased such residence, then the remaining portion of the credit allowed under subsection (a) shall be disallowed in the taxable year during which such disposition occurred or in which the taxpayer failed to occupy the residence as a principal residence, and in any subsequent taxable year in which the remaining portion of the credit would, but for this subsection, have been allowed.

“(f) SPECIAL RULES.—

“(1) JOINT PURCHASE.—

“(A) MARRIED INDIVIDUALS FILING SEPARATELY.—In the case of 2 married individuals filing separately, subsection (a) shall be applied to each such individual by substituting ‘\$3,500’ for ‘\$7,000’ in paragraph (1) thereof.

“(B) UNMARRIED INDIVIDUALS.—If 2 or more individuals who are not married purchase a qualified principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals in such manner as the Secretary may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed \$7,000.

“(2) PURCHASE; PURCHASE PRICE.—Rules similar to the rules of paragraphs (2) and (3) of section 1400C(e) (as in effect on the date of the enactment of this section) shall apply for purposes of this section.

“(3) REPORTING REQUIREMENT.—Rules similar to the rules of section 1400C(f) (as so in effect) shall apply for purposes of this section.

“(g) BASIS ADJUSTMENT.—For purposes of this subtitle, if a credit is allowed under this section with respect to the purchase of any residence, the basis of such residence shall be reduced by the amount of the credit so allowed.”

(b) CONFORMING AMENDMENTS.—

(1) Section 24(b)(3)(B) of the Internal Revenue Code of 1986 is amended by striking “and 25B” and inserting “, 25B, and 25E”.

(2) Section 25(e)(1)(C)(ii) of such Code is amended by inserting “25E,” after “25D.”

(3) Section 25B(g)(2) of such Code is amended by striking “section 23” and inserting “sections 23 and 25E”.

(4) Section 25D(c)(2) of such Code is amended by striking “and 25B” and inserting “25B, and 25E”.

(5) Section 26(a)(1) of such Code is amended by striking “and 25B” and inserting “25B, and 25E”.

(6) Section 904(i) of such Code is amended by striking “and 25B” and inserting “25B, and 25E”.

(7) Subsection (a) of section 1016 of such Code is amended by striking “and” at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting “, and”, and by adding at the end the following new paragraph:

“(38) to the extent provided in section 25E(g).”

(8) Section 1400C(d)(2) of such Code is amended by striking “and 25D” and inserting “25D, and 25E”.

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 25D the following new item:

“Sec. 25E. Credit for certain home purchases.”

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

(e) APPLICATION OF EGTRRA SUNSET.—The amendment made by subsection (b)(1) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provisions of such Act to which such amendment relates.

SEC. 604. ADDITIONAL STANDARD DEDUCTION FOR REAL PROPERTY TAXES FOR NONITEMIZERS.

(a) *IN GENERAL.*—Section 63(c)(1) of the Internal Revenue Code of 1986 (defining standard deduction) is amended by striking “and” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, and”, and by adding at the end the following new subparagraph:

“(C) in the case of any taxable year beginning in 2008, the real property tax deduction.”.

(b) *DEFINITION.*—Section 63(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(A) *REAL PROPERTY TAX DEDUCTION.*—

“(B) *IN GENERAL.*—For purposes of paragraph (1), the real property tax deduction is so much of the amount of the eligible State and local real property taxes paid or accrued by the taxpayer during the taxable year which do not exceed \$500 (\$1,000 in the case of a joint return).

“(B) *ELIGIBLE STATE AND LOCAL REAL PROPERTY TAXES.*—For purposes of subparagraph (A), the term ‘eligible State and local real property taxes’ means State and local real property taxes (within the meaning of section 164), but only if the rate of tax for all residential real property taxes in the jurisdiction has not been increased at any time after April 2, 2008, and before January 1, 2009.”.

(c) *EFFECTIVE DATE.*—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 605. ELECTION TO ACCELERATE AMT AND R AND D CREDITS IN LIEU OF BONUS DEPRECIATION.

(a) *IN GENERAL.*—Section 168(k), as amended by this Act, is amended by adding at the end the following new paragraph:

“(5) *ELECTION TO ACCELERATE AMT AND R AND D CREDITS IN LIEU OF BONUS DEPRECIATION.*—

“(A) *IN GENERAL.*—If a corporation which is an eligible taxpayer (within the meaning of paragraph (4)) for purposes of this subsection elects to have this paragraph apply—

“(i) no additional depreciation shall be allowed under paragraph (1) for any qualified property placed in service during any taxable year to which paragraph (1) would otherwise apply, and

“(ii) the limitations described in subparagraph (B) for such taxable year shall be increased by an aggregate amount not in excess of the bonus depreciation amount for such taxable year.

“(B) *LIMITATIONS TO BE INCREASED.*—The limitations described in this subparagraph are—

“(i) the limitation under section 38(c), and

“(ii) the limitation under section 53(c).

“(C) *BONUS DEPRECIATION AMOUNT.*—For purposes of this paragraph—

“(i) *IN GENERAL.*—The bonus depreciation amount for any applicable taxable year is an amount equal to the product of 20 percent and the excess (if any) of—

“(I) the aggregate amount of depreciation which would be determined under this section for property placed in service during the taxable year if no election under this paragraph were made, over

“(II) the aggregate amount of depreciation allowable under this section for property placed in service during the taxable year.

In the case of property which is a passenger aircraft, the amount determined under subclause (I) shall be calculated without regard to the written binding contract limitation under paragraph (2)(A)(iii)(I).

“(ii) *ELIGIBLE QUALIFIED PROPERTY.*—For purposes of clause (i), the term ‘eligible qualified property’ means qualified property under paragraph (2), except that in applying paragraph (2) for purposes of this clause—

“(I) ‘March 31, 2008’ shall be substituted for ‘December 31, 2007’ each place it appears in subparagraph (A) and clauses (i) and (ii) of subparagraph (E) thereof,

“(II) only adjusted basis attributable to manufacture, construction, or production after

March 31, 2008, and before January 1, 2009, shall be taken into account under subparagraph (B)(ii) thereof, and

“(III) in the case of property which is a passenger aircraft, the written binding contract limitation under subparagraph (A)(iii)(I) thereof shall not apply.

“(ii) *MAXIMUM AMOUNT.*—The bonus depreciation amount for any applicable taxable year shall not exceed the applicable limitation under clause (iv), reduced (but not below zero) by the bonus depreciation amount for any preceding taxable year.

“(iv) *APPLICABLE LIMITATION.*—For purposes of clause (iii), the term ‘applicable limitation’ means, with respect to any eligible taxpayer, the lesser of—

“(I) \$40,000,000, or

“(II) 10 percent of the sum of the amounts determined with respect to the eligible taxpayer under clauses (ii) and (iii) of subparagraph (D).

“(v) *AGGREGATION RULE.*—All corporations which are treated as a single employer under section 52(a) shall be treated as 1 taxpayer for purposes of applying the limitation under this subparagraph and determining the applicable limitation under clause (iv).

“(D) *ALLOCATION OF BONUS DEPRECIATION AMOUNTS.*—

“(i) *IN GENERAL.*—Subject to clauses (ii) and (iii), the taxpayer shall, at such time and in such manner as the Secretary may prescribe, specify the portion (if any) of the bonus depreciation amount which is to be allocated to each of the limitations described in subparagraph (B).

“(ii) *BUSINESS CREDIT LIMITATION.*—The portion of the bonus depreciation amount allocated to the limitation described in subparagraph (B)(i) shall not exceed an amount equal to the portion of the credit allowable under section 38 for the taxable year which is allocable to business credit carryforwards to such taxable year which are—

“(I) from taxable years beginning before January 1, 2006, and

“(II) properly allocable (determined under the rules of section 38(d)) to the research credit determined under section 41(a).

“(iii) *ALTERNATIVE MINIMUM TAX CREDIT LIMITATION.*—The portion of the bonus depreciation amount allocated to the limitation described in subparagraph (B)(ii) shall not exceed an amount equal to the portion of the minimum tax credit allowable under section 53 for the taxable year which is allocable to the adjusted minimum tax imposed for taxable years beginning before January 1, 2006.

“(E) *CREDIT REFUNDABLE.*—Any aggregate increases in the credits allowed under section 38 or 53 by reason of this paragraph shall, for purposes of this title, be treated as a credit allowed to the taxpayer under subpart C of part IV of subchapter A.

“(F) *OTHER RULES.*—

“(i) *ELECTION.*—Any election under this paragraph (including any allocation under subparagraph (D)) may be revoked only with the consent of the Secretary.

“(ii) *DEDUCTION ALLOWED IN COMPUTING MINIMUM TAX.*—Notwithstanding this paragraph, paragraph (2)(G) shall apply with respect to the deduction computed under this section (after application of this paragraph) with respect to property placed in service during any applicable taxable year.”.

(b) *EFFECTIVE DATE.*—The amendments made by this section shall apply to property placed in service after December 31, 2007, in taxable years ending after such date.

