

the 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 by someone.

The bill also contains a number of tax-related provisions prepared in a bipartisan fashion by the chairman and the ranking member and the staffs of the Finance Committee.

While there is a large and growing number of homes entering foreclosure in this country, we must remember that the vast majority of homeowners are living within their means and making their mortgage payment. Therefore, my primary consideration here during negotiations on this bill has been to protect the American taxpayer. In creating a strong regulator for the GSEs and using an independent funding stream to pay for the FHA program, I believe we have met that goal.

With crises such as this one we are facing now in this country, I believe the American people expect us to provide effective and timely solutions the best we can. Chairman DODD and I have worked together to develop a package of targeted measures intended to stabilize and strengthen the housing financial markets.

I strongly urge my colleagues to support this carefully crafted compromise.

I remind my colleagues that this bill came out of the Banking Committee 19 to 2. That is a strong vote for a bipartisan measure.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Connecticut.

Mr. DODD. I thank my colleague from Alabama.

I want to read this list into the RECORD to give our colleagues some sense of the broad support this proposal has developed. Let me quote from several of our major editorials as well as major economists representing the political spectrum in our country. I will share this with you.

Alex Pollack, resident fellow at the American Enterprise Institute:

This is an appropriate and targeted approach to the downward spiral caused by the deflation of the great housing and mortgage bubble of the 21st century.

Alan Blinder, an economist at Princeton University and the former vice chairman, Board of Governors of the Federal Reserve System:

I think that the HOPE for Homeowners bill is the most important piece of economic legislation before the Congress today.

The Miami Herald:

The Senate represents a bipartisan compromise that deserves wide support.

The Boston Globe:

There is no bailout or windfall here. Congress is merely offering a fighting chance for families and credit markets to recover.

Newsday:

The Senate program is called Hope for Homeowners. That's just what families facing foreclosure need.

Fran Grossman, the senior vice president of Shore Bank in Chicago:

With millions of hard working Americans torn between looking for work and putting gas in the tank or paying their mortgage, we must enact legislation to provide access to the resources that will help families to hold onto the American dream and get our economy moving again.

Robert Shiller, as I pointed out earlier, supports this legislation. He is highly respected, by the way, as someone who deals with the issue of the index dealing with housing values.

Again, groups from the American Enterprise Institute to the Consumer Federation of America.

Alan Fishbein. Let me quote him:

With foreclosures on the rise a stepped-up Federal lifeline is desperately needed if many hard-pressed families are to save their homes.

From the Consumer Federation of America to members of the American Enterprise Institute, former members of the Federal Reserve Board, members of the Reagan administration, the Council of Economic Advisers, others, all are advocating—and I am not suggesting dotting every “i” and crossing every “t.” But they have taken this work of Senator SHELBY and 17 of our other colleagues of the 21-member committee, 19 out of 21 having gone through all of the hearings, 50 of them over the last year, listening to all sorts of people talking about what needs to be done. It is now the bipartisan overwhelming majority opinion of us on that committee that this package we offer here is our best step forward.

Having done the work for a year now, spending the hours that we have listening to people and getting solid advice, this is what we believe, as they believe, is the best response America can make at this moment.

Remember, this HOPE for Homeowners is voluntary; it does not mandate anything. It creates an opportunity for people. We hope they will take advantage of it when this legislation is signed into law.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WHITEHOUSE). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMERICAN HOUSING RESCUE AND FORECLOSURE PREVENTION ACT OF 2008

Mr. REID. Mr. President, I ask the Chair to lay before the Senate a message from the House with respect to H.R. 3221, and that the only amendments in order today be those relating to the subject of housing, except the amendment I will offer on behalf of Senators DODD and SHELBY, in my motion to concur in the amendment of the House, striking section 1, and all that

follows through the end of title V, and inserting certain language to the amendment of the Senate to H.R. 3221, and that no other motions, except motions to reconsider and motions to table, be in order during today's session.

The PRESIDING OFFICER. Is there objection?

Mr. DEMINT. Mr. President, reserving the right to object. I appreciate the leader's sensitivity to some concerns we expressed yesterday on the length of this bill and the fact that probably very few, if any, of us have had a chance to read it, as well as his sensitivities to a slew of credible media reports that question some of the intents in the bill.

We all know the housing crisis is an issue in this country, and we do need to look at what we can do as a Senate to relieve the foreclosures and to help Americans stay in their homes. But we need to do it in a way the American people trust. We are trying to get through this bill. We know it has been changed since the committee has considered it.

I ask the leader if he would consider a modification of his agreement that we be assured that before this bill is finished, we will have an opportunity in the minority to offer an amendment that would refer the bill to the committee with instructions to report what direct benefits Countrywide or other financial institutions would receive from this legislation. Would the leader be willing to modify his agreement to include that?

Mr. REID. I say to my friend from South Carolina, the distinguished Senator, and I remind everyone, that 75 percent of this bill has already been passed and was done by a very big vote.

The 25 percent we are working on now—we hope to work on—is work that has been done on a bipartisan basis. And much of it, if not all of it, was in total consideration with the White House. So I say to my friend, let's go ahead and we will legislate on this bill today, the Senator not objecting. I will be happy to sit down with Senator DEMINT alone, with the minority leader, anyone else, and talk about the concerns you have, as you have indicated, as to benefits going to whomever they go to, and let us see if we can get from here to there by approaching it in that manner.

But as I indicated yesterday, this is important legislation. We want to make sure there are no problems with any Senators who have other concerns. So, in short, let me say this: My friend loses nothing by allowing us to go to the bill as indicated in this consent agreement. And then any time during the day, I will be happy to meet with him and the other eight Senators, together or alone, who signed that letter, and the distinguished Republican leader can suggest whomever, if anyone, he wants in on that meeting. I will be happy to work with the Senator.

Mr. DEMINT. I do not feel qualified as an individual member to make the

judgments that I think the committee could. Our hope was to have an up-or-down vote at one point to allow this body to at least decide if we should refer this back to the committee to look at that specific area, to make sure there is complete transparency, and to address what benefits some of these companies have.

All we want is an up-or-down vote, not necessarily a determination of how the bill should be changed. I certainly cannot determine. We have had one media source say it is \$25 billion to Countrywide. We thought the committee had indicated \$2.5 billion. Certainly, because of the media promotion of this, this has become a national issue. So our hope is that, again, before the bill is over—not today; it is certainly a reasonable request to deal with housing amendments today—but that the leader would assure us that before this bill is finished, we would have an up-or-down vote on referring it back to committee.

Mr. REID. I say to my friend, through the Chair, I can't give him assurance that there will be a vote, but I do give assurance that we will sit down and talk with him and do what we can to pacify his interests. What I mean by that is, there may be another way we can get from where we are today to where he thinks we should go. We will be happy to work with the Senator throughout the day. I give him the assurance, without any reservation, that his concern is not untoward, and we will be happy to sit down and see if there is a way we can accomplish what he wants to accomplish, as I said, the Senator from South Carolina and the eight other Senators who wrote me the letter.

Mr. DEMINT. Mr. President, I appreciate the leader's reasonableness. I would like to work with him. Again, the goal is not to pacify me but to make sure the American people can look on us and know we have had an open and transparent process. I trust the leader and respect him and how he will approach that. For that reason, I will not object to the unanimous consent request.

The PRESIDING OFFICER. The Republican leader.

Mr. McCONNELL. Mr. President, I thank my good friend from South Carolina for allowing us to go forward today. As he knows full well, we have been complaining on this side that we have not been allowed to legislate on frequent occasions lately. The majority leader has outlined a way to go forward today that allows us to do what we used to do in the Senate, which is to actually offer amendments related to the subject and vote on them. I believe this is a good way to proceed. I thank the majority leader for his accommodation, and I thank my good friend from South Carolina as well.

The PRESIDING OFFICER. There being no objection, the unanimous consent request is agreed to, and it is so ordered.

Under the previous order, the Chair lays before the Senate a message from the House with respect to H.R. 3221, which the clerk report.

The assistant legislative clerk read as follows:

Resolved, That the House agree to the amendment of the Senate to the title of the bill (H.R. 3221) entitled "An act to move 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 amendments.

AMENDMENT NO. 4983

Mr. REID. Mr. President, I move to concur in the amendment of the House, striking section 1 and all that follows to the end of title V, and inserting certain language, to the amendment of the Senate to H.R. 3221 with the amendment at the desk. Basically, so everyone knows what this is, it is the bipartisan Dodd-Shelby amendment.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. DODD, for himself and Mr. SHELBY, proposes an amendment numbered 4983 to the House amendment striking section 1 through title V and inserting certain language to H.R. 3221.

(The amendment is printed in today's RECORD under "Text of Amendments.")

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, let the games begin. We are open for business. If Members have amendments they would like to raise, Senator SHELBY and I are here, and we would like to move along. I know there are Members who have plans they would like to do later this week, perhaps for the weekend, but if we can move quickly, who knows what might happen, since we have done two-thirds of the bill already with overwhelming votes, with a couple modest changes in it. We have increased loan limits in a couple of areas. We invite our colleagues to come over. If they want any questions answered about this, we have staff here as well as members of the committee. We are prepared to entertain amendments and move forward on this very important piece of legislation.

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. WYDEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WYDEN. Mr. President, I ask unanimous consent to speak as in morning business for up to 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

CHANGE IN OREGON'S FORESTS

Mr. WYDEN. Mr. President, today, I am honoring a commitment and submitting for public review a proposal to protect old-growth forests and to aggressively move to restore, through thinning, the millions of acres of at-risk forests across the State of Oregon.

The novelist Ellen Glasgow once remarked:

The only difference between a rut and a grave is their dimensions.

We find ourselves today in a decades-old rut that threatens our forests and our lives like never before. It is time for change for Oregon forests, and that change can only begin with new ideas—ideas that depart radically from recent decades of forest mismanagement, old-growth destruction, catastrophic fire, and political gamesmanship.

We must break this cycle of endless fighting, of old, unwinnable battles in the woods that now endanger our forests and communities alike. We must make the preparations now to move forward, under new national leadership in 2009, to restore our treasured and endangered forests with sustainable, ecologically beneficial restoration thinning while permanently protecting the few remaining old-growth forests we have left.

We ought to be creating new and sustainable jobs in forestry for now and for the future and finally achieve the economic and ecological promise of the Northwest Forest Plan. It is my view that it is critical to change the mindset of Federal land management bureaucracies by requiring large-scale efforts to address the obscene backlog of at-risk forests and by restoring the tools and the public trust required to accomplish these jobs. In short, we must change the way the Federal Government manages forests, and especially Oregon's forests.

I am hopeful my proposal—driven by science and the will of the people of Oregon to end the destruction of old growth and to restore our at-risk forests through sustainable thinning—can help begin a new dialog that leads to change that is so desperately needed.

So I invite all Oregonians to review my proposal and to share their thoughts at my Web site: www.wyden.senate.gov. My staff and I will review those comments and seek to improve upon it before it is formally introduced as legislation in the Senate.

Our forests are the foundation of our natural, historical, and sociological culture. Unfortunately, decades of scientifically unsound forest management have created dangerous risks that now threaten our forests and our cultural identity.

Instead of making progress on the huge backlog of priority management projects that could restore our forests, Presidentially imposed political agendas have taken precedence, for well over a decade now, over commonsense opportunities to move forward to an

ecologically sound, economically advantageous, and sustainable forest future.

Scientifically unsupportable agendas and the resulting cycle of mistrust, litigation, and institutional paralysis now threaten vast tracts of Oregon's forest land and especially what remains of Oregon's ancient forests.

The Federal Government owns more than half of my State. That probably is a little bit different than it is in Rhode Island, but it is the case, and most of it is forest land. Due to decades of poorly designed, even-aged management and fire suppression, we have millions of acres of choked, second-growth forest at an unacceptably high risk for disease, catastrophic fires, and insect infestation. Fire, disease, and infestation certainly don't respect geographic boundaries, but they sure present a severe risk to private landowners and communities alike.

In 2008, at our Oregon Economic Summit in Portland, I announced that I will begin work on a proposal to address the bureaucratic and political roadblocks that prevent restoring millions of acres of choked, second-growth plantations in moist west side forests and the many at-risk dry forests, particularly found in the eastern and southern part of my State. I said I would work to avoid a return of the counterproductive and senseless forest battles of the past several decades—battles fought over logging in old growth and environmentally sensitive forests, areas which tend to be far more fire resistant and play a critical role in water quality and species protection.

Today, I am honoring the commitment I made to the people of Oregon, and I intend to use my chairmanship of the Senate Subcommittee on Public Lands and Forests to attempt to bring my home State the changes that our forests so desperately need.

The guiding premise of my proposal is to direct and help the Federal land agencies move forward quickly with local input on what should be the most critical, least controversial objectives to restoring our Federal forests in Oregon and to move those agencies away from practices that have been widely discredited and are not supported by the public.

In short, my proposal expedites restoration of Oregon's forests by thinning the millions of acres of choked plantations and dry, at-risk forests that pose a risk to lives, forests, and property. It also attempts to begin the task of restoring public trust in Federal land management agencies by permanently ending the commercial logging of Oregon's old growth forests. Forest Service and BLM managers in my State would be given new direction based on the principles of restoration forestry. Overstocked stands that I have been referring to and stands unhealthy due to a lack of age or species diversity would become the focus of this proposal. The managers would be instructed to avoid all old growth

and inventoried roadless areas and incorporate a comprehensive aquatic conservation strategy into all projects. Activities conducted under this new management direction would receive expedited administrative procedures and limits on administrative appeals because they would then be focusing on critical priorities in the noncontroversial areas.

This proposal further works to restore the trust of the public in our Federal land agencies by giving those agencies an incentive to pursue new, sustainable forest management directives and to create the first ever automatic, independent review of the agencies' forest management actions, as well as new openness, transparency, and accountability for the actions by these agencies.

The overwhelming body of scientific evidence assigns a negative ecological value to the cutting down of Oregon's remaining old growth forests. Science has demonstrated time and time again that old and mature trees play an indispensable role in preserving water quality for communities, preserving critical wildlife habitat, and storing the carbon gases that contribute to global warming. Further, the evidence shows that those older trees are far more resistant to fire than younger trees. Equally important, after the disappearance of over 90 percent of Oregon's old growth, the people of my State no longer support the cutting of what little old growth remains on our public lands.

In the drier forests found predominantly, but not exclusively, on the east side of Oregon, the old growth picture is a bit more complicated due to decades of questionable management. Many scientists and environmentalists agree that more active forest management will have to be pursued quickly on the east side forests if there is going to be a genuine effort to save the native older trees and restore a healthy, diverse, and more fire-resistant mix to forests currently under a relentless and devastating assault by fire, disease, and insects.

For these reasons, I propose a permanent protection from logging for all remaining old growth and mature trees in Oregon's Federal forests. In the mostly west side "moist" forests, no tree currently 120 years or older would be allowed to be cut ever again for commercial purposes. In the drier forests, no tree currently 150 years or older would be allowed to ever again be cut for commercial purposes. The decades-old debate over the fate of old growth in Oregon would finally come to an end.

This is a crisis which cries out for action across the millions of acres of choked, at-risk forests in our State, and reasonable people on both sides of the forestry issue need to come together so that we get fresh policies and Oregon doesn't suffer foolishly and needlessly lose more forests, property, and lives.

What I propose today is to shift the focus of our Federal land agencies off of logging old growth and other environmentally sensitive areas and on to addressing the horrific backlog of desperately needed restoration thinning in the Federal forests. This involves harvesting ground and ladder fuels in areas that ought to be considered noncontroversial, fuels that currently endanger old growth in other healthy forests—Federal, State, and private alike—as well as endangering human and animal life. The new required management focus will also allow for the economic potential of the Northwest Forest Plan to be secured.

This proposal envisions that in many cases it is going to be possible to achieve the goals I have set out by bringing about collaboration from timber industry groups and environmental leaders. I have already seen great collaborative successes like this in the Siuslaw, Colville, and other national forests, with the help of organizations such as Oregon Wild, the Nature Conservancy, and K-S Wild. My proposal creates incentives for these partnerships, but due to the enormous and dangerous backlog of work, it is my view that collaborative efforts such as these must be stepped up; they must come at an accelerated pace.

Unfortunately, history has shown that it is not possible to rely just on good will, and that is especially the case if you don't find a way to discourage the cycle of endless administrative appeals and litigation that has produced Federal agency inertia and undermined even the most commonsense management efforts in our forests.

Under my proposal, each Oregon Federal forest and BLM district would be empowered to create a landscape-level restoration project of up to 25,000 acres designed by local collaboration organizations. If collaboration is not achieved, the land agency would be allowed to go forward but on a smaller scale of up to 10,000 acres.