SEC. 606. USE OF AMENDED INCOME TAX RETURNS TO TAKE INTO ACCOUNT RECENT OF CERTAIN HURRICANE-RELATED CASUALTY LOSS GRANTS BY DISALLOWING PREVIOUSLY TAKEN CASUALTY LOSS DEDUCTIONS.

(a) *IN GENERAL.*—Notwithstanding any other provision of the Internal Revenue Code of 1986,

if a taxpayer claims a deduction for any taxable year with respect to a casualty loss to a personal residence (within the meaning of section 121 of such Code) resulting from Hurricane Katrina, Hurricane Rita, or Hurricane Wilma and in a subsequent taxable year receives a grant under Public Law 109-148, 109-234, or 110-116 as reimbursement for such loss, such taxpayer may elect to file an amended income tax return for the taxable year in which such deduction was allowed and disallow such deduction. If elected, such amended return must be filed not later than the due date for filing the tax return for the taxable year in which the taxpayer receives such reimbursement or the date that is 4 months after the date of the enactment of this Act, whichever is later. Any increase in Federal income tax resulting from such disallowance if such amended return is filed—

(1) shall be subject to interest on the underpaid tax for one year at the underpayment rate determined under section 6621(a)(2) of such Code; and

(2) shall not be subject to any penalty under such Code.

(b) *EMERGENCY DESIGNATION.*—For purposes of Senate enforcement, all provisions of this section are designated as emergency requirements and necessary to meet emergency needs pursuant to section 204 of S. Con. Res. 21 (110th Congress), the concurrent resolution on the budget for fiscal year 2008.

SEC. 607. WAIVER OF DEADLINE ON CONSTRUCTION OF GO ZONE PROPERTY ELIGIBLE FOR BONUS DEPRECIATION.

(a) *IN GENERAL.*—Subparagraph (B) of section 1400N(d)(3) of the Internal Revenue Code of 1986 is amended to read as follows:

“(B) without regard to ‘and before January 1, 2009’ in clause (i) thereof.”.

(b) *EFFECTIVE DATE.*—The amendment made by this section shall apply to property placed in service after December 31, 2007.

(c) *EMERGENCY DESIGNATION.*—For purposes of Senate enforcement, all provisions of this section are designated as emergency requirements and necessary to meet emergency needs pursuant to section 204 of S. Con. Res. 21 (110th Congress), the concurrent resolution on the budget for fiscal year 2008.

SEC. 608. TEMPORARY TAX RELIEF FOR KIOWA COUNTY, KANSAS AND SURROUNDING AREA.

(a) *IN GENERAL.*—The following provisions of or relating to the Internal Revenue Code of 1986 shall apply, in addition to the areas described in such provisions, to an area with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (FEMA-1699-DR, as in effect on the date of the enactment of this Act) by reason of severe storms and tornados beginning on May 4, 2007, and determined by the President to warrant individual or individual and public assistance from the Federal Government under such Act with respect to damages attributed to such storms and tornados:

(1) *SUSPENSION OF CERTAIN LIMITATIONS ON PERSONAL CASUALTY LOSSES.*—Section 1400S(b)(1) of the Internal Revenue Code of 1986, by substituting “May 4, 2007” for “August 25, 2005”.

(2) *EXTENSION OF REPLACEMENT PERIOD FOR NONRECOGNITION OF GAIN.*—Section 405 of the Katrina Emergency Tax Relief Act of 2005, by substituting “on or after May 4, 2007, by reason of the May 4, 2007, storms and tornados” for “on or after August 25, 2005, by reason of Hurricane Katrina”.

(3) *EMPLOYEE RETENTION CREDIT FOR EMPLOYERS AFFECTED BY MAY 4 STORMS AND TORNADOS.*—Section 1400R(a) of the Internal Revenue Code of 1986—

(A) by substituting “May 4, 2007” for “August 28, 2005” each place it appears,

(B) by substituting “January 1, 2008” for “January 1, 2006” both places it appears, and

(C) only with respect to eligible employers who employed an average of not more than 200 employees on business days during the taxable year before May 4, 2007.

(4) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED ON OR AFTER MAY 5, 2007.—Section 1400N(d) of such Code—

(A) by substituting “qualified Recovery Assistance property” for “qualified Gulf Opportunity Zone property” each place it appears,

(B) by substituting “May 5, 2007” for “August 28, 2005” each place it appears,

(C) by substituting “December 31, 2008” for “December 31, 2007” in paragraph (2)(A)(v),

(D) by substituting “December 31, 2009” for “December 31, 2008” in paragraph (2)(A)(v),

(E) by substituting “May 4, 2007” for “August 27, 2005” in paragraph (3)(A),

(F) by substituting “January 1, 2009” for “January 1, 2008” in paragraph (3)(B), and

(G) determined without regard to paragraph (6) thereof.

(5) INCREASE IN EXPENSING UNDER SECTION 179.—Section 1400N(e) of such Code, by substituting “qualified section 179 Recovery Assistance property” for “qualified section 179 Gulf Opportunity Zone property” each place it appears.

(6) EXPENSING FOR CERTAIN DEMOLITION AND CLEAN-UP COSTS.—Section 1400N(f) of such Code—

(A) by substituting “qualified Recovery Assistance clean-up cost” for “qualified Gulf Opportunity Zone clean-up cost” each place it appears, and

(B) by substituting “beginning on May 4, 2007, and ending on December 31, 2009” for “beginning on August 28, 2005, and ending on December 31, 2007” in paragraph (2) thereof.

(7) TREATMENT OF PUBLIC UTILITY PROPERTY DISASTER LOSSES.—Section 1400N(o) of such Code.

(8) TREATMENT OF NET OPERATING LOSSES ATTRIBUTABLE TO STORM LOSSES.—Section 1400N(k) of such Code—

(A) by substituting “qualified Recovery Assistance loss” for “qualified Gulf Opportunity Zone loss” each place it appears,

(B) by substituting “after May 3, 2007, and before on January 1, 2010” for “after August 27, 2005, and before January 1, 2008” each place it appears,

(C) by substituting “May 4, 2007” for “August 28, 2005” in paragraph (2)(B)(ii)(I) thereof,

(D) by substituting “qualified Recovery Assistance property” for “qualified Gulf Opportunity Zone property” in paragraph (2)(B)(iv) thereof, and

(E) by substituting “qualified Recovery Assistance casualty loss” for “qualified Gulf Opportunity Zone casualty loss” each place it appears.

(9) TREATMENT OF REPRESENTATIONS REGARDING INCOME ELIGIBILITY FOR PURPOSES OF QUALIFIED RENTAL PROJECT REQUIREMENTS.—Section 1400N(n) of such Code.

(10) SPECIAL RULES FOR USE OF RETIREMENT FUNDS.—Section 1400Q of such Code—

(A) by substituting “qualified Recovery Assistance distribution” for “qualified hurricane distribution” each place it appears,

(B) by substituting “on or after May 4, 2007, and before January 1, 2009” for “on or after August 25, 2005, and before January 1, 2007” in subsection (a)(4)(A)(i),

(C) by substituting “qualified storm distribution” for “qualified Katrina distribution” each place it appears,

(D) by substituting “after November 4, 2006, and before May 5, 2007” for “after February 28, 2005, and before August 29, 2005” in subsection (b)(2)(B)(ii),

(E) by substituting “beginning on May 4, 2007, and ending on November 5, 2007” for “beginning on August 25, 2005, and ending on February 28, 2006” in subsection (b)(3)(A),

(F) by substituting “qualified storm individual” for “qualified Hurricane Katrina individual” each place it appears,

(G) by substituting “December 31, 2007” for “December 31, 2006” in subsection (c)(2)(A),

(H) by substituting “beginning on June 4, 2007, and ending on December 31, 2007” for “beginning on September 24, 2005, and ending on December 31, 2006” in subsection (c)(4)(A)(i),

(I) by substituting “May 4, 2007” for “August 25, 2005” in subsection (c)(4)(A)(ii), and

(J) by substituting “January 1, 2008” for “January 1, 2007” in subsection (d)(2)(A)(ii).

(b) EMERGENCY DESIGNATION.—For purposes of Senate enforcement, all provisions of this section are designated as emergency requirements and necessary to meet emergency needs pursuant to section 204 of S. Con. Res. 21 (110th Congress), the concurrent resolution on the budget for fiscal year 2008.

TITLE VII—EMERGENCY DESIGNATION

SEC. 701. EMERGENCY DESIGNATION.

For purposes of Senate enforcement, all provisions of this Act are designated as emergency requirements and necessary to meet emergency needs pursuant to section 204 of S. Con. Res. 21 (110th Congress), the concurrent resolution on the budget for fiscal year 2008.

TITLE VIII—REIT INVESTMENT

DIVERSIFICATION AND EMPOWERMENT

SEC. 801. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This title may be cited as the “REIT Investment Diversification and Empowerment Act of 2008”.

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

Subtitle A—Taxable REIT Subsidiaries

SEC. 811. CARRYING TAXABLE REIT SUBSIDIARY ASSET TEST.

Section 856(c)(4)(B)(ii) is amended by striking “20 percent” and inserting “25 percent”.

Subtitle B—Dealer Sales

SEC. 821. HOLDING PERIOD UNDER SAFE HARBOR.

Section 857(b)(6) (relating to income from prohibited transactions) is amended—

(1) by striking “4 years” in subparagraphs (C)(i), (C)(iv), and (D)(i) and inserting “2 years”;

(2) by striking “4-year period” in subparagraphs (C)(ii), (D)(ii), and (D)(iii) and inserting “2-year period”;

(3) by striking “real estate asset” and all that follows through “if” in the matter preceding clause (i) of subparagraphs (C) and (D), respectively, and inserting “real estate asset (as defined in section 856(c)(5)(B)) and which is described in section 1221(a)(1) if”.

SEC. 822. DETERMINING VALUE OF SALES UNDER SAFE HARBOR.

Section 857(b)(6) is amended—

(1) by striking the semicolon at the end of subparagraph (C)(iii) and inserting “, or (III) the fair market value of property (other than sales of foreclosure property or sales to which section 1033 applies) sold during the taxable year does not exceed 10 percent of the fair market value of all of the assets of the trust as of the beginning of the taxable year.”; and

(2) by adding “or” at the end of subclause (II) of subparagraph (D)(iv) and by adding at the end of such subparagraph the following new subclause:

“(III) the fair market value of property (other than sales of foreclosure property or sales to which section 1033 applies) sold during the taxable year does not exceed 10 percent of the fair market value of all of the assets of the trust as of the beginning of the taxable year.”.

Subtitle C—Health Care REITs

SEC. 831. CONFORMITY FOR HEALTH CARE FACILITIES.

(a) RELATED PARTY RENTALS.—Subparagraph (B) of section 856(d)(8) (relating to special rule

for taxable REIT subsidiaries) is amended to read as follows:

“(B) EXCEPTION FOR CERTAIN LODGING FACILITIES AND HEALTH CARE PROPERTY.—The requirements of this subparagraph are met with respect to an interest in real property which is a qualified lodging facility (as defined in paragraph (9)(D)) or a qualified health care property (as defined in subsection (e)(6)(D)(i)) leased by the trust to a taxable REIT subsidiary of the trust if the property is operated on behalf of such subsidiary by a person who is an eligible independent contractor. For purposes of this section, a taxable REIT subsidiary is not considered to be operating or managing a qualified health care property or qualified lodging facility solely because it—

“(i) directly or indirectly possesses a license, permit, or similar instrument enabling it to do so, or

“(ii) employs individuals working at such property or facility located outside the United States, but only if an eligible independent contractor is responsible for the daily supervision and direction of such individuals on behalf of the taxable REIT subsidiary pursuant to a management agreement or similar service contract.”.

(b) ELIGIBLE INDEPENDENT CONTRACTOR.—Subparagraphs (A) and (B) of section 856(d)(9) (relating to eligible independent contractor) are amended to read as follows:

“(A) IN GENERAL.—The term ‘eligible independent contractor’ means, with respect to any qualified lodging facility or qualified health care property (as defined in subsection (e)(6)(D)(i)), any independent contractor if, at the time such contractor enters into a management agreement or other similar service contract with the taxable REIT subsidiary to operate such qualified lodging facility or qualified health care property, such contractor (or any related person) is actively engaged in the trade or business of operating qualified lodging facilities or qualified health care properties, respectively, for any person who is not a related person with respect to the real estate investment trust or the taxable REIT subsidiary.

“(B) SPECIAL RULES.—Solely for purposes of this paragraph and paragraph (8)(B), a person shall not fail to be treated as an independent contractor with respect to any qualified lodging facility or qualified health care property (as so defined) by reason of the following:

“(i) The taxable REIT subsidiary bears the expenses for the operation of such qualified lodging facility or qualified health care property pursuant to the management agreement or other similar service contract.

“(ii) The taxable REIT subsidiary receives the revenues from the operation of such qualified lodging facility or qualified health care property, net of expenses for such operation and fees payable to the operator pursuant to such agreement or contract.

“(iii) The real estate investment trust receives income from such person with respect to another property that is attributable to a lease of such other property to such person that was in effect as of the later of—

“(I) January 1, 1999, or

“(II) the earliest date that any taxable REIT subsidiary of such trust entered into a management agreement or other similar service contract with such person with respect to such qualified lodging facility or qualified health care property.”.

(c) TAXABLE REIT SUBSIDIARIES.—The last sentence of section 856(l)(3) is amended—

(1) by inserting “or a health care facility” after “a lodging facility”;

(2) by inserting “or health care facility” after “such lodging facility”.

Subtitle D—Effective Dates and Sunset

SEC. 841. EFFECTIVE DATES AND SUNSET.

(a) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this title shall apply to taxable years beginning after the date of the enactment of this Act.

(b) REIT INCOME TESTS.—

(1) The amendment made by section 801(a) and (b) shall apply to gains and items of income recognized after the date of the enactment of this Act.

(2) The amendment made by section 801(c) shall apply to transactions entered into after the date of the enactment of this Act.

(3) The amendment made by section 801(d) shall apply after the date of the enactment of this Act.

(c) CONFORMING FOREIGN CURRENCY REVISIONS.—

(1) The amendment made by section 803(a) shall apply to gains recognized after the date of the enactment of this Act.

(2) The amendment made by section 803(b) shall apply to gains and deductions recognized after the date of the enactment of this Act.

(d) DEALER SALES.—The amendments made by subtitle C shall apply to sales made after the date of the enactment of this Act.

(e) SUNSET.—All amendments made by this title shall not apply to taxable years beginning after the date which is 5 years after the date of the enactment of this Act. The Internal Revenue Code of 1986 shall be applied and administered to taxable years described in the preceding sentence as if the amendments so described had never been enacted.

TITLE IX—VETERANS HOUSING MATTERS**SEC. 901. HOME IMPROVEMENTS AND STRUCTURAL ALTERATIONS FOR TOTALLY DISABLED MEMBERS OF THE ARMED FORCES BEFORE DISCHARGE OR RELEASE FROM THE ARMED FORCES.**

Section 1717 of title 38, United States Code, is amended by adding at the end the following new subsection:

“(d)(1) In the case of a member of the Armed Forces who, as determined by the Secretary, has a disability permanent in nature incurred or aggravated in the line of duty in the active military, naval, or air service, the Secretary may furnish improvements and structural alterations for such member for such disability or as otherwise described in subsection (a)(2) while such member is hospitalized or receiving outpatient medical care, services, or treatment for such disability if the Secretary determines that such member is likely to be discharged or released from the Armed Forces for such disability.

“(2) The furnishing of improvements and alterations under paragraph (1) in connection with the furnishing of medical services described in subparagraph (A) or (B) of subsection (a)(2) shall be subject to the limitation specified in the applicable subparagraph.”.

SEC. 902. ELIGIBILITY FOR SPECIALLY ADAPTED HOUSING BENEFITS AND ASSISTANCE FOR MEMBERS OF THE ARMED FORCES WITH SERVICE-CONNECTED DISABILITIES AND INDIVIDUALS RESIDING OUTSIDE THE UNITED STATES.

(a) ELIGIBILITY.—Chapter 21 of title 38, United States Code, is amended by inserting after section 2101 the following new section:

“§2101A. Eligibility for benefits and assistance: members of the Armed Forces with service-connected disabilities; individuals residing outside the United States

“(a) MEMBERS WITH SERVICE-CONNECTED DISABILITIES.—(1) The Secretary may provide assistance under this chapter to a member of the Armed Forces serving on active duty who is suffering from a disability that meets applicable criteria for benefits under this chapter if the disability is incurred or aggravated in line of duty in the active military, naval, or air service. Such assistance shall be provided to the same extent as assistance is provided under this chapter to veterans eligible for assistance under this chapter and subject to the same requirements as veterans under this chapter.

“(2) For purposes of this chapter, any reference to a veteran or eligible individual shall be treated as a reference to a member of the Armed

Forces described in subsection (a) who is similarly situated to the veteran or other eligible individual so referred to.

“(b) BENEFITS AND ASSISTANCE FOR INDIVIDUALS RESIDING OUTSIDE THE UNITED STATES.—(1) Subject to paragraph (2), the Secretary may, at the Secretary’s discretion, provide benefits and assistance under this chapter (other than benefits under section 2106 of this title) to any individual otherwise eligible for such benefits and assistance who resides outside the United States.

“(2) The Secretary may provide benefits and assistance to an individual under paragraph (1) only if—

“(A) the country or political subdivision in which the housing or residence involved is or will be located permits the individual to have or acquire a beneficial property interest (as determined by the Secretary) in such housing or residence; and

“(B) the individual has or will acquire a beneficial property interest (as so determined) in such housing or residence.

“(c) REGULATIONS.—Benefits and assistance under this chapter by reason of this section shall be provided in accordance with such regulations as the Secretary may prescribe.”.

(b) CONFORMING AMENDMENTS.—

(1) REPEAL OF SUPERSEDED AUTHORITY.—Section 2101 of such title is amended—

(A) by striking subsection (c); and

(B) by redesignating subsection (d) as subsection (c).