One of the reasons there have been endless appeals and litigation is that over the past several decades, the level of public trust of Federal public land agencies has fallen to such unhealthy levels that it is impossible to conduct even routine and commonsense forest management projects. An era of mistrust of these agencies and the accompanying legacy of public protests, appeals, and litigation have produced what I consider to be an institutional paralysis in these land agencies, and it must be reversed. To begin to restore public trust and empower the land agencies to move forward aggressively, I believe the proposal I offer today will bring an unprecedented level of scrutiny, transparency, and accountability to the forest projects that are conducted under the new authorities I propose.

I borrow in this regard from a model that has been used by fisheries regulated by the National Oceanic and Atmospheric Agency that employ observers to monitor the bycatch of fish.

Under my proposal, independent forest observers hired and managed by the independent inspectors general of the Agriculture and Interior Departments, who will monitor all of the projects that are conducted under the proposal I offer today to make sure the prohibitions against cutting old growth and mature trees, and cutting trees in roadless areas—that those protections are strictly observed. The forest observer reports will be made available to the public online, and Federal forests found violating the Federal protections would lose their ability to provide expedited project authorities for several years as a penalty.

Finally, for the sake of our environment, economy, and our way of life, my hope is that an approach such as I offer today is going to make it possible to create thousands of new jobs and restore the health of our forests. The only way to produce this kind of change is to put new ideas forward, bold ideas that break out of the old rut that has produced so much institutional paralysis, and move to an approach that protects our forests, protects our communities, and protects a new opportunity to create family wage employment.

I am certain there are many additional issues Oregonians are going to want to consider and suggestions they will have to improve this proposal. I wish to make it clear that starting today, with this proposal online, I invite and welcome the people of Oregon to weigh in so that it will be possible, at the end of their opportunity to be heard and offer their suggestions, to go forward with a concrete, specific proposal to break bold, new ground with respect to forestry and provide the changes the public so desperately desires.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. BROWN). The senior Senator from Florida is recognized.

Mr. NELSON of Florida. Mr. President, in a moment I am going to ask for unanimous consent to speak as in morning business and to lock in an order, but I wish to say, while we are on the housing bill, that I will be coming and offering again a slim-downed amendment that had been declared not germane to the housing bill before, in order to promote people to be able to stay in their homes by withdrawing from their 401(k) savings plan without paying the 10-percent penalty. I will be offering that amendment. We are getting it scored again by the Congressional Budget Office. We think its impact will be much less, and I will be conferring with the chairman and the ranking member of the committee as we approach that.

Mr. President, I ask unanimous consent that I be allowed to speak as in morning business for up to 10 minutes, and I ask unanimous consent that I be followed by the Senator from New Hampshire for 10 minutes as well.

The PRESIDING OFFICER. Is there objection?

Mr. GREGG. Reserving the right to object, I intend to speak on the bill, and I presume it will be for about 10 minutes, but I am not sure.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Florida is recognized.

ENERGY PRICES

Mr. NELSON of Florida. Mr. President, we have quite a brouhaha that was stirred up in my State of Florida when the President and Senator McCain both announced their position—a changed position for Senator McCain—that all of the offshore lands on the continental United States be drilled for oil and gas. Presently, most of those offshore lands are under a Presidential moratorium until the year 2012, save for the Gulf of Mexico off the west coast of Florida, which is under statutory prohibition to drill until the year 2022. It has caused quite a brouhaha because both Senator McCain and the President have said that if you want to lower the \$4 price of gas that people are hurting under, what you have to do is drill.

But what they have neglected to say is that there are 65 million acres, onshore and offshore, which have already been leased, that the oil companies have not drilled. So if you want to drill as if that were the answer to lowering gas prices—which it is not, and I will tell you why in just a minute—you have plenty of land and submerged land in which to drill. So why don't you drill?

It is being used as a red herring to get everybody off of what we ought to do, which is eliminate our addiction to oil and start going to alternative sources, which is ultimately the solution.

Let's take the President's and Senator McCain's point of view that you are going to lower gas prices by drilling. As a matter of fact, the President's own administration has said—the Energy Information Administration, in their annual report last year, has said—that drilling in the offshore of the continental United States will not have any affect on gas prices until after the year 2030. That is 22 years into the future. So the internal documents that have just emerged in the Bush administration belie the very same thing that the President and Senator McCain were trying to do.

What are they trying to do? The administration is trying to give away the store before they leave town. They are trying to help the oil companies. How do they do it? The value of an oil company is, in part, determined by how many reserves of oil and gas they own. Therefore, if they have additional acres of leases that have not been produced both onshore and offshore, which is considered a reserve—and that is certainly a value—and that is listed as an asset on the books of the oil companies, and the greater amount of land they can have that has some proven oil and gas deposits, the greater their

asset value even though it is not being drilled and not produced, which is the very reason they say we ought to drill. But, of course, that is belied by the fact that they already have 65 million acres they have not drilled.

By the way, 31 million acres of that is in the Gulf of Mexico. This Senator has fought for years. I first started this fight in 1982 as a young Congressman over in the House of Representatives, when a Secretary of the Interior, named James Watt, wanted to drill off the entire east coast of the United States, from Cape Hatteras, NC, all the way south to Fort Pierce, FL. I have been fighting this since then.

Why? Clearly, there is an economic reason in our State. We have a \$65-billion-a-year tourism industry that depends on pristine beaches. Clearly, there is an environmental reason, which is that the bays and estuaries are necessary for so much of the spawning of the marine life in both the Atlantic and the gulf. But the other reason is that almost the entire Gulf of Mexico off of Florida—that area which is prohibited in statute, which Senator MARTINEZ and I were able to pass 2 years ago—that area is the largest testing and training area for the U.S. military in the world. It is where we train our pilots in live-fire exercises. It is where we have joint sea and air and, combined with Eglin Air Force Base, land operations. It is where some of the most sophisticated weapons systems that have to be shot for hundreds of miles are tested.

We have a letter from the Secretary of Defense that says drilling for oil and gas would be incompatible with the use of the U.S. military, and that is the main testing and training area for the U.S. military in the world. As a matter of fact, it was that very excuse that I used back in 1982, as a young Congressman, facing down the Secretary of the Interior, James Watt, when he wanted to drill off the east coast of Florida in the Atlantic because one thing they omitted to find was, how can you have oil rigs out there off the east coast of Florida, where we are dropping solid rocket boosters in the launch of a space shuttle and the first stages of the expendable booster rockets coming out of the Cape Canaveral Air Force Station in all of our space launches? You simply can't. Thus, that was the reason I was able to defeat it back in the 1980s. And here we are, still carrying these arguments on.

Mr. President, no, this is not the answer. The answer, if you want to drill, is to go on and drill. You have the leased land, on land and submerged land. The real answer to the question of \$4 gas or \$140-a-barrel oil at the end of the day is to wean ourselves from total dependence upon that oil with alternative fuels so that we start having alternative fuels, such as ethanol, made from things that we don't eat, synthetic fuel made from coal. How do you think Germany fueled its war machine during World War II when they

were embargoed on oil? They made synthetic fuel from their coal reserve. The United States has 300 years of coal reserves. Using our yankee ingenuity and research and development to develop new engines, new technology, and new fuels—did you see where Honda came out that they are going to produce the first mass-produced hydrogen engine car? This is the beginning of the change of weaning ourselves from total dependence on oil.

In the meantime, what can we do about oil which last week spiked \$11 per barrel in 1 day and has gone all the way up to \$140 a barrel? What is it? Is it just the tightness of supply and demand in the world market? That is part of it. But an ExxonMobil executive, 2 months ago, testified to Congress that supply and demand would say that oil is \$55 a barrel. So what is the difference between \$55 a barrel and what it sold for last week at \$140? The biggest difference is an unregulated commodities trading market that allows speculators, who are not going to use the oil, who are just bidding on the contracts—and they keep bidding that price up and up and up.

We did one thing about that last night when we passed the farm bill because in the farm bill was a part that partially started to reregulate those commodities markets. But it wasn't enough. You need to come in and put energy commodities clearly back in the regulation by the Commodity Futures Trading Commission. If you do that, then they will require those bidding on oil contracts for future delivery of oil to say they actually are going to use most of that oil instead of just speculating on the price and driving it up and up.

It is true the weakness of the U.S. dollar plays into this a little bit, and something we can do about that is balance the budget and strengthen the dollar because oil is traded in U.S. dollars. The weakness of the dollar, compared to other currencies of the world, makes the stronger currencies bid up the price of oil in dollars. But the main reason is speculation. We simply have to be realistic, with common sense, as to what we are going to do about \$4 gas from which our people are hurting so much.

Sometimes I have been a lonely voice because it is easy and seductive to say, with \$4 gas, we ought to drill. But I hope I have demonstrated to the Senate that the problem is much more complicated and that we cannot simply drill our way out of the problem.

I yield the floor.

The PRESIDING OFFICER. The senior Senator from New Hampshire is recognized.

Mr. GREGG. Mr. President, I am seeking recognition on the bill in morning business, but first I will comment on the oil issue. I am rising primarily to speak to the bill, which has been brought to the floor by the Senators from Connecticut and Alabama—and I congratulate them—at a time

when there hasn't been a lot of effort to do business in a cooperative way to produce positive events for our Nation or Government. They have done it, and they deserve a tremendous amount of praise for that. I have not had a chance to read the whole bill, but I have listened to what they are planning to do. We have worked with their staffs. Up until a couple of weeks ago, we were working reasonably close, and Senator SHELBY has been a force for progress. In my opinion, they appear to be on the right track. I want to get into the specifics of why I feel that way in a second.

OFFSHORE OIL EXPLORATION

First, I wish to talk about the oil issue, about whether or not we explore offshore. The proposal we have seen for energy that has been brought to the floor so far, primarily by the other side, has been to do three basic things. One is to litigate; sue the oil cartels. If you are the Saudis, and America gives American attorneys a new right to sue you, or if you are the Emirates States or some other oil-producing nation, you are going to be affronted by the fact that the United States would suddenly turn to its legal community and say: You can sue these other nations. I suspect my reaction, were I running a government of one of those countries that had oil reserves, would be to say, A, we don't need you, we don't need to sell you this oil; or, B, reinvest in your economy with the proceeds from purchasing this oil.

Our economy, to a large degree, is dependent upon people being willing to invest in it, both domestically and also internationally. Obviously, the petrodollars that are floating around the world because of the price of oil are a significant part of the investment capital in this world, and we are shipping overseas massive amounts of our capital to purchase oil. That is one of the biggest problems with the fact that we are buying all this foreign oil at ridiculously high prices.

We should not take an action that essentially would be cutting off our nose to spite our face by saying: We are going to sue you if you don't do what we want relative to our laws and relative to cartels. Their laws don't bar cartels. They don't have to invest in the United States. I suspect they would limit their investment through their sovereign funds in the United States were we to take that action. That would not produce more energy for us.

The second proposal is to take a percentage of the profits of our domestic oil companies because, I guess we believe that as a Congress we can spend those profits better than those domestic oil companies. First off, those domestic oil companies don't make up the majority of producers in this world. In fact, only 6 percent of the proven reserves in the world are controlled by publicly held companies. The rest are controlled by companies that are managed by governments, the Saudi company being the biggest. But you have

Venezuelan companies, Chinese companies, and the Russians, and you have a series of nations, of course, that have control over their supply. So supply is not controlled by these private companies. And their profit, if we take it as a government, is not going to give us the capacity to produce more oil. We are going to take that money as a Congress and spend it on whatever interest group we think is important today. We will probably spend it on some program to help out people who are trying to buy their energy. But that is not going to produce more oil. That is not going to produce more exploration.

Remember, these companies are owned by Americans, for the most part. They are owned by Americans through pension funds. People who work for unions own these companies, people who work in businesses own these companies, people who have a job and have a 401(k) own these companies. The profits flow back to two different actions: One, exploration; or two, dividends—dividends running to American citizens, most of whom are retired, or many of whom are retired. So to simply say, well, their profits are too high and we are going to grab them as a government and spend that money because we can spend that money more efficiently and better than those companies—because they are evil, they are oil companies—is, again, cutting off our nose to spite our face.

It won't produce more exploration. It will produce less. It will take from Americans who have invested in those companies through their pension funds and their dividends. That makes no sense.

The things that make sense are: More conservation, more renewables—both of which I strongly support—and also more exploration in the United States. Produce more American energy—clean energy, hopefully. One way to do that, of course, is to expand nuclear power. But another way is to look for reserves where we have reserves, and where we can look for them in an environmentally sound way. One way is to take a look at oil shale. That is a great opportunity. We have more oil reserves in oil shale, three times more in oil reserves in oil shale, than Saudi Arabia has in plain oil. We have over 2 trillion barrels of reserves in oil shale, and we are not using it. We are not using it because it is on public lands and we have been barred by the activists and the environmental communities from using that oil. Remember, the way you produce that oil is underground. You don't produce it aboveground. So there is no destruction of the surface area of the ground.

Secondly, there is the fact that we have proven we know how to drill. We know how to explore in the ocean. The greatest example of that was Katrina. Here is the largest hurricane to hit the American shore in history, as far as damage is concerned—it wiped out one of our great cities, New Orleans, then came right up the Gulf of Mexico—and

not a barrel of oil was spilled, even though the Gulf of Mexico is filled with drilling rigs. Why is that? Because we know what we are doing. We have the technology to drill and to produce from the Outer Continental Shelf in an environmentally sound and safe way, even in the face of a force 5 hurricane.

So of all that has been proposed here and that makes sense is let's look for other places where we can produce oil, American oil, off our shores, if States agree to it. That is the caveat: If a State agrees to it. Now, if Florida doesn't want to do it, that is their choice. Louisiana does want to do it, Mississippi does want to do it, Alabama does want to do it. Virginia wants to do it, but Virginia is barred from doing it because we have a Federal law saying even if Virginia wants to do it, they can't do it. That makes no sense.

Why should we be buying oil from people who hate us, who want to destroy our civilization and do us in, when we can produce it off of States, where the States agree, where the people of those States agree they are willing to explore because they know it can be done in an environmentally safe and sound way? That makes no sense.

I am sorry to get off on that tangent, but I had to, because this is a topic of current concern and the Senator from Florida raised a number of issues on this question.

To return to the issue at hand, however, the bill brought to the floor by Senators DODD and SHELBY, whom I just finished praising for their excellent effort here—as a conservative, it is not my inclination to have the Government step into the marketplace. In fact, that is anathema to me in most instances, and I am fairly resistant to it. I think I have as good a record on trying to keep the Government out of unnecessary interference in the marketplace as anyone else around here, and certainly have a very conservative fiscal record. But I have an experience here which I think lends some knowledge on what is happening and what we need to do.

I was Governor of the State of New Hampshire in the late 1980s and early 1990s when we went through a massive real estate bubble meltdown. It was incredibly destructive to the Southwest and to New England. The Southwest's was caused by a large amount of fraud, regrettably, and in New England it was caused by excessive speculation, especially in commercial real estate development. As a result of that, we had seven major banks in New Hampshire in late 1989 and five of them went bankrupt. The other two would have gone under, except they were owned by larger banks from outside of New Hampshire that were able to come in and give them the capital to sustain themselves. Numerous other smaller banks, community banks, went under. Lending contracted, people's home values, as a result of the bubble bursting, dropped by between 30 and 50 percent. It was a horrific time for our citizenry

in New England, and it was an incredibly difficult time economically.

How did we get out of this? There were a lot of things done, but one of the key things that was done was the Resolution Trust Corporation. The leadership of the FDIC at that time, led by Bill Seidman, and the Federal Government came in and intervened. It essentially came in underneath the failed banks and said they would be there to backstop the deposits and liquidate the assets so they became marketable again and so the economy could move forward.

When you have a contraction such as that, which is what we are seeing in our market today as a result of the subprime meltdown in States such as Florida, Arizona, and California—and it is spreading, regrettably, to some instruments that weren't subprime—when you have a meltdown such as that, what happens is the banking and the lending industry of the Nation start to have to rebuild their capital quickly because they are taking huge losses. And the only place a bank can rebuild its capital is by calling in essentially good loans. So even though somebody might have a good idea and know how to make a business work and have a real estate proposal which makes sense and is going to have a positive cashflow, it is extremely difficult for them to get a loan—extremely difficult—because the banks are trying to build their capital and they are not lending. That is what we are seeing today. We are seeing that type of contraction.

On top of that, of course, we have the meltdown. We have the major investment house of Bear Stearns, which was reacted to appropriately by the Federal Reserve, by opening the window so other investment houses would be able to have resources, but we still have this serious issue of liquidity. That is what it all comes down to. It comes down to the ability of the lender to be able to take the loan and sell it and move it in the marketplace so they can actually lend some more money by taking money in and by selling the loans which they have on their books. That is what it comes down to. What we have today is a market that is contracting because they do not have that capacity. The lenders do not have that capacity.

That being the case, what is the role of the Federal Government? I am hesitant to have the Federal Government step into this, beyond what it has already done, but I think setting up a backstop is appropriate, and that is essentially what the bill that is brought to us by Senators DODD and SHELBY does today.

First, I congratulate them for the regulatory reform they put in for Fannie Mae and Freddie Mac, very important reform. But going to the part which is the essence of the bill beyond the reform, which is very important, the question of expanding FHA authority to basically become a backstop for

these mortgages and basically a force for making these mortgages liquid is the key element of this bill.

As I understand it—and, again, I haven't been able to read the whole bill—the way it basically works is for these loans, for the FHA to step in and insure refinanced mortgages, the loans first have to be written down to 90 percent of the market value of the house; second, the home has to be owner occupied, so it is not a speculative home; and third, all the secondary liens that might be on the property have to be cleared so it is basically the single underlying primary first mortgage that is being underwritten. That is the proposal as I understand it.

The possible effect of this, in my opinion, will be that the lenders, the banks specifically, the people who have made these insured mortgages, may be able to move these mortgages off their books, unlike mortgages which are not moving right now, in a way which will free up the marketplace and allow them to relend money to other people who want to buy a home.

Equally important, of course, is that the homeowners, who find themselves caught in this subprime web of having taken on a mortgage which they couldn't afford because the adjustment in the ARM went up so quickly and so radically in an unexpected way, will be able to stay in their home and make their payments, if they have the capacity to do that. That should be our goal. Our goal shouldn't be to have foreclosures occurring all across this country. Our goal should be to keep the homeowners in their homes, those who do have the wherewithal to pay for their mortgages, as long as their mortgage is properly priced. That is what this bill will accomplish in many ways.

What is the cost of this bill? That is of primary concern for me, and I know it is a primary concern for Senator SHELBY, because he is probably even more of a skinflint than I am around here.

CBO is saying the ability of people to take advantage of this may be limited because of the fact you have to clear all the second liens off the home, so there may not be as much use of it as one might think. But I think there will be more use of this option than CBO thinks, because the lender and the borrower will see it as an opportunity for the borrower to stay in the home and for the lender to get the loan and move it off the books so they can get more liquidity and rebuild their capital.

I think that will be the outcome of this language, should it go into place: A lot of homes will be saved.

Secondly, as I understand it, a lot of the money to support this is going to come out of Fannie Mae and Freddie Mac. I may be wrong about that, but I think that is the way it works. That is appropriate, because Fannie Mae and Freddie Mac have an unfair playing field here. They get a tilted rate benefit because of the fact they are perceived as being backed up by the Federal Government, even though they

aren't. So this will level the playing field a little bit, and it will take resources which aren't coming into the Treasury anyway to support it.

Thirdly, and I think this is probably the most important part, the economic slowdown we are in today I believe will be relieved to some degree because there will be a mechanism in place. It is not a magic wand. It is not the absolute full response to the problem. In fact, there is only one end of the pyramid that needs to be built here. But it is a response which will help the economy recover quicker and with more energy.

I opposed the original stimulus package we passed, and I opposed the housing bill that was on the floor earlier this year because I didn't think either one was going to do a heck of a lot to help the economy move forward. This bill, however, if it is in the form that I think it is in, does something to accomplish that goal. It will help the economy because it will free up the market. It will make the market more liquid, which is what we need, and it will also give people the capacity to avoid foreclosure, which is very important to the mindset and the psychology of the economy.

I do think this will be part of the effort to raise the economy of this country as we continue in this rather significant—and I do not think we are out of the woods yet—severe slowdown in the area, especially, of the financial industries.

Again, I hope I understand the bill. I am not sure I fully understand it. I wouldn't claim I do. But I think I understand its concept, its purpose, and I agree with its concept and its purpose, and I congratulate the leadership of the Banking Committee.

I yield the floor.

The PRESIDING OFFICER. The senior Senator from Missouri is recognized.

Mr. BOND. Mr. President, I thank the leaders of this effort, my good friends, Senators DODD and SHELBY, for their hard work and their efforts to address the housing crisis and the need to reform regulatory oversight of the government-sponsored enterprises, Fannie Mae, Freddie Mack, and the Federal Home Loan Banks, and reforming FHA.

These are clearly needed. They are long overdue. I am happy to support them.

In addition, there is clearly a role and a need for the Government to address the current housing crisis. I have supported and led various efforts in the SAFE Act—Security Against Foreclosure and Education Act—that I introduced in March. That had additional housing counseling, improved disclosure and transparency in the homebuying process, and strong enforcement actions against predatory lending. These were essentially included in the bipartisan measure this Senate passed early in April. But I have grave concerns about some aspects of H.R. 3221, the Housing and Economic Recov-

ery Act of 2008. I filed three amendments to that bill today that I hope we will be able to discuss thoroughly and act upon.

It is a fundamental principle that the Congress does not create programs that perpetuate or reward the behavior that led to the housing crisis or damage the key agencies that play a key role in stabilizing the housing market. Unfortunately, this legislation before us today goes against that principle.

Specifically, I am gravely concerned about the proposed expansion of the Department of Housing and Urban Development's—HUD—Federal Housing Administration—FHA—contained in this bill. The proposed creation of a new FHA program called the HOPE for Homeowners loan program would allow certain at-risk borrowers to refinance their mortgages and authorize FHA to guarantee up to \$300 billion in new loans. The program would allow lenders and borrowers to refinance voluntarily their mortgage loans into a new FHA-insured loan at a significantly reduced loan level with lenders agreeing to write off these reductions as losses.

According to the Congressional Budget Office's review of the HOPE for Homeowners loan program, about 400,000 loans would voluntarily participate in this program, which would require about \$68 billion in loan commitment authority. CBO projects that about 2.2 million borrowers of subprime and alt-A loans will face foreclosure proceedings during the next three years. Based on a comparison of these numbers, the expected reach of this program will be significantly limited in assisting of homeowners who are expected to face foreclosure. While I would like to keep as many homeowners in their homes as possible, this strategy is more likely to result in a huge bailout for lenders while protecting a very limited number of homeowners. In particular, CBO estimates that under this program, "mortgage holders would have an incentive to direct their highest-risk loans to the program." For a modest write-off, lenders who were, in a number of cases, either fraudulent or negligent in their treatment of borrowers, will be able to clear out many of their problem loans. At the same time, CBO estimates that the cumulative default rate for the HOPE program would be 35 percent—meaning that one out of every three loans refinanced would fail. Frankly, creating a new Federal program that takes on the worst of the worst subprime loans, which will hurt FHA is extremely troubling.

The Senate bill pays for to the new FHA HOPE program from GSE assessments. This offset potentially avoids the need for funds from the Treasury to cover the losses as required under the Federal Credit Reform Act. However, whether the costs for the HOPE program would be paid by proceeds from the GSEs or from direct appropriations, it does not change the nature of this program—it is a bailout.

As a former member of the Senate Banking Committee and current longtime member of the Senate Appropriations subcommittee with jurisdiction over FHA, I have held a strong and long-time interest on housing and finance issues. A major lesson learned from my work on both the authorizing and appropriating committees is that FHA is significantly limited in managing and implementing its loan activities due to longstanding management and resource challenges. Let me emphasize that point. FHA is significantly limited in managing and implementing its loan activities due to long standing management and resource challenges. They do not have the people and the people are not adequate to the task in too many cases. FHA's challenges have been well-documented by the HUD Inspector General and Government Accountability Office for several years, which has been heard through numerous congressional hearings. All my colleagues who wish access to that information can have it.

It also is troubling to me that we are burdening FHA at a time when they are playing a growing role in assisting distressed homeowners. I have heard that FHA's market share has grown tremendously from about 2 percent to as high as 8 percent. To add 400,000 of the worst of the worst new loans to FHA's portfolio at this time is potentially creating a perfect storm for failure. Any collapse in FHA will be borne by the American taxpayer and future appropriations bills, potentially at the expense of other housing programs.

It is my belief that the FHA HOPE proposal takes the Government and the taxpayers down a dangerous and risky path, which may worsen the housing problem for borrowers it aims to address. Further, when taking into account the longstanding management and financial challenges of FHA, the expectations being created by the new FHA HOPE program are unrealistic.

AMENDMENT NO. 4985 TO AMENDMENT NO. 4983

For those reasons I offer an amendment, No. 4985, to strike title IV of division A, which establishes the HOPE program. I recognize this program is a part of a delicate compromise, but it is too troubling and risky for the American taxpayer. Therefore, I call up amendment No. 4985.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes an amendment numbered 4985 to amendment No. 4983.

Mr. BOND. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To strike provisions relating to the HOPE for Homeowners Program)

Strike title IV of division A.

Mr. BOND. Mr. President, I unanimous consent to set that amendment

aside so I may offer another amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 4987 TO AMENDMENT NO. 4983

Mr. BOND. The next amendment I offer, No. 4987, was designed to protect potential home buyers with additional mortgage loan disclosure requirements. I explained and discussed this amendment with the two leaders of the Banking Committee when we had the previous measure on the floor. I think the disclosure requirements were widely agreed to on both sides of the aisle, but due to the procedural situation at the time it was not accepted. This amendment would protect consumers considering complicated and potentially unaffordable mortgage loan terms by requiring a clear and simple disclosure of payments and interest rates for adjustable rate loans with so-called teaser rates. These teaser loans, with interest rates and payments that jump up to unaffordable levels, played a large role in our current subprime mortgage crisis.

Many potential borrowers either did not understand what they were getting into or were falsely assured everything would be OK.

As part of bringing relief to families and neighborhoods suffering through the housing crisis, I wish to ensure we do not face another crisis in the future because we did not correct the problem.

I have spent a good bit of time in Missouri, talking with homeowners facing foreclosure. The local government agencies, mayors, councilmen, aldermen, the advocacy groups, and the very effective counseling programs such as NeighborWorks and others who are assisting homeowners and are working on counseling those in foreclosure, but they also came back and unanimously said we have to have better information for the potential buyer before they get into it. Making sure potential buyers know the costs and do not fall into a trap that can lead to a disaster for them and serious impacts on the communities is very important.

If you have ever taken out a mortgage loan to buy or refinance a home or get a home equity line of credit, you are confronted with piles and piles of paperwork and legal jargon. I have had the pleasure of getting three new loans in the last 5 years from a local banker who doesn't do subprime. Each time I have gone through the disclosure requirements on closing. There is a stack of paper, several inches thick, that is written in legal jargon.

I used to be a lawyer. While I can read those documents, I can assure you they are not easy to understand for somebody who is not an expert in the area. I assume I am similar to most homeowners who cannot read through all the legal gobbledygook and wouldn't find it particularly edifying if they did.

When low-income homeowners who have fallen into problems responded to

my question about why they didn't ask questions, they were met with: "Don't worry about that," or "We'll fix that later." I can assure you, those things do not get fixed quietly after you sign the papers.

Congress passed the original Truth in Lending Act and applied it to mortgage loans. We knew then most people do not take the time or have the ability to read and understand the fine print of mortgage loan documents. However, the protections in the Truth in Lending Act were written long ago and are now woefully outdated. They were written when most everyone took a 30-year fixed loan. There are many more loan tools to help people share in the dream of home ownership. There are adjustable rate mortgages; adjustable rate mortgages with initial fixed terms, sometimes called teasers; prepayment penalties and refinancing options, quicker and easier than ever before but not fully understood.

More choices are a good thing, but uneducated consumers who do not understand the choices and therefore do not understand what they are committing to is a bad thing.

I mentioned on the floor at length the story of Willie Clay, of Kansas City, MO.

Willie Clay is a Vietnam war paratrooper living largely on disability payments. Willie lives in a working-class Kansas City neighborhood of modest ranch homes called Ruskin Heights.

Willie refinanced his mortgage in 2004 for a total of \$101,000. As you can see from the size of that loan, Willie is a man of modest means. He was not a speculator gambling on the housing market. He was not an investor buying a vacation rental home.

Like so many other Americans, Willie was just looking for a little extra money to pay-off his medical bills, car loan and some credit cards. Willie agreed to a subprime adjustable rate loan with an initial fixed rate of 8.2 percent.

For several years, everything went fine for Willie. He made his payments and honored his agreement. Then last October, the initial fixed rate ended and the loan reset to a variable rate. His new interest rate became 11.2 percent, and then was set to rise again in March to 12.2 percent, with more rises coming.

Willie told the Star, "If the rate goes up again, I can't afford it." Willie and his wife Ina would have to give up their home and move into an apartment. Willie now admits that he never fully understood how an adjustable rate worked when he agreed to the new loan.

"I didn't have the education to understand it," Willie said, "and they didn't explain it to me. I thought if the interest [rate] went down, your payment went down. If the interest rate went up, your payment stayed the same."

Willie was now facing mortgage payments 50 percent higher than when he

started. Willie was also trapped in his loan because of a \$2,500 prepayment penalty. This is not just a family crisis. Willie's entire neighborhood suffered through this housing crisis. At one time, there were more than 500 foreclosures in his Zip Code alone.

On Willie's block, there were several empty houses. Foreclosed homes are driving property values down for everyone. It becomes a self-perpetuating downward spiral. That is why we need to help these people.

My amendment will apply to adjustable rate mortgages with an initial fixed or "teaser" rate. This is the kind of loan Mr. Clay had and millions of other Americans have. For these types of loans with teasers, lenders or brokers will be required to provide in large, prominent type the loan's fixed interest rate, the initial fixed payment, and the date on which the fixed rate will expire. The lender or broker will also need to provide an estimate of what the payment will be when the loan resets from its initial teaser rate to a floating adjustable rate. For many subprime borrowers, this jump could be quite large, and the borrowers need to be aware of it.

We would also require lenders to disclose that there is no guarantee that the loan can be refinanced before the initial fixed rate expires. That caught a lot of borrowers who knew the terms of their loan could go up after the teaser rate expired, potentially to unaffordable levels. But any concern they had that they could not afford their loan in the future was put to rest by personal assurances by a broker that there would be no problem refinancing the loan before the teaser rate expired. For many, this turned out to be true, but when the credit market seized up and the loan standards were raised, they were caught in an impossible situation. This amendment requires a disclosure that there is no guarantee that the borrower will be able to refinance a loan before the teaser rate expires.

The amendment also requires the disclosure of any prepayment penalty, the amount, and the expiration date. This prepayment penalty caught families like the Clays, trapping them in a bad situation. While prepayment penalties can be good, giving certainty to the lender, who can in turn provide a lower interest rate, people need to be aware of what they are getting into.

That is the theme of the entire amendment. It does not block adjustable rates, it does not block initial fixed rates. It allows prepayment penalties. These advances in the mortgage business have been good for consumers, but it just requires full disclosure. Brokers and lenders did not do enough to disclose to and educate consumers.

Mr. President, I call up amendment No. 4987 to protect potential home buyers with additional requirements.

The PRESIDING OFFICER. Is there objection to setting aside the pending amendment?

Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes an amendment numbered 4987 to amendment No. 4983.

Mr. BOND. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 4987) is as follows:

(Purpose: To enhance mortgage loan disclosure requirements with additional safeguards for adjustable rate mortgages with an initial fixed rate and loans that contain a prepayment penalty)

On page 522, between lines 2 and 3, insert the following:

“(iii) If the loan is an adjustable rate mortgage that includes an initial fixed interest rate—

“(I) state in conspicuous type size and format the following phrase: This loan is an adjustable rate mortgage with an initial fixed interest rate. Your initial fixed interest rate is AAA with a monthly payment of BBB until CCC. After that date, the interest rate on your loan will ‘reset’ to an adjustable rate and both your interest rate and payment could go higher on that date and in the future. For example, if your initial fixed rate ended today, your new adjustable interest rate would be DDD and your new payment EEE. If interest rates are one percent higher than they are today or at some point in the future, your new payment would be FFF. There is no guarantee you will be able to refinance your loan to a lower interest rate and payment before your initial fixed interest rate ends.;

“(II) the blank AAA in subparagraph (I) to be filled in with the initial fixed interest rate;

“(III) the blank BBB in subparagraph (I) to be filled in with the payment amount under the initial fixed interest rate;

“(IV) the blank CCC in subparagraph (I) to be filled in with the loan reset date;

“(V) the blank DDD in subparagraph (I) to be filled in with the adjustable rate as if the initial rate expired on the date of disclosure under subparagraph (B);

“(VI) the blank EEE in subparagraph (I) to be filled in with the payment under the adjustable rate as if the initial rate expired on the date of disclosure under subparagraph (B); and

“(VII) the blank FFF in subparagraph (I) to be filled in with the payment under the adjustable rate as if index rate on which the adjustable rate was one percent higher than of the date of disclosure under subparagraph (B).