(2) LIMITATIONS ON ASSISTANCE.—Section 2102 of such title is amended—

(A) in subsection (a)—

(i) by striking “veteran” each place it appears and inserting “individual”; and

(ii) in paragraph (3), by striking “veteran’s” and inserting “individual’s”;

(B) in subsection (b)(1), by striking “a veteran” and inserting “an individual”;

(C) in subsection (c)—

(i) by striking “a veteran” and inserting “an individual”; and

(ii) by striking “the veteran” each place it appears and inserting “the individual”; and

(D) in subsection (d), by striking “a veteran” each place it appears and inserting “an individual”.

(3) ASSISTANCE FOR INDIVIDUALS TEMPORARILY RESIDING IN HOUSING OF FAMILY MEMBER.—Section 2102A of such title is amended—

(A) by striking “veteran” each place it appears (other than in subsection (b)) and inserting “individual”;

(B) in subsection (a), by striking “veteran’s” each place it appears and inserting “individual’s”; and

(C) in subsection (b), by striking “a veteran” each place it appears and inserting “an individual”.

(4) FURNISHING OF PLANS AND SPECIFICATIONS.—Section 2103 of such title is amended by striking “veterans” both places it appears and inserting “individuals”.

(5) CONSTRUCTION OF BENEFITS.—Section 2104 of such title is amended—

(A) in subsection (a), by striking “veteran” each place it appears and inserting “individual”; and

(B) in subsection (b)—

(i) in the first sentence, by striking “A veteran” and inserting “An individual”;

(ii) in the second sentence, by striking “a veteran” and inserting “an individual”; and

(iii) by striking “such veteran” each place it appears and inserting “such individual”.

(6) VETERANS’ MORTGAGE LIFE INSURANCE.—Section 2106 of such title is amended—

(A) in subsection (a)—

(i) by striking “any eligible veteran” and inserting “any eligible individual”; and

(ii) by striking “the veterans” and inserting “the individual’s”;

(B) in subsection (b), by striking “an eligible veteran” and inserting “an eligible individual”;

(C) in subsection (e), by striking “an eligible veteran” and inserting “an individual”;

(D) in subsection (h), by striking “each veteran” and inserting “each individual”;

(E) in subsection (i), by striking “the veteran’s” each place it appears and inserting “the individual’s”;

(F) by striking “the veteran” each place it appears and inserting “the individual”; and

(G) by striking “a veteran” each place it appears and inserting “an individual”.

(7) HEADING AMENDMENTS.—(A) The heading of section 2101 of such title is amended to read as follows:

“§2101. Acquisition and adaptation of housing: eligible veterans”.

(B) The heading of section 2102A of such title is amended to read as follows:

“§2102A. Assistance for individuals residing temporarily in housing owned by a family member”.

(8) CLERICAL AMENDMENTS.—The table of sections at the beginning of chapter 21 of such title is amended—

(A) by striking the item relating to section 2101 and inserting the following new item:

“2101. Acquisition and adaptation of housing: eligible veterans.”;

(B) by inserting after the item relating to section 2101, as so amended, the following new item:

“2101A. Eligibility for benefits and assistance: members of the Armed Forces with service-connected disabilities; individuals residing outside the United States.”;

and

(C) by striking the item relating to section 2102A and inserting the following new item:

“2102A. Assistance for individuals residing temporarily in housing owned by a family member.”.

SEC. 903. SPECIALLY ADAPTED HOUSING ASSISTANCE FOR INDIVIDUALS WITH SEVERE BURN INJURIES.

Section 2101 of title 38, United States Code, is amended—

(1) in subsection (a)(2), by adding at the end the following new subparagraph:

“(E) The disability is due to a severe burn injury (as determined pursuant to regulations prescribed by the Secretary).”; and

(2) in subsection (b)(2)—

(A) by striking “either” and inserting “any”; and

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

“(C) The disability is due to a severe burn injury (as so determined).”.

SEC. 904. EXTENSION OF ASSISTANCE FOR INDIVIDUALS RESIDING TEMPORARILY IN HOUSING OWNED BY A FAMILY MEMBER.

Section 2102A(e) of title 38, United States Code, is amended by striking “after the end of the five-year period that begins on the date of the enactment of the Veterans’ Housing Opportunity and Benefits Improvement Act of 2006” and inserting “after December 31, 2011”.

SEC. 905. INCREASE IN SPECIALLY ADAPTED HOUSING BENEFITS FOR DISABLED VETERANS.

(a) IN GENERAL.—Section 2102 of title 38, United States Code, is amended—

(1) in subsection (b)(2), by striking “\$10,000” and inserting “\$12,000”;

(2) in subsection (d)—

(A) in paragraph (1), by striking “\$50,000” and inserting “\$60,000”; and

(B) in paragraph (2), by striking “\$10,000” and inserting “\$12,000”; and

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

“(e)(1) Effective on October 1 of each year (beginning in 2009), the Secretary shall increase the amounts described in subsection (b)(2) and paragraphs (1) and (2) of subsection (d) in accordance with this subsection.

“(2) The increase in amounts under paragraph (1) to take effect on October 1 of a year shall be by an amount of such amounts equal to the percentage by which—

“(A) the residential home cost-of-construction index for the preceding calendar year, exceeds

“(B) the residential home cost-of-construction index for the year preceding the year described in subparagraph (A).

“(3) The Secretary shall establish a residential home cost-of-construction index for the purposes of this subsection. The index shall reflect a uniform, national average change in the cost of residential home construction, determined on a calendar year basis. The Secretary may use an index developed in the private sector that the Secretary determines is appropriate for purposes of this subsection.”

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 2008, and shall apply with respect to payments made in accordance with section 2102 of title 38, United States Code, on or after that date.

SEC. 906. REPORT ON SPECIALLY ADAPTED HOUSING FOR DISABLED INDIVIDUALS.

(a) IN GENERAL.—Not later than December 31, 2008, the Secretary of Veterans Affairs shall submit to the Committee on Veterans' Affairs of the Senate and the Committee on Veterans' Affairs of the House of Representatives a report that contains an assessment of the adequacy of the authorities available to the Secretary under law to assist eligible disabled individuals in acquiring—

(1) suitable housing units with special fixtures or movable facilities required for their disabilities, and necessary land therefor;

(2) such adaptations to their residences as are reasonably necessary because of their disabilities; and

(3) residences already adapted with special features determined by the Secretary to be reasonably necessary as a result of their disabilities.

(b) FOCUS ON PARTICULAR DISABILITIES.—The report required by subsection (a) shall set forth a specific assessment of the needs of—

(1) veterans who have disabilities that are not described in subsections (a)(2) and (b)(2) of section 2101 of title 38, United States Code; and

(2) other disabled individuals eligible for specially adapted housing under chapter 21 of such title by reason of section 2101A of such title (as added by section 802(a) of this Act) who have disabilities that are not described in such subsections.

SEC. 907. REPORT ON SPECIALLY ADAPTED HOUSING ASSISTANCE FOR INDIVIDUALS WHO RESIDE IN HOUSING OWNED BY A FAMILY MEMBER ON PERMANENT BASIS.

Not later than December 31, 2008, the Secretary of Veterans Affairs shall submit to the Committee on Veterans' Affairs of the Senate and the Committee on Veterans' Affairs of the House of Representatives a report on the advisability of providing assistance under section 2102A of title 38, United States Code, to veterans described in subsection (a) of such section, and to members of the Armed Forces covered by such section 2102A by reason of section 2101A of title 38, United States Code (as added by section 802(a) of this Act), who reside with family members on a permanent basis.

SEC. 908. DEFINITION OF ANNUAL INCOME FOR PURPOSES OF SECTION 8 AND OTHER PUBLIC HOUSING PROGRAMS.

Section 3(b)(4) of the United States Housing Act of 1937 (42 U.S.C. 1437a(3)(b)(4)) is amended by inserting “or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts” before “may not be considered”.

SEC. 909. PAYMENT OF TRANSPORTATION OF BAGGAGE AND HOUSEHOLD EFFECTS FOR MEMBERS OF THE ARMED FORCES WHO RELOCATE DUE TO FORECLOSURE OF LEASED HOUSING.

Section 406 of title 37, United States Code, is amended—

(1) by redesignating subsections (k) and (l) as subsections (l) and (m), respectively; and

(2) by inserting after subsection (j) the following new subsection (k):

“(k) A member of the armed forces who relocates from leased or rental housing by reason of the foreclosure of such housing is entitled to transportation of baggage and household effects under subsection (b)(1) in the same manner, and subject to the same conditions and limitations, as similarly circumstanced members entitled to transportation of baggage and household effects under that subsection.”

TITLE X—CLEAN ENERGY TAX STIMULUS

SEC. 1001. SHORT TITLE; ETC.

(a) SHORT TITLE.—This title may be cited as the “Clean Energy Tax Stimulus Act of 2008”.

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

Subtitle A—Extension of Clean Energy Production Incentives

SEC. 1011. EXTENSION AND MODIFICATION OF RENEWABLE ENERGY PRODUCTION TAX CREDIT.

(a) EXTENSION OF CREDIT.—Each of the following provisions of section 45(d) (relating to qualified facilities) is amended by striking “January 1, 2009” and inserting “January 1, 2010”:

- (1) Paragraph (1).
- (2) Clauses (i) and (ii) of paragraph (2)(A).
- (3) Clauses (i)(I) and (ii) of paragraph (3)(A).
- (4) Paragraph (4).
- (5) Paragraph (5).
- (6) Paragraph (6).
- (7) Paragraph (7).
- (8) Paragraph (8).
- (9) Subparagraphs (A) and (B) of paragraph (9).

(b) PRODUCTION CREDIT FOR ELECTRICITY PRODUCED FROM MARINE RENEWABLES.—

(1) IN GENERAL.—Paragraph (1) of section 45(c) (relating to resources) is amended by striking “and” at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting “, and”, and by adding at the end the following new subparagraph:

“(I) marine and hydrokinetic renewable energy.”

(2) MARINE RENEWABLES.—Subsection (c) of section 45 is amended by adding at the end the following new paragraph:

“(10) MARINE AND HYDROKINETIC RENEWABLE ENERGY.—

“(A) IN GENERAL.—The term ‘marine and hydrokinetic renewable energy’ means energy derived from—

“(i) waves, tides, and currents in oceans, estuaries, and tidal areas,

“(ii) free flowing water in rivers, lakes, and streams,

“(iii) free flowing water in an irrigation system, canal, or other man-made channel, including projects that utilize nonmechanical structures to accelerate the flow of water for electric power production purposes, or

“(iv) differentials in ocean temperature (ocean thermal energy conversion).”

“(B) EXCEPTIONS.—Such term shall not include any energy which is derived from any source which utilizes a dam, diversionary structure (except as provided in subparagraph (A)(iii)), or impoundment for electric power production purposes.”

(3) DEFINITION OF FACILITY.—Subsection (d) of section 45 is amended by adding at the end the following new paragraph:

“(11) MARINE AND HYDROKINETIC RENEWABLE ENERGY FACILITIES.—In the case of a facility producing electricity from marine and hydrokinetic renewable energy, the term ‘qualified facility’ means any facility owned by the taxpayer—

“(A) which has a nameplate capacity rating of at least 150 kilowatts, and

“(B) which is originally placed in service on or after the date of the enactment of this paragraph and before January 1, 2010.”

(4) CREDIT RATE.—Subparagraph (A) of section 45(b)(4) is amended by striking “or (9)” and inserting “(9), or (11)”.

(5) COORDINATION WITH SMALL IRRIGATION POWER.—Paragraph (5) of section 45(d), as amended by subsection (a), is amended by striking “January 1, 2010” and inserting “the date of the enactment of paragraph (11)”.

(c) SALES OF ELECTRICITY TO REGULATED PUBLIC UTILITIES TREATED AS SALES TO UNRELATED PERSONS.—Section 45(e)(4) (relating to related persons) is amended by adding at the end the following new sentence: “A taxpayer shall be treated as selling electricity to an unrelated person if such electricity is sold to a regulated public utility (as defined in section 7701(a)(33)).”

(d) TRASH FACILITY CLARIFICATION.—Paragraph (7) of section 45(d) is amended—

(1) by striking “facility which burns” and inserting “facility (other than a facility described in paragraph (6)) which uses”, and

(2) by striking “COMBUSTION”.

(e) EFFECTIVE DATES.—

(1) EXTENSION.—The amendments made by subsection (a) shall apply to property originally placed in service after December 31, 2008.

(2) MODIFICATIONS.—The amendments made by subsections (b) and (c) shall apply to electricity produced and sold after the date of the enactment of this Act, in taxable years ending after such date.

(3) TRASH FACILITY CLARIFICATION.—The amendments made by subsection (d) shall apply to electricity produced and sold before, on, or after December 31, 2007.

SEC. 1012. EXTENSION AND MODIFICATION OF SOLAR ENERGY AND FUEL CELL INVESTMENT TAX CREDIT.

(a) EXTENSION OF CREDIT.—

(1) SOLAR ENERGY PROPERTY.—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) (relating to energy credit) are each amended by striking “January 1, 2009” and inserting “January 1, 2017”.

(2) FUEL CELL PROPERTY.—Subparagraph (E) of section 48(c)(1) (relating to qualified fuel cell property) is amended by striking “December 31, 2008” and inserting “December 31, 2017”.

(3) QUALIFIED MICROTURBINE PROPERTY.—Subparagraph (E) of section 48(c)(2) (relating to qualified microturbine property) is amended by striking “December 31, 2008” and inserting “December 31, 2017”.

(b) ALLOWANCE OF ENERGY CREDIT AGAINST ALTERNATIVE MINIMUM TAX.—Subparagraph (B) of section 38(c)(4) (relating to specified credits) is amended by striking “and” at the end of clause (iii), by striking the period at the end of clause (iv) and inserting “, and”, and by adding at the end the following new clause:

“(v) the credit determined under section 46 to the extent that such credit is attributable to the energy credit determined under section 48.”

(c) REPEAL OF DOLLAR PER KILOWATT LIMITATION FOR FUEL CELL PROPERTY.—

(1) IN GENERAL.—Section 48(c)(1) (relating to qualified fuel cell), as amended by subsection (a)(2), is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively.

(2) CONFORMING AMENDMENT.—Section 48(a)(1) is amended by striking “paragraphs (1)(B) and (2)(B) of subsection (c)” and inserting “subsection (c)(2)(B)”.

(d) PUBLIC ELECTRIC UTILITY PROPERTY TAKEN INTO ACCOUNT.—

(1) *IN GENERAL.*—Paragraph (3) of section 48(a) is amended by striking the second sentence thereof.

(2) *CONFORMING AMENDMENTS.*—

(A) Paragraph (1) of section 48(c), as amended by this section, is amended by striking subparagraph (C) and redesignating subparagraph (D) as subparagraph (C).

(B) Paragraph (2) of section 48(c), as amended by subsection (a)(3), is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(e) *EFFECTIVE DATES.*—

(1) *EXTENSION.*—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

(2) *ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.*—The amendments made by subsection (b) shall apply to credits determined under section 46 of the Internal Revenue Code of 1986 in taxable years beginning after the date of the enactment of this Act and to carrybacks of such credits.

(3) *FUEL CELL PROPERTY AND PUBLIC ELECTRIC UTILITY PROPERTY.*—The amendments made by subsections (c) and (d) shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 1013. EXTENSION AND MODIFICATION OF RESIDENTIAL ENERGY EFFICIENT PROPERTY CREDIT.

(a) *EXTENSION.*—Section 25D(g) (relating to termination) is amended by striking “December 31, 2008” and inserting “December 31, 2009”.

(b) *NO DOLLAR LIMITATION FOR CREDIT FOR SOLAR ELECTRIC PROPERTY.*—

(1) *IN GENERAL.*—Section 25D(b)(1) (relating to maximum credit) is amended by striking subparagraph (A) and by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(2) *CONFORMING AMENDMENTS.*—Section 25D(e)(4) is amended—

(A) by striking clause (i) in subparagraph (A),

(B) by redesignating clauses (ii) and (iii) in subparagraph (A) as clauses (i) and (ii), respectively, and

(C) by striking “, (2),” in subparagraph (C).

(c) *CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.*—

(1) *IN GENERAL.*—Subsection (c) of section 25D is amended to read as follows:

“(C) *LIMITATION BASED ON AMOUNT OF TAX; CARRYFORWARD OF UNUSED CREDIT.*—

“(1) *LIMITATION BASED ON AMOUNT OF TAX.*—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

“(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(B) the sum of the credits allowable under this subpart (other than this section) and section 27 for the taxable year.

“(2) *CARRYFORWARD OF UNUSED CREDIT.*—

“(A) *RULE FOR YEARS IN WHICH ALL PERSONAL CREDITS ALLOWED AGAINST REGULAR AND ALTERNATIVE MINIMUM TAX.*—In the case of a taxable year to which section 26(a)(2) applies, if the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a)(2) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

“(B) *RULE FOR OTHER YEARS.*—In the case of a taxable year to which section 26(a)(2) does not apply, if the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and

added to the credit allowable under subsection (a) for such succeeding taxable year.”.

(2) *CONFORMING AMENDMENTS.*—

(A) Section 23(b)(4)(B) is amended by inserting “and section 25D” after “this section”.

(B) Section 24(b)(3)(B) is amended by striking “and 25B” and inserting “, 25B, and 25D”.

(C) Section 25B(g)(2) is amended by striking “section 23” and inserting “sections 23 and 25D”.

(D) Section 26(a)(1) is amended by striking “and 25B” and inserting “25B, and 25D”.

(d) *EFFECTIVE DATE.*—

(1) *IN GENERAL.*—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

(2) *APPLICATION OF EGTRRA SUNSET.*—The amendments made by subparagraphs (A) and (B) of subsection (c)(2) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provisions of such Act to which such amendments relate.

SEC. 1014. EXTENSION AND MODIFICATION OF CREDIT FOR CLEAN RENEWABLE ENERGY BONDS.

(a) *EXTENSION.*—Section 54(m) (relating to termination) is amended by striking “December 31, 2008” and inserting “December 31, 2009”.