“(iv) If the loan contains a prepayment penalty—

“(I) state in conspicuous type and format the following phrase: This loan contains a prepayment penalty. If you desire to pay off this loan before GGG, you will pay a penalty of HHH.;

“(II) the blank GGG in subparagraph (I) to be filled in with the date the prepayment penalty expires; and

“(III) the blank HHH in subparagraph (I) to be filled in with the prepayment penalty amount.

Mr. BOND. Mr. President, I ask unanimous consent that the pending amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 4986 TO AMENDMENT NO. 4983

Mr. BOND. This final amendment limits the responsibility of Fannie Mae and Freddie Mac for housing entities that receive funding from the Affordable Housing Trust Fund created under the bill. The amendment prohibits the trust fund to be used for soft program costs to ensure that any of these funds be used for bricks and mortar.

It is very simple. I can read the whole thing. It says:

Notwithstanding any other provision of the law, Fannie Mae and Freddie Mac shall not be responsible for any payments either directly or indirectly to other housing entities under the Affordable Housing programs unless these GSEs voluntarily provide funding. None of these funds shall be used for soft program costs, including staff costs.

In essence, it is a very simple amendment. My concern is that, regardless of what one thinks about the GSEs, it is, I believe, unprecedented for Congress to step in and say: You are a partially privately owned, shareholder-owned entity, and you shall be paying a tax that we determine to a group of other entities over which you have no control.

People may like or dislike or want to reform the GSEs. But there are a lot of other GSEs. Are we going to go around and start telling Sallie Mae, for example: You have to fund various of these education programs.

There are other quasi-governmental agencies that I think would be very much concerned if Congress started the practice of taking these entities and telling them where they have to spend their funds. This is a backdoor way of avoiding the honest and straightforward provision of either raising the money through taxes or providing other revenue of the Federal Government.

I hope my colleagues will consider all three of these amendments. I look forward to discussing them when the time is appropriate. I thank the manager for allowing me to raise these.

I call up Amendment No. 4986.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes an amendment numbered 4986 to amendment No. 4983.

Mr. BOND. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To clarify that GSEs have no responsibility for funding housing entities under the Affordable Housing program)

Insert the following at the appropriate place:

SEC. xxx. Notwithstanding any other provision of law, Fannie Mae and Freddie Mac shall not be responsible for any payments either directly or indirectly to other Housing entities under the Affordable Housing program unless these GSEs voluntarily provide funding. None of these funds shall be used for soft program costs, including staff costs.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Let me say, first of all, I will be very brief. I know my colleague from Iowa wants to be heard on the bill. I wish to say to Senator BOND that what we will do is try to figure out a way to handle these in order, all three of them in one or in order, or whether we will go back and forth. But we will keep him posted.

I do not how long my colleague from Iowa wants to be heard on the bill. I wish to respond to the Senator from Missouri on the issues. I presume my colleague from Alabama may want to do so as well. We will try to take them in the order the Senator offered them. We will keep him posted on how we will proceed.

The PRESIDING OFFICER (Mrs. McCASKILL). The Senator from Iowa is recognized.

Mr. GRASSLEY. Madam President, for the benefit of my colleagues, I know there is no time limit, but I don't think I am going to take more than 15 minutes and maybe less than that. It is kind of a rough guess, but I do not intend to take a lot of time.

I wish to start by thanking Chairman BAUCUS for his courtesy and hard work in the legislative effort that is part of this banking bill, the part that came out of the Finance Committee, the part of the bill that is hopefully going to help the mortgage problem through amendments to the Tax Code. Our goal in the Finance Committee was to develop a bipartisan tax package that responded to the needs of Americans and, in particular, the housing market. We have done so. I wish to take this opportunity to thank Senator DODD and Senator SHELBY because they have worked very closely with us in making sure our Finance Committee part of this bill can, in fact, be a part of the bill that is before the Senate.

Everybody knows Americans are struggling to keep their homes and, with that, their jobs. Economic conditions are very uncertain. In uncertain times, it is appropriate that Congress develop tax policy addressing the housing problem and try to bring a little more certainty to the economic lives of our citizens. After all, the housing problem is at the root of our current economic turmoil.

Last year, we responded to the call for help. Congress enacted the Mortgage Debt Relief Act of 2007, which was signed into law by the President. This law excludes from income discharges of indebtedness incurred by taxpayers to acquire homes. It also extends the tax deduction for mortgage insurance premiums.

Earlier this year, Congress acted quickly on a stimulus package that delivered additional relief to the American taxpayers. That stimulus package is just now taking effect as taxpayers have received these rebate checks, because they are necessary to give the economy a much needed boost.

Earlier this year, the Senate acted on a bipartisan tax relief package that

was based on the joint efforts of Finance Committee Democrats and Republicans—in other words, almost by unanimity, a bipartisan bill. The package before us as part of this housing bill is a blend of the Senate package and a House package passed a little while ago by the other body. We have carefully balanced this tax relief package being considered today on the floor, hopefully balanced it enough that it will not run into problems when it gets back to the House because certain House tax policy leaders have agreed to it.

It addresses the housing downturn but is limited so as to ensure that it helps the problem and does not create new problems. Too often, we in Congress have to be certain we do not do things too good, that we create more problems than we solve. We are mindful that any relief that benefits one sector of the public does so at the expense of another sector. The other sector, then, is the taxpaying population that carefully manages their family's budget, especially as it relates to housing costs because of the American dream of owning your own home.

Taxpayers bear the burden of a bail-out of these risky mortgages that went south, so it is very important that we have a compassionate view that recognizes that taxpayers pay the ultimate tab. As we proceed to this bill, we need to keep in mind that very worthwhile principle. We need to address the housing downturn, but we need to show restraint and we need to limit the relief so that it eases the problem and does not simply create new problems. We need to be considerate of many Americans who work hard to save and buy homes and who will ultimately pay the price of this relief.

Once again, the Senate is stepping up to the plate. The tax relief package that is before us helps encourage home ownership but also provides targeted relief to homeowners who are looking to work out of this rough patch they are in when they face foreclosure or nearly face it.

The centerpiece of this bill is a temporary \$8,000 tax credit to help first-time home buyers buy homes, including homes that are in foreclosure. There is a glut of homes on the market. The glut is depressing home values. It is important that this excess inventory is moved so that we help retain home values of others who are not in foreclosure or have been foreclosed on.

On that point, I think it is necessary for all of us to show praise and respect for the efforts of Senator ISAKSON from Georgia for doggedly pursuing this proposal. He has a very important and understanding background as a realtor and homebuilder. He helped us shape the proposal.

The bill also increases the cap for mortgage revenue bonds to give people with distressed loans additional options for refinancing. I wish to make it clear that this is not a bailout for

homeowners. Instead, this is a provision which helps enable people to keep their homes and to pay their mortgages. We can thank the leadership of Senators SMITH and KERRY for this important provision.

Chairman BAUCUS has championed the nonitemizer deduction for part of the real property tax paid. It is in this bill. Senator KYL wanted assurances that State and local tax authorities would not pocket this new tax benefit with higher property tax assessments. This proposal is designed to ensure that property tax payers, not State and local governments, receive the direct benefit of this deduction.

This bill contains a set of reforms to the low-income housing credit. Senator CANTWELL led this effort.

A key additional reform benefits low- and middle-income military personnel who need housing near bases where they are stationed. Senator Pat Roberts, a former marine, looked out for our men and women in uniform. Senator ROBERTS needs a thank-you for that. With Senator ROBERTS' proposal, soldiers and their families in Fort Riley, KS, and other bases that have seen recent increases in population will have easier access to low-income housing.

This bill liberalizes the ability of the Federal Home Loan Banks to provide assistance to colleges and universities affected by the subprime mortgage crisis. The Home Loan Bank officials in my home State of Iowa suggested this proposal, and I was glad to pursue it and glad it is included.

Senator HARKIN, this Senator, and other Members from the Midwest have witnessed the terrible weather that hit our States recently.

We have seen the damage that has been done to our communities large and small, urban and rural in our home States. It is a devastating flood. Unfortunately, the damage goes on as I speak, only a little further downstream. All the hurt has not been calculated at this point. Once again, I have to thank Chairman BAUCUS for pledging to help us in the Midwest. Senator BAUCUS came to me and offered that help. That is something the people of Iowa and the Midwest appreciate. Having the chairman of a very important committee in the Senate on your side is important. We will not forget that.

In this bill, we have a proposal specifically targeted to help people who have lost their homes to the floods. The proposal is contained in the mortgage revenue bond package. It is patterned after a proposal adopted over a decade ago to deal with floods from the mid-1990s.

The proposal would waive the first-time home buyer requirement and lift the individual income limits. With this policy in effect, States such as Iowa, Wisconsin, Illinois, Indiana, Missouri, and Maine will be able to offer low-interest loans to families who have lost their homes to the flood. With the pro-

ceeds from these loans, families will be able to purchase replacement homes. The elements of the low-income housing reforms will also help disaster-devastated communities.

While I was thanking Senator BAUCUS, I suppose I ought to extend that beyond Senator BAUCUS to several other Senators. I better not name them because several have come up, and I will forget somebody. But they have come up to show their understanding of how serious it is in the Midwest and have offered their help. Some of these Senators in previous years have gone through the same destructive natural disasters the Midwest is going through at this very minute. I have informed Chairman BAUCUS and the leadership on both sides that the coalition of member States affected by these floods and tornadoes will refine more tax proposals in the future. We will aim to assist displaced persons and rebuild the businesses and communities affected. We will seek to offer them to this bill once it is open for amendment.

I spoke in recent days on the issue of revenue-raising offsets to tax relief. I rebutted the claims of Democratic lobbyists who were surprisingly cited in some press reports as credible sources for the Senate Republican conference. The Democratic lobbyists claimed that Senate Republicans would oppose all revenue-raising offsets. Some described our position in terms of "theology." I corrected these assertions and pointed back to Senate floor debates on this point late last year. For some reason, those statements in the CONGRESSIONAL RECORD have been ignored, and Democratic lobbyists' views were substituted. The correct position is as I restate it now. I ask some folks to pay close attention so we don't get misunderstood.

Principle No. 1, if a revenue-raising proposal makes good policy sense, Senate Republicans will support it. Principle No. 2, the revenue raised should be used for new tax relief. Principle No. 3, the revenue raised should not be required for extending current law tax relief. I have explained the reasons behind that principle. Suffice it to say that we on this side don't believe in sliding down a slippery slope of guaranteeing higher taxes and higher spending. Spending drives current and future deficits.

This bill confirms the Senate Republican conference principles on the use of revenue-raising offsets. This bill contains new tax policy. This new tax policy is offset with revenue raisers that a bipartisan majority in the Senate consider improved tax policy. The main one would put in place a reporting regime on credit card payments to merchants. It is a Treasury tax gap proposal. The other significant revenue raiser would clarify the home sale exclusion rules for second homes, usually where vacation residences are involved. The revenue losses related to disaster assistance, however, are not offset. That accounting is consistent with the

bipartisan congressional practice on emergency spending and tax relief.

It has long been said that the American dream is to own your own home. Unfortunately, the subprime mortgage crisis has turned that dream into a nightmare for many Americans. The bipartisan tax relief provisions from the Senate Finance Committee that have been worked out in a bipartisan way—and, I believe, in a bicameral way through Senator BAUCUS—are in this bill. They aim to restore that American dream. We do it in a very responsible way.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

AMENDMENT NO. 4984 TO AMENDMENT NO. 4983

Mrs. DOLE. I ask unanimous consent that the pending amendment be temporarily set aside so that I may call up amendment No. 4984, that it be reported by number and then set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mrs. DOLE] proposes an amendment No. 4984 to amendment No. 4983.

The amendment is as follows:

(Purpose: To improve the regulation of appraisal standards)

At the appropriate place, insert the following:

SEC. ____ . REGULATION OF APPRAISAL STANDARDS.

Section 1319G of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4526) is amended by adding at the end the following new subsection:

“(d) REGULATION OF APPRAISAL STANDARDS.—

“(1) IN GENERAL.—Not later than 120 days after the date of enactment of this subsection, but not later than December 31, 2008, the Director shall issue in final form a regulation that establishes appraisal standards for mortgages purchased or guaranteed by the enterprises.

“(2) CONSISTENCY.—In issuing the regulation required by this subsection, the Director shall ensure that the regulation is consistent with appraisal regulations and guidelines issued by the Federal banking agencies (as that term is defined in section 3(z) of the Federal Deposit Insurance Act) and the National Credit Union Administration, including regulations and guidelines related to the independence and accuracy of appraisals, and do not conflict with any other banking regulations.

“(3) APPLICATION.—The regulation issued pursuant to this subsection shall supersede the terms of any agreement relating to appraisal standards entered into by the Director or the enterprises prior to or after the issuance of the regulation required by this subsection in final form, to the extent that any such agreement is inconsistent with the regulation. The Director shall have the authority to make determinations, at the Director's discretion and in response to requests for such determinations, as to whether any such agreements are, or have become, inconsistent with applicable regulations, and any terms of any such prior agreement that are consistent with the regulation shall not be effective until 1 year following the date of enactment of the issuance of the regulation in final form.”.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Madam President, we are going to try to work out an arrangement so people have some sense of the order in which people will be heard. We now have three Bond amendments. There is an amendment by Senator DOLE that has been offered. Obviously, we have the pending amendment of Senator REID. These are all second-degree amendments to the Reid amendment. At some point, I will want to bring closure to these amendments so we can deal with them. Senator ISAKSON may have an amendment. I would like to get to a point where we can manage those amendments, debate them, and then ask the leadership for an appropriate time to have a series of maybe three or four or five votes, depending upon what is necessary.

I yield the floor to the request for a time sequence of speakers, if I may.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Madam President, following my remarks, I ask unanimous consent that Senator CASEY be recognized to speak for 12 minutes, Senator ISAKSON be recognized to speak for 10 minutes and, following Senator ISAKSON, Senator SANDERS be recognized to speak for 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Madam President, Confucius said:

The strength of a nation derives from the integrity of the home.

Today we are here to protect the strength of our Nation. We are here to help keep families in their homes.

The tax provisions in the amendment before us are meant to stabilize the housing market and boost our economy. They are designed to provide temporary, targeted, and timely tax relief for the housing market.

In 2007, 1 percent of all homes were in default. That is more than 1.2 million homes. The Nation's 2007 foreclosure rate was 2½ times what it was in 2005.

In my home State of Montana, the 2007 foreclosure rate was up almost 30 percent from 2006 and more than 50 percent from 2005.

And the number of foreclosures continues to grow. Nationwide in May, the number of homes receiving a foreclosure-related notice was up 7 percent from the month before, and up 48 percent from a year before. This means that 1 in every 483 American households received a foreclosure notice last month. That is a record high.

Behind every foreclosed property, there is a family. There is a family losing its home, and there is a family losing a piece of its future.

Our Nation's current economic weakness is largely a result of the weak housing market. More than 5 million households now owe more on their mortgage than their house is worth. That is about 1 out of every 10 home mortgages. As home prices continue to fall, these numbers will only get worse.

This amendment is a response. It would provide tax relief for homeowners, for home buyers, and for homebuilders.

It would provide an additional \$11 billion of mortgage revenue bonds so that State housing agencies can immediately respond to the housing downturn. This would help homeowners avoid foreclosures, and it would increase first-time home purchases.

Mortgage revenue bonds are tax-exempt bonds issued by State and local housing finance agencies. The bonds help those agencies to provide mortgages for home buyers at below-market rates of interest.

The virtual collapse of the subprime and affordable mortgage markets has increased the demand for mortgages financed through mortgage revenue bonds. Increasing the cap on mortgage revenue bonds and providing States the option to refinance subprime mortgages can allow State housing agencies to immediately respond to homes at risk of foreclosure.

And additional mortgage revenue bonds can also help clear out the glut of homes on the market. Additional mortgage revenue bonds can lead to more first-time home purchases.

The amendment also would provide broad-based tax relief by expanding the number of people who may deduct property taxes. Currently, homeowners are allowed to deduct local real estate property taxes from their Federal tax returns only if they itemize. According to the Joint Committee on Taxation, more than 28 million taxpayers pay property taxes, but do not itemize.

This proposal would allow these 28 million taxpayers to deduct the amount of their property taxes, up to \$500 for individuals and \$1,000 for married filers. They could take this deduction even if they did not itemize their deductions.

This change would benefit low-income individuals. It would benefit those who have already paid off their mortgages and thus don't have that reason to itemize. It would benefit young families just starting out, and it would benefit senior citizens.

The Congressional Research Service estimates that nearly 130,000 property taxpayers could benefit in my home State of Montana alone.

Listings of distressed properties dominate the real estate market. In the first quarter of this year, one out of every four home sales was a distressed sale. The papers are full of foreclosures and vacant new homes.

As of April 2008, there were more than 456,000 newly constructed homes for sale on the market. That is more than 10 months worth of supply. And according to the National Association of Realtors, 4½ million existing homes are for sale on the market.

To help reduce the excess inventory of foreclosed, vacant, and existing homes, the amendment includes a one-time home buyer credit of \$8,000.

The credit would apply to first-time home buyers. It would begin to phase

out for home buyers with incomes of \$75,000 for individuals and \$150,000 for joint filers. The purchase of the home would have to be on or prior to April 1, 2009. And the credit would be repaid over 15 years at zero percent interest.

The short-term nature of this credit is critical. It would help to provide immediate stimulus to put homebuilders, and the housing industry, back on track, but it would also avoid oversubsidizing the housing industry.

The amendment would also make critical improvements to the Low Income Housing Tax Credit program. This program is the engine that drives low-income rental housing in America. But it is long overdue for a tuneup.

The amendment would increase the total number of credits available by 10 percent per State. And the amendment would broaden the investor class by allowing the credit to be taken against the AMT.

The State housing finance agencies are good stewards of this Federal program, and the amendment would give these agencies more discretion to allocate credit dollars to projects that the State deems a high priority.

These tuneups would help to make this engine run more smoothly, and they would lead to an increase in affordable rental housing across the country.

The amendment would also allow taxpayers to choose to take a refund of AMT or R&D credits in lieu of bonus depreciation deductions. Companies without Federal tax liability cannot use the tax deductions. But under this amendment, they could take advantage of a refund, and they could use that funding invest in capital assets. That would create and maintain jobs.

These proposals would be fully paid for by responsible offsets. As much as possible, we should avoid increasing our national debt and our reliance on foreign creditors.

The amendment includes a House-passed proposal to close a loophole involving the sale of second homes. It would apply to houses that are used both as a principal residence and for other purposes. An example would be a principal residence that also was used as rental property.

Under current law, an owner can exclude income from the sale of that second home. The owner just needs to have lived in the home for 2 out of the last 5 years.

The proposal would limit the gain that the owner could exclude from income when the owner sells the residence. The idea behind the proposal is that a personal-income exclusion should be limited to the personal use of the residence.

A second pay-for would require information reporting on credit card transactions. It would also apply to many online transactions. Merchant banks that settle credit and debit card sales would report annual gross payments to the businesses making the sales and to the IRS. Third-party networks that fa-

cilitate electronic transactions would do the same.

In response to concerns about possible burdens this proposal could put on small e-business sellers, the proposal contains a de minimis exception. The exception excludes from the reporting requirements operations with aggregate sales of \$10,000 or less a year. The exception would also exclude a volume of 200 transactions or fewer.

The proposal gives ample time to banks and others so they can program their systems and verify the information they need from sellers before issuing the information documents.

This proposal does not raise taxes on anyone. These information reports would just cause people to file more accurate returns.

The administration has included this proposal in its annual budget for the last 3 years. Earlier this year, Senator GRASSLEY and I released a bipartisan staff draft of the proposal for public comment. Working together with the House, we have taken these comments into account to develop a proposal that reflects industry practices and will improve tax compliance.

The amendment also enhances several IRS penalties. These penalties encourage the filing of timely and accurate tax and information reporting returns. These filings are the cornerstones of effective tax administration and voluntary tax compliance.

A lot of irresponsible actions led to the current housing crisis. But now a lot of responsible homeowners, home buyers, and homebuilders are caught up in the mess, and they cannot afford to wait any longer for our help.

The tax provisions in this amendment would go a long way to address the housing downturn and the economic weaknesses in our country. So I say, let's help these folks. Let's help them keep their homes and thereby help them sustain the economic strength of this Nation. And let's adopt this housing amendment.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. CASEY. Madam President, I rise today to talk about the state of the American economy in the midst of our current housing crisis, and, of course, the legislation that is before the Congress today and the need for action in this Congress, in this Senate, not just for Wall Street firms but for Main Street families and small businesses.

A little over a month ago, the Senate Banking Committee held a field hearing in Philadelphia—I think the first of its kind since this Congress began and this Senate convened last year. Chairman DODD chaired the hearing, convened it, and I was with him that day.

One of the witnesses was a subprime borrower. Her name is Yajaira Cruz-Rivera. In 2005, she and her husband purchased a home. She was told by her broker she would get a fixed-rate loan. She made out a family budget, and she was told she was getting a fixed-rate

payment of \$925 per month. She told her broker she did not want anything with tricks in it that would change her payment, and that is what she was told she was signing.

I would like to read some of her testimony of what happened next. These are her words:

Just 10 days later we received a letter in the mail stating that a mistake had been made at closing. The interest rate we were given was not going to be 7% but rather 10.95%. Our payments would not be \$925 but rather \$1200. We considered backing out then, but we had already moved into [our] home. Our children were settling in, to pack everything back up was something we could not do. We had already put so much money out. Fred and I—

Fred is her husband—

Fred and I decided that although we would struggle, we would make it.

All of the evidence presented to the Banking Committee in hearings stretching back over a year indicates that many of the homeowners who find themselves in trouble started with a story just like Ms. Cruz-Rivera's story. This is not simply a problem in some cities.

A leading research institution in Pennsylvania, the Keystone Research Center, found nine counties in Pennsylvania where subprime mortgages make up 35 percent of all mortgages—35 percent. One of those nine is Philadelphia. The other eight counties in this Keystone Research Center survey are the following counties—Cameron, Clearfield, Fayette, Forest, Jefferson, Monroe, Venango, and Warren.

All of those counties outside of Philadelphia that I just mentioned are rural counties for the most part. So this is not just a problem in cities and urban areas. It is a major problem in rural counties in Pennsylvania and across the country.

More than 1 million homes are now in foreclosure—a new national record, unfortunately. Over 8,400 homes are entering foreclosure every day—8,400. Unless we act, an estimated 3 million homes will enter foreclosure this year, and 2 million homes will be foreclosed upon in that time.

We know the job losses: 324,000 jobs lost already this year. We know the data from the economists. One economist, Robert Shiller, has estimated that the subprime and foreclosure crisis could cost American homeowners \$6 trillion in lost household wealth—a record. That is \$80,000 per homeowner. At the same time, the average American family income is just \$50,000 a year. We know the adverse impact it has had on student loans. There is problem after problem resulting from the foreclosure crisis.

So what do we do? We should pass the legislation on which Senator DODD has worked so hard, working with the ranking member, Senator SHELBY.

Let's quickly go through the legislation.

No. 1, government-sponsored enterprise reform legislation to give an effective regulator for the GSEs; No. 2,

the HOPE for Homeowners Act would establish a new initiative at the FHA to prevent foreclosures; No. 3, the SAFE Mortgage Licensing Act, creating a Federal registry and establishing minimum national standards for brokers and lenders; No. 4, the Foreclosure Prevention Act, providing assistance and counseling so needed in this crisis; No. 5, the Housing Assistance Tax Act of 2008, providing tax benefits for homeowners, home buyers, and homebuilders aimed at providing housing market recovery.

Unfortunately, there are some Senators in this Chamber who do not seem to see the need for action on this crisis. I want to show a chart which summarizes the principles of this basic legislation. It is very important to highlight these. There is a lot of rhetoric that is misleading.

Basic principles: Here is what happens with this legislation. No. 1, it creates new equity for homeowners. We have to do that. No. 2, there is no bailout for investors or lenders. We have heard a lot of that talk here. It is not true. This is not a bailout. This is a way to dig our economy out of a huge hole. No. 3, borrowers do not receive a windfall. They have a stake in this, and they have to sacrifice as well. It is not any kind of a windfall for borrowers. Finally, and maybe most importantly for people who are following this debate, this is not taxpayer money we are talking about.

OK. So this is a very responsible plan. I want to return to the story I started of Ms. Cruz-Rivera. She had asked for and was told, as I mentioned before, she was receiving a fixed-rate mortgage with no gimmicks and no tricks. Then, 10 days after closing, she found out her interest rate would not be 7 percent but 10.95 percent. The payment would go, as said before, from \$925 to \$1,200.

The story does not end there, unfortunately for her. She and her husband sat down, and they decided to tough it out, to try to work their way through this adverse news they got. Here is what she said. I am quoting her again:

Then, in 2007, the unthinkable happened. Our rate adjusted upward and our new payment was now \$1,671 a month. A home we thought we were getting for \$925 a month in 2005 is costing us nearly double that today.

She is talking about her husband again. She said:

My husband works 16 hour days, 6 days a week, but still we are not able to keep up with the payment.

We explored refinancing but now our credit is damaged and on top of that we have a repayment penalty; if we do refinance we have to pay GMAC a huge fee upfront. We have been trapped into a terrible loan by greedy, predatory and fraudulent lending practices.

So that is the reality of what we are talking about. We are not talking about bailouts. We are not talking about going easy on people. We are talking about helping people who, in many cases, were deceived deliberately by players in the market who were unregulated and getting away with murder—almost literally.

People know the acronym ACORN, the Association of Community Organizations for Reform Now. They are helping people such as Ms. Cruz-Rivera. They are helping a lot of other people. We hear a lot of talk in this body and across the way in the House, the other body, about moral hazard. People talk about that issue all the time—that some people should have known better, and you can fill in the blank about that.

It is not often we hear economists talking enough about morality when it comes to this issue. In fact, the situation we find ourselves in today is a direct result of parts of this industry—not all, but parts of this industry—trying to maximize profit without any regard to any sense of morality or standards.

So I find it ironic that the greed that some of us have been talking about is not included in that definition of “moral hazard.” But there are solutions out there.

I will conclude with this: The city of Philadelphia recently announced a program that will specifically target borrowers who cannot afford payments on adjustable-rate mortgages and are in danger of foreclosure. Any property scheduled for sale by the city of Philadelphia right now by the local sheriff's office will be referred to officials who will in turn negotiate with lenders in an attempt to restructure the loan so the borrower can afford the monthly payments.

I commend the city and especially Mayor Nutter, the mayor of Philadelphia, for his leadership on this and many other housing issues. It is critically important we remember there is, in this nightmare for so many families, solution-oriented thinking out there in addition to the important legislation we have before us.

The time has come for the Senate to finally act—to act, not just to talk but to act on this issue—to put a floor under the housing market. It is time at long last for the Congress, and especially for the Senate, to finally act, but also in the process of acting, to help families stay in their homes.

I yield the floor.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. ISAKSON. Madam President, I rise, first of all, to commend Senator DODD, Senator SHELBY, Senator GRASSLEY, and Senator BAUCUS on a piece of legislation that is important, and which I will vote for.

I am going to talk for a few minutes about some suggestions for the managers of this bill to think about as we get toward a final managers' amendment at the end of this debate because there are a couple technical changes that could make a significant difference.

But, first of all, I want to make sure one thing is said. We hear a lot about bailing out lenders and lenders being bad guys. Let me tell you something. The people who originated these loans

loaned money that was raised on Wall Street by investment bankers and underwritten by Moody's and Standard & Poors. Moody's and Standard & Poors underwrote securities that were bought around the world by investors, that paid a high dividend but were on very risky subprime credit. That is where the fault lies—Moody's and Standard & Poors and on the investment banking community.

As a parenthetical suggestion, I hope Wall Street is listening because what is happening in the commodities market is the same guys doing the same thing again. If you look at the rapid price of all commodities, they are going up because of a huge influx in the commodities market. The only position-limited people in the commodities market are investment bankers. They are creating paper and they are trading paper and they are getting the Yale endowment fund, the Princeton endowment fund, and teachers' pension funds going into these as if they are investments, and they are not investments. They are a hedge in commodities.

So that is just a little early warning shot. If we will look closely at this, I think we can find the culprit to the subprime may actually be a significant contributor to what is going on in commodities.

But, again, to Senator DODD, Senator SHELBY, Senator BAUCUS, and Senator GRASSLEY, thank you very much for what is basically a fine piece of legislation. I urge you to look at the effective date of the tax credit that is included. As I read the bill, it includes the original dates from 2 months ago, which means the tax credit, when it goes into effect, will end at the end of April next year, which will be less than a year. May and June are the prime buying months in real estate. What we are trying to do is induce a decline in the inventory of houses on the market. I know it was not intended, but I think the managers should take a look at that.

Secondly, I know there is a difference between the House and the Senate with regard to the effective date over the GSE regulator for Freddie and Fannie. One side wants it immediate; one side wants it in 6 months. We do not need to have this bill go down because they cannot get their act together. So I hope they will work to find common ground on the effective date. On the FHA refinance program—Senator CASEY is precisely correct. This is not a bailout for the lenders. This program allows for the refinancing of a troubled subprime loan whose payoff amount is more than the value of the house because of the decline in the marketplace. For it to be refinanced it requires the lender to take the hit between the amount owed and the market value. So the loss the lender is going to have to be recognize in a foreclosure will, in effect, have to be recognized in a refinance, but the homeowner stays in the house and the values in the neighborhood stabilize. We

are doing a good job, in my opinion, of putting an end to what is a desperate downward spiraling in the housing market which is affecting the economy because most Americans consider their equity their line of credit for their consumer spending. With that equity vanishing because of increased inventories, increased foreclosures, and increased vacant houses, we have a very big problem.

So I wish to commend Senator DODD and Senator SHELBY. Some of this is technical, but it needs to be said. Freddie Mac and Fannie Mae saved the American housing market in the early 1990s when the savings and loans collapsed. There was no liquidity in America for mortgages. Had we not created those government-sponsored entities and allowed them to securitize mortgage paper and operate to provide the liquidity in the markets, there would be no mortgages for the American people, and we would have a disaster on our hands.

I appreciate the final language addressing two of the three concerns I had with the GSEs. No. 1, I am glad the House and Senate could agree on loan limits for both conforming and nonconforming jumbo loans. If we had not done that, we would have provided liquidity for mortgages that we didn't need to finance or refinance and not enough liquidity for mortgages that are needed in the marketplace, particularly in high-cost areas around the country.

Secondly, I appreciate the provision for the ability of Fannie Mae to portfolio jumbo loans because if they couldn't do that, there would be no liquidity. But I still question whether the language in the bill as it stands now directs more securitization and less portfolio. If you have too much securitization but don't have the opportunity for liquidity to be provided by letting these entities carry that on their balance sheet, then the effect is you say you are doing something, but, in fact, you don't provide liquidity. But I do appreciate very much the managers of the bill making those changes.

Lastly, with regard to the housing tax credit, I appreciate what Senator GRASSLEY said, and I appreciate the kindness of Senator DODD in the original debate by incorporating in the Senate bill substantially the amendment that I offered on the floor when this bill first came to the Congress. I was around in the real estate business back in 1974 when America had a similar crisis to the one we have today. The Congress of the United States passed a \$2,000 tax credit to buyers who bought a standing vacant house in America. Within a year, we absorbed substantially all of the standing inventory in the country and revitalized the housing market, revitalized equities and values, and we came out of what was a very substantial real estate-induced recession.

I would have preferred some of the terms that I had in my amendment

over some of the terms that the House changed them to with this tax credit, but it still accomplishes its purpose. It is a tax credit of \$8,000 to a first-time homebuyer with income limits of \$150,000 for a couple and \$75,000 for an individual to go into the marketplace and buy and occupy—not as an investor but to occupy as an owner—standing inventory, new or resale, in the United States of America. That is going to be a big help to put a little fuel and energy and inertia behind a real estate market that is stagnant.

So I thank Senator DODD, Senator SHELBY, Senator GRASSLEY, Senator BAUCUS, and particularly the Finance Committee staff who were so cooperative in working on this concept. I think we are going to see it prove to make a marked difference. If that end date of April 30 is changed in the final amendment to the end of June of next year, we will incorporate 2 more months where it can have an incentive effect. It would not affect the scoring because the scoring was done as if it was done in a 12-month calendar year.

So to Chairman DODD and to Ranking Member SHELBY and Senator BAUCUS and Senator GRASSLEY this is a very important piece of legislation. America has a serious problem. This doesn't bail anybody out, but it incentivizes buyers to come back to the marketplace. It provides liquidity to refinance loans that are underwater. It motivates, inspires, and provides liquidity in the marketplace through Freddie and Fannie that does not exist right now. Failure of the Congress to act, in my judgment, is going to cause us to have a protracted and devastating economic decline resting solely on the fact of the decline in the values of homes in America, the increase in the number of foreclosures, and the lack of liquidity in the lending market.

I encourage my colleagues to vote for this legislation. I hope the President will sign it. Again, I thank the Members of the Senate who worked so hard to provide good, substantial legislation to the housing market in the United States of America.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mrs. MURRAY. Madam President, I ask unanimous consent that following the remarks of the Senator from Vermont, that I have 7 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Vermont is recognized.

GAS PRICES

Mr. SANDERS. Madam President, every American understands that we now have a national crisis in terms of the outrageously high price that we are paying for energy. In Vermont and all over this country, workers are wondering how they can afford to fill their gas tanks. Truckers using diesel are going out of business. Senior citizens and others are worried with dread what

happens to them next winter when the cost of home heating oil is off the roof. As a result of high oil and gas prices, the cost of food and other products is also rising, and our entire economy—and, in fact, the world economy—is suffering.