(b) *INCREASE IN NATIONAL LIMITATION.*—Section 54(f) (relating to limitation on amount of bonds designated) is amended—

(1) by inserting “, and for the period beginning after the date of the enactment of the Clean Energy Tax Stimulus Act of 2008 and ending before January 1, 2010, \$400,000,000” after “\$1,200,000,000” in paragraph (1),

(2) by striking “\$750,000,000 of the” in paragraph (2) and inserting “\$750,000,000 of the \$1,200,000,000”, and

(3) by striking “bodies” in paragraph (2) and inserting “bodies, and except that the Secretary may not allocate more than 1/5 of the \$400,000,000 national clean renewable energy bond limitation to finance qualified projects of qualified borrowers which are public power providers nor more than 1/5 of such limitation to finance qualified projects of qualified borrowers which are mutual or cooperative electric companies described in section 501(c)(12) or section 1381(a)(2)(C)”.

(c) *PUBLIC POWER PROVIDERS DEFINED.*—Section 54(j) is amended—

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

“(6) *PUBLIC POWER PROVIDER.*—The term ‘public power provider’ means a State utility with a service obligation, as such terms are defined in section 217 of the Federal Power Act (as in effect on the date of the enactment of this paragraph).”, and

(2) by inserting “; PUBLIC POWER PROVIDER” before the period at the end of the heading.

(d) *TECHNICAL AMENDMENT.*—The third sentence of section 54(e)(2) is amended by striking “subsection (l)(6)” and inserting “subsection (l)(5)”.

(e) *EFFECTIVE DATE.*—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 1015. EXTENSION OF SPECIAL RULE TO IMPLEMENT FERC RESTRUCTURING POLICY.

(a) *QUALIFYING ELECTRIC TRANSMISSION TRANSACTION.*—

(1) *IN GENERAL.*—Section 451(i)(3) (defining qualifying electric transmission transaction) is amended by striking “January 1, 2008” and inserting “January 1, 2010”.

(2) *EFFECTIVE DATE.*—The amendment made by this subsection shall apply to transactions after December 31, 2007.

(b) *INDEPENDENT TRANSMISSION COMPANY.*—

(1) *IN GENERAL.*—Section 451(i)(4)(B)(ii) (defining independent transmission company) is amended by striking “December 31, 2007” and inserting “the date which is 2 years after the date of such transaction”.

(2) *EFFECTIVE DATE.*—The amendment made by this subsection shall take effect as if included in the amendments made by section 909 of the American Jobs Creation Act of 2004.

Subtitle B—Extension of Incentives to Improve Energy Efficiency

SEC. 1021. EXTENSION AND MODIFICATION OF CREDIT FOR ENERGY EFFICIENCY IMPROVEMENTS TO EXISTING HOMES.

(a) *EXTENSION OF CREDIT.*—Section 25C(g) (relating to termination) is amended by striking “December 31, 2007” and inserting “December 31, 2009”.

(b) *QUALIFIED BIOMASS FUEL PROPERTY.*—

(1) *IN GENERAL.*—Section 25C(d)(3) is amended—

(A) by striking “and” at the end of subparagraph (D),

(B) by striking the period at the end of subparagraph (E) and inserting “, and”, and

(C) by adding at the end the following new subparagraph:

“(F) a stove which uses the burning of biomass fuel to heat a dwelling unit located in the United States and used as a residence by the taxpayer, or to heat water for use in such a dwelling unit, and which has a thermal efficiency rating of at least 75 percent.”.

(2) *BIOMASS FUEL.*—Section 25C(d) (relating to residential energy property expenditures) is amended by adding at the end the following new paragraph:

“(6) *BIOMASS FUEL.*—The term ‘biomass fuel’ means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.”.

(c) *MODIFICATIONS OF STANDARDS FOR ENERGY-EFFICIENT BUILDING PROPERTY.*—

(1) *ELECTRIC HEAT PUMPS.*—Subparagraph (B) of section 25C(d)(3) is amended to read as follows:

“(A) an electric heat pump which achieves the highest efficiency tier established by the Consortium for Energy Efficiency, as in effect on January 1, 2008.”.

(2) *CENTRAL AIR CONDITIONERS.*—Section 25C(d)(3)(D) is amended by striking “2006” and inserting “2008”.

(3) *WATER HEATERS.*—Subparagraph (E) of section 25C(d) is amended to read as follows:

“(E) a natural gas, propane, or oil water heater which has either an energy factor of at least 0.80 or a thermal efficiency of at least 90 percent.”.

(4) *OIL FURNACES AND HOT WATER BOILERS.*—Paragraph (4) of section 25C(d) is amended to read as follows:

“(4) *QUALIFIED NATURAL GAS, PROPANE, AND OIL FURNACES AND HOT WATER BOILERS.*—

“(A) *QUALIFIED NATURAL GAS FURNACE.*—The term ‘qualified natural gas furnace’ means any natural gas furnace which achieves an annual fuel utilization efficiency rate of not less than 95.

“(B) *QUALIFIED NATURAL GAS HOT WATER BOILER.*—The term ‘qualified natural gas hot water boiler’ means any natural gas hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.

“(C) *QUALIFIED PROPANE FURNACE.*—The term ‘qualified propane furnace’ means any propane furnace which achieves an annual fuel utilization efficiency rate of not less than 95.

“(D) *QUALIFIED PROPANE HOT WATER BOILER.*—The term ‘qualified propane hot water boiler’ means any propane hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.

“(E) *QUALIFIED OIL FURNACES.*—The term ‘qualified oil furnace’ means any oil furnace which achieves an annual fuel utilization efficiency rate of not less than 90.

“(F) *QUALIFIED OIL HOT WATER BOILER.*—The term ‘qualified oil hot water boiler’ means any

oil hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.”

(d) **EFFECTIVE DATE.**—The amendments made this section shall apply to expenditures made after December 31, 2007.

SEC. 1022. EXTENSION AND MODIFICATION OF TAX CREDIT FOR ENERGY EFFICIENT NEW HOMES.

(a) **EXTENSION OF CREDIT.**—Subsection (g) of section 45L (relating to termination) is amended by striking “December 31, 2008” and inserting “December 31, 2010”.

(b) **ALLOWANCE FOR CONTRACTOR’S PERSONAL RESIDENCE.**—Subparagraph (B) of section 45L(a)(1) is amended to read as follows:

“(B)(i) acquired by a person from such eligible contractor and used by any person as a residence during the taxable year, or

“(ii) used by such eligible contractor as a residence during the taxable year.”

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to homes acquired after December 31, 2008.

SEC. 1023. EXTENSION AND MODIFICATION OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

(a) **EXTENSION.**—Section 179D(h) (relating to termination) is amended by striking “December 31, 2008” and inserting “December 31, 2009”.

(b) **ADJUSTMENT OF MAXIMUM DEDUCTION AMOUNT.**—

(1) **IN GENERAL.**—Subparagraph (A) of section 179D(b)(1) (relating to maximum amount of deduction) is amended by striking “\$1.80” and inserting “\$2.25”.

(2) **PARTIAL ALLOWANCE.**—Paragraph (1) of section 179D(d) is amended—

(A) by striking “\$.60” and inserting “\$.75”, and

(B) by striking “\$1.80” and inserting “\$2.25”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 1024. MODIFICATION AND EXTENSION OF ENERGY EFFICIENT APPLIANCE CREDIT FOR APPLIANCES PRODUCED AFTER 2007.

(a) **IN GENERAL.**—Subsection (b) of section 45M (relating to applicable amount) is amended to read as follows:

“(b) **APPLICABLE AMOUNT.**—For purposes of subsection (a)—

“(1) **DISHWASHERS.**—The applicable amount is—

“(A) \$45 in the case of a dishwasher which is manufactured in calendar year 2008 or 2009 and which uses no more than 324 kilowatt hours per year and 5.8 gallons per cycle, and

“(B) \$75 in the case of a dishwasher which is manufactured in calendar year 2008, 2009, or 2010 and which uses no more than 307 kilowatt hours per year and 5.0 gallons per cycle (5.5 gallons per cycle for dishwashers designed for greater than 12 place settings).

“(2) **CLOTHES WASHERS.**—The applicable amount is—

“(A) \$75 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 which meets or exceeds a 1.72 modified energy factor and does not exceed a 8.0 water consumption factor,

“(B) \$125 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 or 2009 which meets or exceeds a 1.8 modified energy factor and does not exceed a 7.5 water consumption factor,

“(C) \$150 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.0 modified energy factor and does not exceed a 6.0 water consumption factor, and

“(D) \$250 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.2 modified energy factor and does not exceed a 4.5 water consumption factor.

“(3) **REFRIGERATORS.**—The applicable amount is—

“(A) \$50 in the case of a refrigerator which is manufactured in calendar year 2008, and consumes at least 20 percent but not more than 22.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

“(B) \$75 in the case of a refrigerator which is manufactured in calendar year 2008 or 2009, and consumes at least 23 percent but no more than 24.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

“(C) \$100 in the case of a refrigerator which is manufactured in calendar year 2008, 2009, or 2010, and consumes at least 25 percent but not more than 29.9 percent less kilowatt hours per year than the 2001 energy conservation standards, and

“(D) \$200 in the case of a refrigerator manufactured in calendar year 2008, 2009, or 2010 and which consumes at least 30 percent less energy than the 2001 energy conservation standards.”