The question that millions of people are now asking is pretty simple. They want to know what this Congress can do now—not in 10 years or in 20 years but now—to lower the outrageously high price of oil and gas. Further, they want to know what we can do long term to make sure our country is energy independent; that we don't continue to import huge amounts of oil from the Middle East or elsewhere. They want to know what we are going to do in the midst of all of this to address the crisis of global warming and the droughts and the severe weather disturbances and the floods that we are seeing as a result of global warming.

Lastly, they want to know in the midst of all of this, long term, how do we make sure that the cost of energy is affordable. These are the issues the Congress has to address.

But let's be very clear. These issues will not be debated in an intellectual realm where we are just trading ideas. This debate is going to be clouded by the enormous power and money of special interests.

Since 1998, the oil and gas industry has spent over \$600 million on lobbying—\$600 million on lobbying—and since 1990, they have made over \$213 million in campaign contributions. So they are extremely powerful. They have an unlimited supply of cash. They are using that power and that money to influence this debate. Anybody who doesn't understand that is very naive, indeed.

If we are serious about lowering oil and gas prices today in a significant way, it seems to me we have to address two fundamental issues. First, the reality is that the American people are getting sick and tired of paying over \$4 for a gallon of gas at exactly the same time as the major oil companies are making record-breaking profits and providing their CEOs with outrageous compensation packages. Enough is enough. The greed of the oil industry apparently has no end, which is why Congress must impose a windfall profits tax and use some of that money to give back to people through rebate checks.

In the last 2 years alone, ExxonMobil has made more profits than any corporation in the history of the world, making over \$40 billion last year alone. But ExxonMobil is not alone. Chevron, ConocoPhillips, Shell, and BP have also been making out like bandits. Last year, BP, for example, announced a 63-percent increase in their profits for the first quarter of this year. As a matter of fact, the five largest oil companies in this country have made over \$600 billion in profits since George W. Bush has been President, while working people are paying \$4, \$4.20 for a gallon of gas. That is unacceptable.

What have they been doing with these huge profits? One of the things they have been doing is to make sure that the CEOs of their companies are extremely well compensated. In 2005, Lee Raymond, the former CEO of ExxonMobil, received a total retirement package of over \$398 million. People in Vermont and around America are wondering how they are going to stay warm next winter. The former CEO of ExxonMobil receives a retirement package of \$398 million.

In 2006, Ray Irani, the CEO of Occidental Petroleum—the largest oil producer in Texas—received over \$400 million in total compensation. That is going on all over the industry: the heads of these corporations who are making record-breaking profits receiving huge compensation packages.

The situation is so absurd and the greed is so outrageous that oil company executives are not only giving themselves huge compensation packages in their lifetimes, but they have also created a situation, if you can believe it, where they have carved out huge corporate payouts to their heirs if they die while they are on the job. It never ends.

Let's be clear. Oil companies have a right to make a profit, but they do not have a right to rip off the American people.

Some of my Republican friends claim that big oil needs to keep these huge windfall profits so they can increase production and build more refineries. They are going to take this money and they are going to use it to create more oil for the benefit of the American people. That particular argument does not hold water. Big oil companies have been making windfall profits for over 7 long years, and they are not using these profits to build more refineries or to expand production. Instead, they are using this money to buy back their own stock, increase dividends to their shareholders, and, as I just mentioned, pay outrageous compensation packages to their CEOs.

Since 2005, the five largest oil companies have made \$345 billion in profits, but they have spent over \$250 billion out of the \$345 billion buying back stock and paying dividends to their shareholders. That is where their profits are going, not investing in future oil production. Last year, ExxonMobil spent 850 percent more buying back its own stock than it did on capital expenditures in the United States.

Here is my final point on that issue: The \$38 billion in windfall profits that ExxonMobil gave back to shareholders last year could have been used to reduce gas prices at the pump throughout the United States by 27 cents a gallon for the entire year.

Dealing with the greed of the oil companies is one immediate issue that we have to address. The second one deals with the growing reality that Wall Street investment banks, such as Goldman Sachs, Morgan Stanley, and J.P. Morgan Chase, and greedy hedge

fund managers are driving up the price of oil in the unregulated energy futures market. There are estimates that a number of committees in the Senate have heard from different experts who testified that the price of a barrel of oil today is 25 to 50 percent higher than it should be because of excessive manipulation of oil futures markets and excessive speculation. This is an issue that must be dealt with.

Some people say: Well, we don't know anything about this. This has never happened before. Wrong. As I think most Americans understand and remember, manipulation of energy markets is nothing new. It is recent history. Everybody remembers that in 2000 and 2001, Enron successfully manipulated the energy markets on the west coast, driving up prices by 300 percent. During the midst of that controversy, they were saying: Oh, it is not us, it is supply and demand. It was them, and some of those guys are now in jail for the fraud they committed on the people of this country. That was Enron. But it is not just Enron.

In 2004, energy price manipulators moved to the propane market. That year, the CFTC found that BP artificially increased propane prices by purchasing enormous quantities of propane and withholding the fuel to drive prices higher. BP was fined \$303 million for manipulating propane prices. Again, this is not a new concept; that is what they do.

In 2006, energy price manipulators moved to the natural gas market when Federal regulators discovered that the Amaranth hedge fund was responsible for artificially driving up natural gas prices. Amaranth cornered the natural gas markets by controlling as much as 75 percent of all of the natural gas futures contracts in a single month. Amaranth eventually went out of business, went bankrupt, and the price of natural gas went down. So if you are looking at Enron, BP, Amaranth, why would anybody be shocked that today there are financial institutions manipulating the oil markets as we see it?

The Commodity Futures Trading Commission has the authority and the responsibility to prevent fraud, manipulation, and excessive speculation in U.S. commodity markets. Unfortunately, this authority and responsibility has largely been abdicated through the use of over-the-counter energy derivatives that are largely unregulated and by foreign boards of trade that have received no-action letters from the CFTC to operate terminals inside the United States, trading U.S. commodities to U.S. investors free from regulatory oversight.

That is an issue we must deal with and we must deal with now. If we are serious about lowering oil and gas prices today, we have to deal with the greed of the oil companies and with the speculators. Long term, of course, we have to move this country away from foreign oil, away from fossil fuel, to energy efficiency, to sustainable energy,

and the potential there is enormous. That will help us deal with greenhouse gas emissions, in terms of global warming and, in the process, we can create millions of good-paying jobs.

Let me conclude by saying that if this Congress, in the very short term, does not deal with these issues, there are going to be people who are going to go cold this winter, not only in the Northeast but all over the Northern tier of this country. That is why I am going to do my best in this bill, and/or as soon as possible, to bring forth an amendment to substantially increase funding for LIHEAP.

The National Governors Association supports over \$5 billion for LIHEAP. They are exactly right because, as the price of home heating oil and other fuels explodes, we are going to simply need to substantially increase funding for LIHEAP if we are going to make sure people don't go cold this winter. I look forward to working on this issue in a bipartisan manner.

Bottom line: Short term, going after the oil companies and dealing with speculation. Long term, we need to transform our energy system away from fossil fuels to sustainable energy. We must substantially increase funding for LIHEAP.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington is recognized.

GAO SUSTAINS BOEING'S PROTEST

Mrs. MURRAY. Yesterday, the Government Accountability Office issued its ruling on Boeing's protest of one of the largest defense contracts in history: the Air Force's decision to choose the European company Airbus to supply the next generation of aerial refueling tankers.

In that ruling, the GAO agreed with Boeing that there were fundamental flaws in the process from the very beginning. GAO's attorneys found the Air Force made a number of significant errors that unfairly misled Boeing and favored Airbus.

They recommended that the Air Force reopen the contract, get new proposals, and make a decision that corrects the errors GAO found.

Madam President, to me, that decision was not a surprise. Air Force and Pentagon officials have told me, time and time again, that they followed the law and this contract would stand up to review.

But since the very beginning, it has been very clear that Airbus tankers did not meet the Air Force's needs—no matter what its public relations campaign has said.

Even though the Air Force claimed it had selected the cheaper plane and made no mistakes, we learned last week it had made a critical error when calculating the operating costs of the two tankers. The Air Force is now acknowledging the Airbus plane actually costs tens of millions of dollars more.

Two weeks ago, Defense Secretary Gates forced out the top two Air Force leaders—Secretary Michael Wynne and

his Chief of Staff, GEN Michael Moseley. By doing that, he expressed a serious lack of confidence in their leadership and lack of oversight. All along, the Pentagon has refused to answer even basic questions about this contract.

I, and the many others who have raised concerns about the Air Force's decision, now expect a thorough and honest response from the Pentagon to the GAO's decision.

But as I have said all along, the GAO ruling answers only one overarching question that has been raised in this process and that is whether the Air Force followed the letter of the law when it chose Airbus for the contract. That means that even if it was obvious that Airbus's plane was wrong for the war fighter and for the taxpayer, it could not push for answers.

That is Congress's job, and we in Congress, who represent the American taxpayers, have to continue to press for real answers to those hard questions. We in Congress need to know why the Air Force chose a plane that is bigger and less efficient than it asked for—one that cannot use hundreds of our runways, ramps, and hangars, and one that will cost billions of dollars more in fuel and maintenance.

We in Congress need to know whether our Government should buy a plane that even the Air Force says is less survivable, less able to keep our war fighters safe. We in Congress need to know what the effect on our economy and our national security will be if we turn this technology, which is vital to this Nation, over to a company that is owned by foreign governments.

The U.S. Trade Representative is so concerned about the subsidies Airbus receives that they have brought a case against the EU before the World Trade Organization. We need to know why in the world we would accuse Europe of unfair trade practices and then turn around and hand Airbus a major piece of our defense industry. We need to know why our Government would hand them the contract now.

In May, employers cut 49,000 jobs in the United States. It was the largest 1-month jump in unemployment in 22 years. Yet the administration, right in the middle of this, wants to send 44,000 U.S. jobs overseas, when we are hemorrhaging jobs here at home.

On the day in February that the Air Force first announced it awarded this plane to Airbus, I was out on the 767 line, in Everett, with our Boeing workers. I will never forget the shock and disappointment in their eyes. One woman came up to me and said:

I can't believe this. My son is currently flying these tankers over in Iraq, serving our country. I want to build those planes with my taxpayer dollars to make sure he is safe and we know what is in that plane.

Yesterday's GAO study proved she was right and she is vindicated. We now have the right process to move forward on this and make a good decision not only for that mom but for Amer-

ican taxpayers and for America's security for the future.

For months now, I have been saying this process was flawed. I have been saying we should not hand over billions of dollars and thousands of jobs and that Boeing should build those tankers. The GAO's decision backed up all my concerns. The process was flawed. Now we need to know why. We should not be buying more expensive planes built in France. That seems obvious. With a level playing field, Boeing builds the best tankers at the best price.

By reevaluating this deal with the proper criteria that GAO outlined, I am confident the Air Force will, in the end, agree with me and award this contract to Boeing—I hope in short order. I hope our airmen and airwomen will soon have the best possible plane to carry out their missions.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Madam President, let me begin briefly by thanking our colleagues who have come and spoken on the bill already this morning. I thank Senator BOB CASEY, of Pennsylvania, a member of Senator SHELBY's and my committee, the Banking Committee, for his remarks. I also thank JUDD GREGG, of New Hampshire, who, while not a member of the committee, has followed our work very closely and has been intimately involved with the committee over the last number of months as we were developing the Homeowners Act, an idea he brought to the table. He brings a good historical perspective—going back to the Resolution Trust Corporation and dealing with another housing crisis and how well that idea worked; and while we are not exactly duplicating it, he has knowledge of how that worked and an understanding of the basic idea behind the bill that we have authored over the last several months, which is very helpful.

I know Senator SHELBY and I are grateful, as are other members of the committee, for having a nonmember of the committee understand the issue as well as he does. His support of what we are trying to do is very helpful.

I thank Senator BAUCUS and Senator GRASSLEY as well. Senator SHELBY and I are not dealing with the tax-writing provisions of this bill and they have been helpful and cooperative and, obviously, their ideas are a strong complement to what we are trying to achieve—with mortgage revenue bonds and tax incentives for those who acquire foreclosed properties, and the like, are very helpful. They have disregarded earlier provisions included in the tax proposals and, candidly, I think those ideas being kept out of this bill is healthy. I don't dwell on it. Frankly, I think their appraisal of the various ideas is very constructive. We thank the tax-writing committee, the Finance Committee, which has done a good job in complementing what we are trying to do.

Senator JOHNNY ISAKSON, of Georgia, deserves a great deal of credit. He brought up the idea of trying to create some incentives for those who might purchase foreclosed properties. In his previous life, he worked in this area, and he has a firm knowledge of it. So his cooperation on that, as well as other aspects of the bill, his enforcement and support of this legislation and his intention to back it is a further indication of the effort we have made on a bipartisan basis to make this a good bill, not just because it has bipartisan support, but I think that is indicative of the kind of effort that has been made that brings us to this moment.

I note that in this morning's local newspaper, the Washington Post, the leading headline is, "DC Region's Foreclosure Rate Soars." It says that although communities have felt the effects of the housing crisis for months, the report reveals that foreclosures in the Washington region have been increasing at a surprisingly quick pace, outstripping those of most metropolitan areas. It points out that while foreclosures were practically nonexistent in Washington 18 months ago, it is now very prevalent and way above the national average.

I point that out because that is unique here. It makes a point. As I showed earlier this morning, with the graph we put up, we have the numbers now for May on the foreclosure rates. Over 8,400 people are going to foreclosure every single day in America. That number was below 8,000, in the mid-7,500 area, only a few weeks ago.

For those who would suggest that we ought to wait this out, or see what happens down the road, explain that to the 8,000 families today who may lose their homes, the 8,000 tomorrow and the 8,000 the following day and the day after that and all next week, as we grapple with this bill, where as many as 50,000 or 60,000 families will be adversely affected while we debate whether this is a perfect bill. My patience is thin. We have worked so hard on this. So for those who suggest it is a bailout for a lender—I have heard a lot of arguments, and when you have people losing homes every day, neighborhoods being destroyed because of it, including financial aid for students, municipal finance, commercial lending, and the global implications and trying to put a bill together that will bring some confidence back to the marketplace, and to suggest this is a bailout for some bank—it is anything but that. In fact, it is quite the opposite. Senator SHELBY and I have had 50 hearings since last March on this subject matter—almost exclusively on this subject matter—and we have had these individuals before our committees explaining to us why they were giving out adjustable rate mortgages to people on fixed incomes, knowing very well these people could never, ever pay the final fully indexed price of those properties. Yet they did it, day in and day out, knowing full well what the implications would be.

The very companies they claim are being bailed out are exactly the ones that were engaging in that, and the last thing we are doing is providing any kind of support and assistance for them. We are trying to see to it that we restore some semblance of confidence in this area and we are planning to keep as many people in their homes as we can.

Have we written a miracle? Absolutely not. Will this work? I hope so. Do I have an assurance it will? No. All I know is it is our best judgment, based on the wonderful, competent people who don't bring an ideological perspective to this—from the American Heritage Foundation to the Consumer Federation of America and groups in between. They have said this is the best idea we could come up with to address this issue. They would also be the ones to tell you there is no assurance it is going to work. It is a voluntary program. We don't mandate anything here; we are just creating the opportunity.

I say to my colleagues that history is somewhat of a teacher in all of this. Back in the last period when we had a housing crisis of this magnitude, back in the 1920s and 1930s, another Congress did it differently. In that case, the Federal Government actually purchased distressed mortgages. Senator SHELBY and I are not suggesting anything such as that. We are talking about an insurance program. It is a voluntary program that creates a new, temporary program. It ends in a few years. It is merely an effort to step in here and try to make a difference in all of this.

I will go back over some of the specifics of this—the HOPE for Homeowners Act—as well as the issue dealing with the affordable housing provision and how we managed to do this without a tax increase. We have a wonderful symmetry of liquidity being strengthened, a regulator being imposed on these GSEs, and a source of revenue coming from that which can also assist in another area of needed housing.

We think this has a rather good sense of balance.

But again, I am very grateful to the Finance Committee, Senator BAUCUS and Senator GRASSLEY, and to the Members who have spoken out, both Democrats and Republicans, this morning, those who have come together and said this is a good bill deserving of our support. We hope the rest of our colleagues, as they come forward with these amendments, will be so inclined to stand with us and support this bill, and urge the White House to sign it into law.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Madam President, I commend the chairman of the Banking Committee, Senator DODD, for his work on this package of legislation. It is a package. It is dealing with the reform of the government-sponsored enter-

prises, GSEs, which desperately need to have a strong regulator because they play such a huge role, probably the primary role by a long shot right now, in our housing industry. They need to be properly regulated because they are a government-sponsored enterprise, and that is part of the legislation I have pushed.