(b) **ELIGIBLE PRODUCTION.**—

(1) **SIMILAR TREATMENT FOR ALL APPLIANCES.**—Subsection (c) of section 45M (relating to eligible production) is amended—

(A) by striking paragraph (2),

(B) by striking “(1) IN GENERAL” and all that follows through “the eligible” and inserting “The eligible”, and

(C) by moving the text of such subsection in line with the subsection heading and redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively.

(2) **MODIFICATION OF BASE PERIOD.**—Paragraph (2) of section 45M(c), as amended by paragraph (1) of this section, is amended by striking “3-calendar year” and inserting “2-calendar year”.

(c) **TYPES OF ENERGY EFFICIENT APPLIANCES.**—Subsection (d) of section 45M (defining types of energy efficient appliances) is amended to read as follows:

“(d) **TYPES OF ENERGY EFFICIENT APPLIANCE.**—For purposes of this section, the types of energy efficient appliances are—

“(1) dishwashers described in subsection (b)(1),

“(2) clothes washers described in subsection (b)(2), and

“(3) refrigerators described in subsection (b)(3).”

(d) **AGGREGATE CREDIT AMOUNT ALLOWED.**—

(1) **INCREASE IN LIMIT.**—Paragraph (1) of section 45M(e) (relating to aggregate credit amount allowed) is amended to read as follows:

“(1) **AGGREGATE CREDIT AMOUNT ALLOWED.**—The aggregate amount of credit allowed under subsection (a) with respect to a taxpayer for any taxable year shall not exceed \$75,000,000 reduced by the amount of the credit allowed under subsection (a) to the taxpayer (or any predecessor) for all prior taxable years beginning after December 31, 2007.”

(2) **EXCEPTION FOR CERTAIN REFRIGERATOR AND CLOTHES WASHERS.**—Paragraph (2) of section 45M(e) is amended to read as follows:

“(2) **AMOUNT ALLOWED FOR CERTAIN REFRIGERATORS AND CLOTHES WASHERS.**—Refrigerators described in subsection (b)(3)(D) and clothes washers described in subsection (b)(2)(D) shall not be taken into account under paragraph (1).”

(e) **QUALIFIED ENERGY EFFICIENT APPLIANCES.**—

(1) **IN GENERAL.**—Paragraph (1) of section 45M(f) (defining qualified energy efficient appliance) is amended to read as follows:

“(1) **QUALIFIED ENERGY EFFICIENT APPLIANCE.**—The term ‘qualified energy efficient appliance’ means—

“(A) any dishwasher described in subsection (b)(1),

“(B) any clothes washer described in subsection (b)(2), and

“(C) any refrigerator described in subsection (b)(3).”

(2) **CLOTHES WASHER.**—Section 45M(f)(3) (defining clothes washer) is amended by inserting

“commercial” before “residential” the second place it appears.

(3) **TOP-LOADING CLOTHES WASHER.**—Subsection (f) of section 45M (relating to definitions) is amended by redesignating paragraphs (4), (5), (6), and (7) as paragraphs (5), (6), (7), and (8), respectively, and by inserting after paragraph (3) the following new paragraph:

“(4) **TOP-LOADING CLOTHES WASHER.**—The term ‘top-loading clothes washer’ means a clothes washer which has the clothes container compartment access located on the top of the machine and which operates on a vertical axis.”

(4) **REPLACEMENT OF ENERGY FACTOR.**—Section 45M(f)(6), as redesignated by paragraph (3), is amended to read as follows:

“(6) **MODIFIED ENERGY FACTOR.**—The term ‘modified energy factor’ means the modified energy factor established by the Department of Energy for compliance with the Federal energy conservation standard.”

(5) **GALLONS PER CYCLE; WATER CONSUMPTION FACTOR.**—Section 45M(f) (relating to definitions), as amended by paragraph (3), is amended by adding at the end the following:

“(9) **GALLONS PER CYCLE.**—The term ‘gallons per cycle’ means, with respect to a dishwasher, the amount of water, expressed in gallons, required to complete a normal cycle of a dishwasher.

“(10) **WATER CONSUMPTION FACTOR.**—The term ‘water consumption factor’ means, with respect to a clothes washer, the quotient of the total weighted per-cycle water consumption divided by the cubic foot (or liter) capacity of the clothes washer.”

(f) **EFFECTIVE DATE.**—The amendments made by this section shall apply to appliances produced after December 31, 2007.

TITLE XI—SENSE OF THE SENATE

SEC. 1101. SENSE OF THE SENATE.

It is the sense of the Senate that in implementing or carrying out any provision of this Act, or any amendment made by this Act, the Senate supports a policy of noninterference regarding local government requirements that the holder of a foreclosed property maintain that property.

Amend the title so as to read: “An Act to provide needed housing reform and for other purposes.”

AMENDMENT NO. 4523

The PRESIDING OFFICER. Under the previous order, the amendment to the title is agreed to.

The amendment (No. 4523) was agreed to, as follows:

Amend the title so as to read:

To provide needed housing reform and for other purposes.

Mr. DODD. Mr. President, I ask unanimous consent that the Senator from Alabama and myself be recognized for 20 minutes, 10 minutes apiece, to make some closing comments.

The PRESIDING OFFICER. Is there objection? Hearing no objection it is so ordered, and the Senator is recognized.

Mr. DODD. Mr. President, before I make those remarks, and I have checked with the Parliamentarians, I would be remiss if I didn’t recognize a former colleague, Senator John Glenn, who is here on the floor of the Senate.

Senator Glenn, welcome to the Senate. Nice to have you back.

Mr. President, if I may, this morning, I think we have adopted a very good piece of legislation, one that is going to take a significant step in dealing with the present housing crisis in our country. As I have repeated on numerous occasions over the last number of

weeks on the Senate floor, almost 8,000 people every single day are facing foreclosure. That is a staggering number of people, and in a given week's time that would fill most any college or professional sports stadium.

Eight thousand people every day run the risk of losing their most important asset outside of their beloved family members. The greatest accumulation of wealth for most people is their home. It may mean for them, in their future, providing for a secure retirement, dealing with college education, providing for the unforeseen crisis that can occur where that equity in a home can make all the difference in the world, not to mention what a stabilizing influence it has for a family, a neighborhood, or a community. Home ownership. All of that is at risk for too many of our fellow citizenry.

Over these last many days, the Senator from Alabama and I and others have tried not to solve every problem in that area but to take a major step forward in addressing the issue of foreclosure, the housing crisis, and the economic problems we face. I think we have done that with this bill. This legislation includes the original ideas we were able to work out a week or so ago dealing with FHA modernization, dealing with disclosure, dealing with mortgage revenue bonds, and dealing with the idea of providing some tax relief for people who are willing to move in and occupy foreclosed properties, which provides assistance to communities that would otherwise lose as a result of having dilapidated and boarded-up properties in their midst. And there were a number of other provisions, including counseling services and the like, included in that core piece of legislation.

But over the past week, a little less than a week, we have added a number of other provisions to this bill at the behest of our colleagues, working with both the chairman and the ranking member of the Finance Committee as well as members of the Banking Committee and those who are interested in this legislation. The underlying bill and the important provisions in it contained many good increases in support for various things we need to accomplish.

In addition, the managers' package, which was adopted last evening, accommodates 16 different amendments, Mr. President. These amendments help veterans meet their housing needs. We actually increased some counseling funds that Senator MURRAY and Senator MIKULSKI and Senator SCHUMER were interested in. We improved coordination at counseling agencies. We were able to accommodate a number of Senators on both sides of the aisle.

I particularly want to express my gratitude to Senator SALAZAR for his amendment, Senator BOXER, Senator CARPER, and Senator MCCASKILL, who offered some very good ideas. I mentioned Senator MURRAY and Senator MIKULSKI, Senator LEAHY, Senator

JOHNSON, Senator CRAPO, along with Senators HARKIN and SANDERS and PRYOR, and Senator ENSIGN, Senator BROWNBACK, Senator GREGG, Senator DEMINT, and Senator CORNYN, who all offered ideas which we were able to accommodate.

Members of both sides had a lot of very good ideas which strengthen this bill. So we are very grateful for their participation and involvement in allowing us to come to where we are today.

I should have actually begun my remarks by thanking the majority leader. Senator REID made this possible. When I talked with Senator REID about a week and a half, 2 weeks ago, after having a conversation with Senator SHELBY and other members of the Banking Committee, we believed we could come forward with a core group of ideas and offer our colleagues the opportunity to begin to move on this housing crisis. Senator REID approached the Republican leader, Senator MCCONNELL, and as a result of their leadership, they provided this opportunity, resulting in where we have arrived today, coming to this accommodation. So Senator REID and his staff deserve, along with Senator MCCONNELL, a very special thanks for making it possible for us to achieve what we have.