Senator DODD and I have worked together. He is pushing the housing legislation, but I agree with him. If there were any inkling of a bailout for anybody here, we wouldn't be a part of it in any way, and no one would in the Senate. So that is a red herring. But this will give some hope and opportunity for some people to probably save their homes who otherwise wouldn't be able to.

We need to pass this legislation now. If we could get this legislation to the President's desk, and he would sign it, which I hope he would by the 4th of July, by the end of next week, this would be a significant feat on our part. I hope we can do it.

I also want to take a moment, as Senator DODD did, and commend other Senators for their work. Senator ISAKSON knows a lot about housing. He grew up in housing. He has been very successful at it, and he brings that experience and knowledge to this body in the Senate. The housing tax credit, not to bail out anybody but to help people save their homes, was I believe originated by him. He is pushing this provision, and we commend him for helping us on this.

I commend my friend and colleague from New Hampshire, Senator JUDD GREGG, the former chairman of the Budget Committee, now the ranking member. He knows a lot about all the problems in this country. He is very insightful. He sees this legislation, overall, as a good package and a good piece of legislation.

I hope we will be able today and tomorrow to pass this legislation, if the Senate is willing, and go to the next step, because there are a lot of people who will possibly be able to save their homes because of this.

Will this save everything in America? No. But it will be a good first step and it will be profound, meaningful legislation, and so I commend it to the Senate this afternoon.

Madam President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CRAIG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SALAZAR). Without objection, it is so ordered.

Mr. CRAIG. Mr. President, I ask unanimous consent that I be allowed to speak as in morning business for up to 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY

Mr. CRAIG. Mr. President, over the course of the last several days I have refrained from speaking on the floor about energy. But I have watched the floor very closely as I have seen kind of an interesting duel going on. An advocate of drilling, I found it fascinating that some on the other side of the aisle were saying that if we opened our outer continental reserves and drilled them, it would simply make no difference to the current state of play in the oil market or the price of gas at the pump. I find it not only interesting that that kind of conclusion is being drawn, but I also find it phenomenally naive that kind of statement can be made.

It is my opinion, and I think the opinion of a good many, that we are in a classic supply-and-demand situation in the Nation and therefore the world's oil markets. There is alleged speculation. There is alleged manipulation. I don't know whether any of that is true, but I do know the facts of what we live with and have lived with for the last several years.

There have been many of us in Congress who said there would be a day of reckoning if we continued to consume oil at a greater rate than we were producing and refining and bringing it to the marketplace. I believe it is very possible that day of reckoning is at hand. The world market in which we acquire our oil, the world market in which gas is refined from oil, is just that—a world market. It is not a domestic market. It doesn't happen down the street, only to be supplied on that street. It happens in the Middle East, it happens in Latin America, it happens in Canada, and it happens in this country. It all comes together in a world market, and we compete at the local gas pump for the price of the world market.

Here is a perfect example of the reality in which we live as America's consumers. I do not deny—in fact, I sympathize with and I am frustrated for America's consumers who today are facing \$4 and \$4.45 and \$4.50 gas. It is taking a huge bite out of their back pocket, and they are not ready for it. They have not been eased into it. They should not have had to even be worried about easing into it because it should not have happened. But the Congress of the United States for the last 20 years has been in a perfect and absolute state of denial.

Energy was inexpensive compared to the rest of the world, and we could put this known reserve off, we could put this off, we could worry about that tomorrow because we didn't have to worry about it today. We could be environmental purists because it was easy to do.

Here is what was happening in America. The supply through the 1970s and 1980s and 1990s was dramatically dropping, but the demand was continuing to go up at an unprecedented rate. In fact, after the oil shock of the 1970s, when we adjusted some CAFE standards and we did a few other things, our

economy took off. As our economy took off, by definition we became ever increasingly larger consumers of oil, of hydrocarbons. It is that which lubricates the economy of our Nation. If we are going to be 25 percent of the world economy, guess what, we consume 25 percent of the world's energy. But we were not producing 25 percent of the world's energy. We, by this time, had begun to develop a huge dependency on other places in the world, all while we were having this phenomenal luxury of saying you don't have to drill in ANWR or Alaska, it may have 15 or 20 billion barrels, but we don't know, we can't touch it. We don't have to drill off the coast, we don't have to worry about oil shale. We don't have to worry about anything. We can be green and talk about the environment and deny the reality of the marketplace and grow increasingly more dependent on somebody else.

Here is an interesting chart. It is a chart I found in a book I am reading now that I recommend all Senators read. It is called "A Thousand Barrels A Second." Think of that. That is the title of the book, but it is a title of reality. The reality is that the world in which we consume energy and from which we buy energy today consumes 1,000 barrels of oil a second. Do the math: 86.5 million barrels of oil a day. That is what the world marketplace is, and we consume 20-plus percent of it.

Here is what was happening from the 1970s on when we were in an oil shock. We looked at ourselves, we adjusted ourselves a little bit, and we began to try to figure out ways.

Oil production from 1970 to the year 2005, as demonstrated by the dark blue—as you notice, it was going up progressively. But something else was happening that allowed for adjustments in the market. This green area was the extra capacity the market was not consuming. So when there were bumps in the market, there was extra capacity. It didn't happen to be in the United States. It predominantly was in the Middle East and with the OPEC nations, but it was extra capacity.

Here we are in 2005. What had happened? China had come into the economy. India had come into the economy. They were beginning to consume at rates we did not expect. While they were consuming and buying out of the world's markets, the world's capacity was continuing to drop as it relates to consumption.

This is not necessarily a lecture in economics, but it is a lecture in supply and demand. For any Senator to deny the reality of the marketplace is either naive or politically incorrect. The marketplace is working in a way that none of us likes today, and our constituents are feeling it in their back pockets, and they are picking up the phone and calling their Senator and saying: Do something about it.

We are trying to figure out a way to politically dance that line. There is very little we can do about it tomorrow.

There is a lot we can do about it in 2 to 5 years if we let the world begin to produce again. But we have not made that choice yet.

The President is talking about it. Other people are talking about it at this moment. They are talking about going into the known reserves. But here is also a reality of what has happened. See this declining line right here? Any time you drill into an oilfield, any time you begin to lift crude oil out of that field, you begin to deplete the field. An average oilfield in the world depletes at 5 percent to 7 percent a year. That is the historic natural level that the industry will tell you—you get a depletion rate. If you are depleting at 5 percent to 7 percent a year and the world demand growth is going up at about 1.5 percent, you have a problem if you are not producing more oil to the marketplace. That is where we are today as a world consumer of oil. We are not producing the increased volume necessary to fit the growth of the marketplace. It is really quite simple. We as country are producing increasingly less.

We have 80 billion barrels of reserve out there, we think. At least we know we have 25 or 30 billion barrels of known reserve in ANWR and the Outer Continental Shelf. If we do the new geology, maybe we have 80, maybe we have 120. We don't know it, but we believe it is there. What is the value of drilling it; it is going to take 3 to 5 years? You bet it is going to take 3 to 5 years or more. The problem is today. Yes, we should have thought about it 3 to 5 years ago, but we were all running to look green, running to talk about the environment, wanting to do things we didn't want to do, but we did it because it was good politics. And we were denying the marketplace.

Here is the reality we got ourselves in. We don't control the marketplace anymore. Other nations of the world do control the marketplace. The Saudis control it, and on down the line. Eighty percent of the world's supply of oil out there is controlled by other nations, not companies—not ExxonMobil, not Chevron, not Marathon; they control way less than 10 percent of the total reserves. The rest of the world is now telling America where to go; that is, you go to the market and you buy off the market and we are not going to give you any margin. At the same time, we are denying ourselves production in the marketplace.

Here is what happened. It is a reality that all of us have to face. Oh, we said no California, Oregon, and Washington; we said no down the east coast because it was politically the right thing to do; we said no up around Florida; we said no up here in ANWR in Alaska; and we believe there may be as many as 80 billion barrels of oil. What does 80 billion barrels mean if you can develop it? It means maybe a couple of million barrels a day into the U.S. market and into the world market.

What does that mean? I believe—and I think the market believes—the true

value of oil today based on today's consumption levels is maybe \$85 or \$90 a barrel. But that extra margin on top, that \$40 of margin sitting on top that produces \$130 or \$140 of oil today, is speculation. It is speculation based on a futures market that says in the future, because America is not producing and the world is not producing to that decline chart, because we are not adding that extra 5 or 6 percent a year, out here in 2010 and 2015 that is going to be the real price. We have to secure that for our consumer. So we are going to bet on the future.

Mr. President, 2 billion barrels into the U.S. market, now or 5 years from now, what does it do to the price of oil today? Some futures speculators, some people who buy in the futures market say that if this country commits itself to drilling, if this country commits itself to development in the 2-year to 5-year period, the market will begin to adjust and come down. Why? Because of the belief that we are going to find it out there, we are going to add it to the pool, and we are going to develop that margin of protection, again, that the market historically had against an ever-growing market.

Is this the answer for 30 years from now? Of course, it is not. I have said and others are saying that it is a bridge to the future. It is the reality of where we are today because electric cars are not prevalent in the market. It is a reality of where we are today because hydrogen fuel cells are not in the market. But they are coming. It is a reality of where we are today because we are not producing enough ethanol, both corn-based and cellulosic. There is a huge new wave of technology coming, but it is 3 years out, it is 10 years out, it is 15 years out. What do we do in between? Do we simply turn to our consumers and say: Buck up; pay for the oil. Pay for the gas. Pay \$5. There is nothing we can do about it.

Don't let your politician tell you that, because there is something we can do about it. We can bring on our known reserves. We can open them up to the market. We can let the bidding process go forward, and we can tell the world market that America is going to be producing again, in a timeframe of 3 to 5 years. As a result of that, the speculation will begin to move out of the market because there will be a sense of reality returning to what has been there through the 1970s and the 1980s and the 1990s, and that is additional supply to offset the depletion in the oilfield itself and the demand for about a 1-percent or 1.5-percent growth in the market as these new technologies begin to take hold.

Last year, Senator DORGAN and I passed a provision that we called the DOES Act which said, let's get the scientists out there, use the new geology and find out where the oil is.

Oh, no, we cannot do that. We might find it. And if we find it, we might want to drill it. And if we want to drill it, that is not green, that is not environmentally sound. Even if, as we

know, today's technologies allow us that kind of environmental protection, it was not politically popular to do.

We passed it out of the Senate. Thank you, Senators, for helping us. It was lost in a conference with the House. You see, even a year ago, Congress was in a state of denial, of denial of the reality of the marketplace, of a reality of depletion, of where we were and where we are going to go. So our consumers today are paying more than they have ever paid for energy. They are not happy, and they have every reason to be angry at a Congress that for 10 years at least, or 20, has been in a state of denial, not recognizing the reality of a market that would come home to rest on the price of oil. But it has. And it is today.

I am thinking if there are questions today whether we ought to drill in our known reserves and use all of our environmental tools to be sound, and some are still holding back at \$4.50, what do you do at \$5 a gallon? What do you do when the consumers' frustration turns from anger to fear? Because, you see, fear is a whole new emotion. What if they begin to fear they can no longer afford the home they have, or their food budgets, or the structure and security of their family? What happens when they still have to have energy to move to work, and it is going to cost them more than they have ever dreamed of paying in their lives? I think fear will turn politics in the direction of a marketplace, in the reality of what we can do, whether it is 2 years out or 5 years out.

So to the American consumer who is angry today, and may become fearful tomorrow, e-mail your Congressman, e-mail your Senator, call them. Tell them: Let's get this country back into production. Do it in an environmentally sound way, do it clean, do it right, but do it. Put your money into new technologies. Invest for the future, because oil is not going to be there, and the oil that will be there 10 years from now is going to be a lot more costly, because we have pumped all of the easy, we have reached all of the low-hanging fruit, and that which comes tomorrow will be more expensive because it is deeper, or it is in a sensitive area where we have to be more careful than we have been in the past.

Because we are always going to need some oil, we hope only for transportation, we can do it with electric cars, we can do it with plug-ins, we can do it with all the right kinds of things that begin to turn us away from an oil market.

For those who said Congress has not done anything in that area, we have done some things. We passed the Energy Policy Act of 2005 and the Energy Policy Act of 2007. There was not production of oil in it. Many of us tried to get it in, but we were denied because it was not "politically green correct." But then again, gas was \$2, and now it is \$4, or it is \$4.50; it may soon be \$5,

because the world has awakened to the reality of supply and demand and need. They are going to wrestle for it, and they will wrestle in the marketplace. Those who can pay the highest price are going to get the fuel.

But to the average consumers, middle-class Americans, that will become a great frustration, as it should. They need to make sure they have a Congress that is willing to face the reality of the moment, and say, let us produce. Let us get this country back into production. Let us look at our offshores. Let us look at ANWR. Let us look at where we know the oil is, while we work to find out if there is anymore somewhere else. Let's encourage production here at home, so that not only can we enter the market with more oil, but we can be more secure, because this is a question of security, whether it is security in the home, or whether it is security as a nation.

Politically, this Congress for the last two decades has been doing the wrong thing when it came to petroleum and energy security. We grew increasingly dependent on foreign nations, and as we did, we not only put our Nation at risk, we have now put the energy-consuming American family at risk. We should not be a part of that. We are here to facilitate the possible so the marketplace can do what it can and does very well. Right now the marketplace is squeezing and squeezing hard and competing for the last remaining oil until more oil comes in production.

Here is the last thought of a simple equation. If demand is going up 1.5 percent a year worldwide, and depletion in the existing producing fields is going down at 7 to 8 percent a year, and you are not finding and bringing anymore on line, then the price goes up as the supply goes down. But if you find a little more to add, about 5 percent more annualized, you offset the difference and price stabilizes. That is the way the market works. We do not have control of that as politicians; we can only control access to future supply. That is what we ought to be about as a Senate and as a country.

So e-mail your Senator, write your Congressman, tell them to get going. Let's get this great country of ours back into the business of production so the supply and demand in the marketplace stabilizes and the American consumer can begin to become comfortable with where we are headed in energy policy and their pocketbook.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. BROWN. Mr. President, I ask unanimous consent to address the Senate as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY

Mr. BROWN. Mr. President, the apologists for the oil industry tell us a lot of things in the Chamber. I hear people in the White House, I hear elected officials, I hear people who have been particularly friendly to the oil in-

dustry, campaign contributions, commentators in the media, who tell us a lot of things about why the price of gas has gone up, triple, basically, since President Bush has taken office; triple since the Iraq war began.

The apologists for the oil industry have ascribed no blame to Wall Street speculators. They say the oil industry itself is blameless. They say it is all about the environment, it is all about something most people do not understand.

What they say specifically when they ask a few questions, is: Wouldn't increasing offshore drilling lower gas prices? Wouldn't drilling in the Arctic Refuge lower gas prices? They say: Why can't we build more refineries in the United States? Let's for a moment talk about some of those questions they raise.

First, President Bush's own Energy Department has said that increased drilling offshore would have, in its words, "no significant impact on gas prices until the year 2030." So if we began to drill offshore all the places that some of my friends across the aisle say we should drill, it would make no appreciable difference in the price of gas until 2030, if even then.

Since President Bush has been in office, the Federal Government has nearly tripled the number of permits given to big oil companies to drill for more oil. They have tripled the number of permits. Yet what has happened to gas prices? It has gone from \$1.50 to over \$4, from \$30 a barrel at the beginning of the Iraq war to \$130, \$140 a barrel now. Big oil companies are not drilling for oil in 75 percent of the land the Federal Government has leased to them, both onshore and offshore.

Then they say: Wouldn't drilling in the Arctic National Wildlife Refuge lower gas prices? The President's own Energy Department, again a President of the United States who came out of the oil industry, a Vice President of the United States whose office is across the aisle here, who came out of the oil industry, the President's own Energy Department, full of oil company executives and allies and friends, said a couple of years ago: Drilling in the Arctic National Wildlife Refuge would only reduce gasoline prices by a penny per gallon, and only 20 years from now when drilling is at its peak.

Again, it is one of those arguments they make because they do not want to blame the oil industry, they do not want to blame the speculators on Wall Street who have way more to do with this price jump than anything else.

They say: Why can't we build more refineries in the United States? Well, big oil companies are reducing refinery capacity not because of the Federal Government, they are doing it to increase their profits. An internal memo from Chevron in 1995 said: If the United States petroleum industry does not reduce its refining capacity, does not cut down its refining capacity, it will never see any substantial increase in profits.

In other words, it is in the oil companies' interests to not increase refining capacity. They have the permits to do it. There are no environmental rules stopping them from doing it. They have the permits to do it. It is in their interest to keep refining capacity to refine less so with supply and demand the price goes up. Don't think they haven't thought through that.