Let me say very quickly that this bill is called the Foreclosure Prevention Act. Quite candidly, what we have done doesn't quite live up to the title. We have more work to do. We don't do enough, in my view, in preventing more foreclosures in the country. We do some things but not enough. But I would say to my colleagues who are concerned, we are not done yet. There is more work that needs to be done.

In fact, this morning, Senator SHELBY and I and the committee were having a hearing on how to deal with additional foreclosures in the country. We have more work to do—another hearing next week. We have to deal with the Government-sponsored enterprise legislation, we have flood insurance to deal with, and a number of other issues that require our attention, and our intention is to work on those issues. So more work needs to be done, but at this juncture we believe we have presented a good package.

Mr. President, Congressman BARNEY FRANK, the chairman of the House Financial Services Committee, is holding hearings this very morning, as he has over the last day or so, on these issues. My hope is we can get quickly to a conference with the other body on this package and come back with a compromise that is as strong as the one we are sending out for consideration.

Again, I thank Senator SHELBY, my friend and colleague from Alabama. We have worked closely together over the years on the Banking Committee. I served under his chairmanship of the committee where he had good strong leadership and offered some very strong ideas that were adopted by the

Congress of the United States. The tide has turned. I am now chairman. But I have a good partner in Senator SHELBY and his staff in helping us work through these issues.

I mentioned Senator HARRY REID, the majority leader, Senator MCCONNELL, and their staffs for their work as well on this legislation, but we don't often thank or mention the names of the people who do all of the late work, who stay up all night drafting and arguing, disagreeing and debating on what to include in these packages.

So I want to thank, particularly in the leadership area, Gary Myrick, Randy Devalk, Lula Davis, who has been terrific with the floor staff—absolutely wonderful in the last several days—Tim Mitchell, Mark Wetjen on Leader REID's staff, and Rohit Kumar and Dave Schiappa on the minority leader's staff. Dave, we thank you for your support and help in all of this. On Senator SHELBY's staff, Bill Duhnke, Mark Oesterle, Shannon Hines, Mark Calabria, and Jim Johnson all were helpful. And I want to acknowledge all the positive efforts of my staff: Shawn Maher, the staff director of the Banking Committee; Jonathan Miller, Jenn Fogel-Bublick, Amy Friend, Julie Chon, Lynsey Graham Rea, and Drew Colbert. These are all people—and there are others as well on these committees—who do a lot of good, hard work, and we thank them.

Again, Mr. President, before the close of business, another 8,000 people may file for foreclosure in this country, so we have work yet to be done in this area, but this bill is a major, positive step in the right direction. There are provisions that, frankly, I am not as enthusiastic about, but they were consensus provisions added to this legislation. There are many provisions that I think take us exactly in the right direction in minimizing the impact of what is occurring in our country and allowing us to get back on our feet, again restoring confidence and optimism in the housing market, and for that I am very grateful to all who have participated in allowing us to arrive at this point.

I yield the floor.

The PRESIDING OFFICER (Mr. TESTER). The Senator from Alabama.

Mr. SHELBY. Mr. President, I thank Senator DODD for all of his cooperation and his leadership on the Banking Committee and on the Senate floor, and I want to associate myself with his remarks, thanking the staff of the Senate and also the staff of the Banking Committee, including my staff and his. It is good to work together where we can in the Senate. And when we do, we get a lot of work done.

Mr. President, when crises such as the one we are now facing come about, the American people expect us in the Senate to act in an expeditious and an appropriate manner. I think this is what we have been doing the last couple of weeks. Senator DODD and I, at the direction of our respective leaders,

Senator REID, the majority leader, and Senator McCONNELL, the Republican leader, have invested a considerable amount of time in drafting a bipartisan and balanced piece of legislation that is focused on addressing the growing number of foreclosures nationwide, which Senator DODD just mentioned.

In an effort to maintain that balance and to preserve our bipartisan agreement, we were not able to agree to a number of amendments, some of which I believe have a great deal of merit, and I want to touch on some. It is my hope that Senator DODD and I can continue to work closely on a number of those, such as the need for meaningful GSE reform, as well as a mortgage broker and banker licensing bill.

Senator HAGEL introduced an amendment on GSE reform that I believe may represent the foundation for a very promising approach to addressing a very complex but critical set of issues. I stand ready to work with Senator DODD at any time to reach an agreement on meaningful GSE reform.

Senators FEINSTEIN and MARTINEZ introduced an amendment on mortgage broker and banker licensing that I hope also lays the foundation for further action by the Banking Committee, headed by Senator DODD.

There are other provisions that are not in this bill and that I could not support. These included the bankruptcy provision, or so-called cram-down, as well as an unprecedented expansion of the FHA guarantee to hundreds of thousands of homeowners who find themselves underwater on their mortgages and stretched beyond their means.

Mr. President, when we began consideration of this bill, I said the following:

While we are in agreement on the measures contained in this bill, there is a line that we should not cross. That line is represented by a taxpayer-funded bailout of investors or homeowners that freely and willingly entered into mortgages that they knew or should have known they could not afford.

With that in mind, I intend to examine closely any proposals to further expose the American taxpayer to the risks freely incurred by individuals or investors. I understand that Chairman DODD intends to hold additional hearings on just such a proposal. I intend to work closely with him to ensure that all facets of this approach are examined thoroughly before we expose those who made prudent financial choices to the risks created by those who didn't.

First and foremost, I believe our primary responsibility is to the American taxpayer. In our zeal to help those who find themselves in financial difficulty, we must make sure that we do not do more harm than good. This bill does include a number of provisions that deserved my colleagues' support, and that they supported. The bill makes the necessary changes in the FHA program so that it can meet the needs of today's mortgage marketplace. The FHA language provides protections for the American taxpayer, who ulti-

mately bears the financial risk of the program. The FHA title provides immediate help to the marketplace by reforming the Federal Housing Administration, allowing it to provide greater liquidity and thereby enhancing the options available to America's homeowners.

The bill also provides additional funding for foreclosure prevention counseling—Senator DODD has spoken on this—which will help homeowners stay current on their mortgages and be able to remain in their homes. That is our goal. This is an area in which I hope to work closely with Senator DODD over the coming year. I believe we must conduct thorough oversight to ensure that this money is being spent properly and effectively. Should additional funds be necessary, I believe they can be provided during the normal appropriations process.

In order to prevent a repeat of the current housing crisis, the bill also increases the disclosures made to consumers obtaining mortgages, which I think is very important. I believe giving consumers more information so they understand what they are doing and the ability to understand the choices they are making will help them avoid making the pitfalls and bad decisions many uninformed consumers made in the past.

To protect our soldiers, sailors, and airmen, the bill extends additional consumer protections and provides those returning from combat a chance to get back on their feet before they face any type of foreclosure proceeding.

Mr. President, in an effort to provide communities with the ability to clean up the damage caused by the foreclosures that have already occurred, we have included funding to allow States and communities to buy up and repair foreclosed residences through the Community Development Block Grant Program.

Attached to this funding is a requirement that any profits from the sale of properties must be used to buy and repair additional properties. I believe that reuse of this funding in this manner will maximize the impact of these dollars and minimize the possibility that funds will be wasted or profits inappropriately pocketed.

The bill also contains a number of tax-related provisions prepared in a bipartisan fashion by the chairman and ranking member on the Finance Committee.

Mr. President, this bill also includes a managers' package that contains a broad range of provisions offered by 13 separate Senators. Chairman DODD and I worked closely to come to agreement on including this group of provisions that, I believe, strengthens the core bill.

The first group of provisions touch upon a number of veterans and military service personnel housing programs. These measures provide greater resources, flexibility, and options for veterans and military personnel to help

meet the particular challenges they face in regards to their housing needs.

The managers' package puts to greater use assets in the Home Loan Bank system to help bring additional resources to the effort to deal with current conditions in the housing market.

The package includes additional consumer protections for senior citizens who participate in the FHA-insured reverse mortgage program. The package requires enhanced scrutiny of loan originators participating in the FHA program, which should better protect the solvency of the taxpayer backed mortgage insurance fund.

The package also ensures that funds are not used to provide inappropriate benefits to private entities by prohibiting the use of funds in cases where eminent domain is used to benefit private parties.

Finally, the managers' amendment protects taxpayers by requiring that any profits made from the sale of rehabilitated homes that are not reinvested in the program are recaptured and returned to the Treasury.

Mr. President, I believe this is a focused and targeted piece of legislation that will address in an appropriate manner a number of the difficulties we are now facing in the housing market.

While there are a large and growing number of homes entering foreclosure, we must remember that the vast majority of homeowners are living within their means and making their mortgage payments.

While some would argue that we have a responsibility to aid those who find themselves under water on their mortgages or unable to afford their increasing payments, I would argue that we also have equal responsibility to those who have made prudent financial decisions. We must not forget them as we seek to help others.

Mr. President, the eve of an election year can be a very difficult time to reach consensus on just about anything.

When we are able to come together, it is incumbent upon us to seize that opportunity and move forward.

Mr. President, I think this is a good bill overall, and I was pleased to see the vote of the Senate just a few minutes ago.

I yield the floor.

Mr. DODD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSOLIDATED NATURAL RESOURCES ACT OF 2008

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to consideration of S. 2739, which the clerk will report.