The largest five oil refineries in the United States now control over half of domestic oil refinery capacity up from one-third only 10 years ago. This consolidation makes it easier for them to lessen supply, to withhold supplies in order to drive up prices.

If you have looked at oil prices in the last 10 or 20 years, a spike in oil prices always comes as a result of some other incident. It comes from perhaps a fire at a refinery, an outage of a pipeline, Hurricane Katrina, some international incident that causes a disruption in oil supply. That is normally over the years when we have seen a spike in oil prices, of gasoline prices at the pump when something such as that has happened.

None of that has happened in the last couple of years. But it is not one spike, it is not two, it is spike after spike after spike, prices going again from about \$30 a barrel when the President took office, the oil company President, to \$130, \$140 today; \$1.30, \$1.40 at the gas pump, now up to over \$5, as we know.

Pointing fingers in the end gets us nowhere, and saying someone is right, somebody is wrong. The issue is what are we going to do about this. One of the things we should do is to impose a windfall profits tax on oil companies to stop them from gouging consumers at the pump. The Bush Justice Department ought to begin looking at price-fixing issues much more aggressively than they ever have.

The Commodity Futures Trading Commission needs to be more involved in rooting out the speculators who may very well be doing Enron-type speculating to push up the price of oil.

The last time a windfall profits tax was in effect in 1981 to 1988, gas prices were reduced by 45 cents a gallon, oil prices declined by \$20 a barrel, and it generated \$89 billion in revenue.

Most importantly, longer term we need to transform our energy system away from fossil fuels and toward renewable energy. That is clearly the wave of the future. We need to get started sooner rather than later. We on this side of the aisle have tried to take money from the Bush energy bill, some of the subsidies and tax breaks, and use that money to go into alternative energy research and development and do all of the things we need to do.

In closing, over the past 7 years, Enron, BP, and Amaranth were caught redhanded manipulating the price of electricity, propane, and natural gas. Each time they said supply and demand was to blame. Each team the pundits were proven wrong. Excessive speculation, manipulation, and greed were the cause.

The head of OPEC said: The price has nothing to do with a shortage of oil. There is a lot of oil on the market. It is because of speculation. Bart Chilton, one of the Commissioners at the Commodity Futures Trading Commission, said speculation is driving up oil prices as much as 30 percent. We have work to do. It is clear that rather than defending the oil industry and defending Wall Street speculation, it is time this Congress took action, that the President finally decided to be on the side of the driving public and of businesses that are hurt, truckers and others who are hurt so badly by this, as food prices go up, and all of the other things that happen from high energy prices. It is time the President and the Justice Department and the Commodity Futures Trading Commission came down on the side of the public interest and began to do the right thing.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I ask unanimous consent that at the conclusion of my remarks and potential remarks from the Democratic side that the Senator from Alabama, Mr. SESSIONS, be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT REQUEST—MEDICARE 18-MONTH EXTENSION

Mr. KYL. Over the last week on our side, we have listened to some of our colleagues suggest that Republicans have obstructed action on important matters here. I want to ensure that with respect to protecting our seniors through the service of the Medicare physicians who take care of them, that we are able to meet a deadline on the statute which expires at the end of this month to ensure they continue to be paid.

One of my colleagues yesterday said Senate Republicans had refused to give Senate Democrats the opportunity to ensure quality health care for American seniors. Yet following those remarks, the minority leader propounded two unanimous consent agreements which would have permitted us to move forward to consider two bills that would preserve Medicare beneficiaries' access to care.

Mr. DURBIN. Will the Senator yield for a question?

Mr. KYL. I am just about done propounding my request, but I am happy to yield.

Mr. DURBIN. I ask the Senator from Arizona how he voted on the motion for cloture to bring to the floor the Medicare changes which he is now supporting.

Mr. KYL. Mr. President, I am happy to respond to my colleague that our proposal is to move forward with a bipartisan approach rather than the partisan approach which, of course, I opposed. In that regard, I, therefore, suggest that we simply extend existing law, which this Senate overwhelmingly supported just 6 months ago, for an-

other 18 months, a proposal that had been made by the chairman of the Senate Finance Committee that would allow us to solve this problem not in a partisan way but in a bipartisan way.

Therefore, I ask unanimous consent that the Senate proceed to the immediate consideration of a Senate bill which I will send to the desk. It is a clean 18-month extension of the December Medicare bill. I ask unanimous consent that the bill be read a third time and passed, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Is there objection?

Mr. DURBIN. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KYL. Mr. President, might I conclude with a brief remark?

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. I wish to express disappointment. Again, we are trying to simply allow the Senate to move forward, in a bipartisan way, to resolve a problem we all need to resolve. This would extend the existing law for another 18 months, something that had been, in fact, proposed by the chairman of the Senate Finance Committee. I am disappointed we are not able to do this.

Mr. DURBIN. I ask unanimous consent to speak for 2 minutes on this issue and then yield the floor to the Senator from Alabama.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURBIN. Mr. President, we are trying to bring this Medicare issue to the floor for debate. Nine Republicans joined Democrats and said: Let's do it. But it wasn't enough. We are asking to bring it forward for debate. If you have a better idea, put it on the floor and let's vote on it. But for the Republicans to consistently file these filibusters and object to bringing these measures forward to even debate them, and now it is a take it or leave it. The Senator from Arizona has filed, just like the minority leader did yesterday, this political get-well card which says: We will make a unanimous consent request so we are on the record wanting this. Get on the record and vote for bringing it to the floor for debate. Don't be afraid of a debate. Don't be afraid of an amendment. If you have a good idea, put it forward. Let's see if it wins or loses.

Seventy-seven, one after another, and this one is to stop a cut in reimbursement for doctors providing help through Medicare. These doctors need that help. That is why we wanted to bring it to the floor. I beg the Republican side, for goodness sakes, let's act like a Senate. Let's debate. Let's deliberate. Let's vote on amendments. Let's earn our pay one week.

The PRESIDING OFFICER. The Senator from Alabama.

BOEING PROTEST

Mr. SESSIONS. I wish to discuss the Government Accountability Office decision to sustain the Boeing protest of

the KC-X tanker award, which I have followed closely. The Northrop Grumman/EADS proposal would have resulted in a fabulous new construction facility in my home State and would have created thousands of jobs within the United States. I confess that I am disappointed by the decision. I do think it is important that we continue to follow this process and to recognize the appropriate roles of the different Government actors involved.

It is, of course, not the GAO's job to pick aircraft for the Air Force. GAO used to be called the Government Accounting Office. Now it is the Government Accountability Office. It is fundamentally the accounting arm of our Government. As they said themselves when they made this decision in which they found flaws in the process for making this selection:

Our decision should not be read to reflect a view as to the merits of the firms' respective aircraft. Judgments about which offeror will most successfully meet governmental needs is largely reserved for the procuring agencies, subject only to such statutory and regulatory requirements as full and open competition and fairness to potential offerors.

In other words, it is the job of the war fighters, the people who will use this aircraft, the U.S. Air Force and those who benefit from the U.S. Air Force refueling capability, it is for them to make a decision about which aircraft best meets their needs. The GAO has to make sure that all appropriate processes and procedures are followed in doing this. Both the Air Force and DOD have been unequivocal in their statements that they believe the Northrop/EADS aircraft is a superior aircraft for their needs. As Air Force Assistant Secretary Sue Payton said upon announcement of the decision:

Northrop Grumman clearly provided the best value to the government when you take a look at, in accordance with the RFP, the five factors that were important to this decision: in mission capability, in proposal risk, in the area of past performance, in cost price, and in something we call an integrated fleet aerial refueling rating.

They had a complex but serious evaluation procedure that they utilized. Last Tuesday, Pentagon spokesman Geoffrey Morrell said the selection of the Northrop KC-45 "provided our war fighters with the most capable aircraft and the taxpayer [with] the most cost-effective solution to this very real need of replacing the tanker fleet."

The GAO found procedural flaws, according to their analysis, but they have not overturned this fundamental conclusion, the evaluation made by the Air Force personnel. The people who actually have to fly tankers and those who utilize them to refuel at high altitudes and high speeds over the Atlantic, over the Middle East, or wherever in the world, still favored and chose the KC-45.

Still, it is important for the Air Force to consider the GAO's objections and to take them into account. They have 60 days to do so. However, the

GAO also acknowledged it is the Air Force's decision about what final action they are to take. They have not, as some suggested, been ordered to start over again.

My colleague, Senator CANTWELL, whom I recognize represents the State of Washington where this work would be done if Boeing were the winner, had this to say:

The Air Force will have no choice but to rebid this project.

That is not true. That is not an accurate statement, frankly. We need to be sure about how we think about this as we go forward. Even more inaccurately, some of our colleagues have suggested that the GAO's decision means the award should be given to Boeing. Senator BROWNBACK's press release, my good friend from Kansas, who would love to get some of the work in his home State, said that as a result of yesterday's announcement:

This contract should be overturned and awarded to Boeing.

That is not right. They didn't order that at all. There is no basis for that whatsoever.

Congressman NORM DICKS, of Washington, who until recently was telling people he didn't care what the GAO had to say, issued a press release yesterday touting the GAO decision and declaring as a result of it:

I believe the Air Force should set aside the agreement it improperly reached with EADS/Northrop Grumman and we should proceed expeditiously to build the best aircraft—the Boeing KC-767—here at home.

"At home" meaning in his home State of Washington, not in my home State of Alabama.

That is a misreading completely of the GAO's decision and demonstrates a misunderstanding of GAO's role. They analyzed the process. They found some errors, they said. They said nothing about giving any award to the other competitor, Boeing. The military still adheres to its belief, as they noted, as to the superior aircraft.

Some of my colleagues also seem to misunderstand Congress's role in this, or at least to interpret their responsibility to the American military differently than I do. Senator MURRAY announced yesterday:

It is Congress's job to determine whether major defense purchases meet the needs of our war fighters and deserve taxpayer funding.

I tell you, I am a lawyer. I know our Presiding Officer is. Schoolteachers, accountants, veterinarians are not equipped or able, nor do we have the responsibility and the intense interest, to make these kind of decisions that the U.S. Air Force does. They have a long history of aircraft purchasing and managing. They know something about what it is like to refuel in the air, why an aircraft that can fly further and carry far more fuel may be a superior aircraft to one that does not. This is not a political decision to be made by people who spend a few hours looking at it and think they now are capable to

reverse the decision made by the one agency in our Government that will have to live with the result. I believe it is the brave men and women of the Air Force who fly these planes and depend on them who should be making the decisions about their needs and what they think is best. We need to protect that. If they change their mind after this, so be it. But I hope and believe strongly this Congress should encourage the Air Force to consider the objections raised by GAO, to fairly evaluate them, and then to select, without political influence, the best aircraft for the men and women in uniform. That is the way we will serve our country. To politicize this process would be dead wrong, and I object to it. There has been too much of it.

Great progress was made when some of my colleagues including Senator MCCAIN objected when the Appropriations Committee slipped language into an appropriations bill that leased 100 aircraft, \$23 billion, sole source from Boeing. There had been no hearings. It was a sole-source contract for about \$235 million per aircraft to just lease 100 of these aircraft. As a result of these questions that were raised, eventually, one of the top procurement officials, a civilian in the Air Force, went to jail. Members of the leadership of Boeing resigned and investigations were conducted. It was quite a scandal. It was wrong, and it was corrupt. When that was discovered, people went to jail. So what did Congress do then? Congress, in my committee, the Armed Services Committee, had hearings about it. We discussed it. It was raised in the Airland Subcommittee, a subcommittee of which I was a member and that I at one point chaired. We directed and required that the Air Force conduct a competitive bid process for this contract. No more sole-source. You pick the best aircraft in the world to serve our men and women. That is what we directed—no ifs, ands, or buts, no qualifications. Not one amendment was offered to object. Everybody knew at the time there were two major aircraft-producing companies—only two—that could compete: Boeing and the Northrop Grumman-EADS team. So we ordered a bid.

We have all kinds of joint operations—the Joint Strike Fighter, where parts come from European and American sources. We and our European allies have come together to make the Joint Strike Fighter.

So we said we are going to bid this. The question came up during the debate: Well, is this just a joke? Is this just a game? Is it going to be a real, fair bid? Will everybody get a fair chance?

I remember I asked them: Is this going to be a political decision? Aren't you required to do it on the merits? They assured me they would do it on the merits.

As part of the bidding process, the Air Force produced and released a request for proposal. It is a detailed

statement of what the Air Force is looking for. They request the bidders—in this case, there were just two—to respond to that request for proposal. They also allowed the bidders an opportunity to make suggestions and criticisms about the proposal. Otherwise, it would go out as proposed by the Air Force.

The Boeing team made no official or formal objections, no written complaints about the details of that proposal. They did not request certain WTO provisions that might tilt the scales away from what is the best aircraft or not the best aircraft. They agreed to proceed under that process.

The Air Force believed they had the most open process in their history of any major contract of this kind. They were required to follow their procedures, and it is easy to make a mistake. So maybe they made some mistakes. Maybe they have a perfectly good explanation for some of the criticism GAO has raised. But that is where we are today. They found some procedural flaws. But I have to tell you, the GAO did not say it was time for a bunch of politicians, a bunch of lawyers, accountants, prosecutors, school teachers, to start picking which is the best plane available to the Air Force. We should not be substituting our judgments for those of the military.

So I am sorry we did not get a firm confirmation on this process. I fully acknowledge the Air Force will need to review the complaints that have been made. I hope they will move forward with the process quickly because it is a critical need. This Nation is really 8 or 9 years behind our timeline to get started with producing the aircraft. It is the No. 1 procurement priority for the U.S. Air Force. Many of the planes are 50 years old. I saw one being refurbished with a serial number of 1960 not long ago. The cost of operating these aircraft is rising.

I hope we can work through this process and make sure each bidder has a fair opportunity to bid. It is critically important that the Air Force treat all bidders fairly, that politics not interfere with the process, and that they select the best aircraft for the military.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I want to get back to the issue before us, the housing crisis. I thank Senators DODD and SHELBY for working so hard to reach compromise.

Here is where we are. I believe if you look at this recession many of our States are in—and there is an argument as to whether we are in this recession nationally—we know where it is coming from. The housing crisis is certainly a root cause. The speculation in the futures market, in oil, is definitely a root cause. We need to address both of those issues. That is why on this side of the aisle we had a very good package of bills to go after the

speculators, to go after the manipulators of gas prices.

We will keep coming back until our colleagues recognize they can talk about drilling off the coast in pristine areas all they want—the truth is, the American people will see through that. Even if we were to do it—and I think it would be a disaster for our economy because those areas are dependent on a pristine coast—you are not going to see any impact on gas prices until 2030.

So what we need to do on the gas-price front is to confront the people who are speculating. We have heard numbers of up to about a third of the price of a barrel of oil being associated with the speculation. I also signed on to a letter. I thank Senator FRANK LAUTENBERG for his leadership. Eleven of us signed it, saying to the President that he should file a complaint with the World Trade Organization against OPEC for withholding supply. So there is a lot we can do. The President today could call for a quick investigation through the FTC, the Federal Trade Commission, on collusion and so on. But that is not happening. So at least we are, today, doing something very important, which is coming together, hopefully, to pass a bill that will deal with this housing crisis.

Look, I know I have talked to Senators DODD and SHELBY. In my State, we have a big problem. I am going to show you a little later with a chart where we are with foreclosures. So, of course, I would have liked to have seen even a stronger bill. But I know how hard it was for Senators DODD and SHELBY. Each had his own ideas of what had to be done. They came together, and I support what they have done.

I stood before the Senate about 2 months ago when we took up an earlier version of the bill, and I spoke about how California had more than triple the number of foreclosure filings in 2007 than in 2006. I am very sad to report that the situation is even worse today. I want to share with you what we see.

Foreclosure filings in California have skyrocketed over the last 41 months, rising from under 6,000 in January 2005 to 72,000 foreclosure filings in May—the highest monthly number yet and nearly double the number of a year ago. Last month alone, 1 in every 183 California households received a foreclosure filing—a rate that was 2.6 times the national average. Imagine, 1 in every 183 California households received a foreclosure filing—2.6 times the national average. As you can see—and this will go to the next chart; and I say to Senator DODD, I hope you have a minute to check this out—7 of the top 10 and 11 of the top 20 metropolitan areas with the highest foreclosure activity in the country are in California. This is where we are in California. Mr. President, 11 of the top 20 metropolitan areas with the most foreclosure filings in May are in my State. You see Stockton is No. 1, Merced is No. 3, and Modesto is No. 4—and it goes on.

This bill takes some important steps to address the crisis. It provides funds to purchase and maintain foreclosed homes, to prevent the cycle of blight from further lowering home values. It provides \$4 billion for neighborhood stabilization through community development block grants for localities.

As a former county supervisor—that goes back a ways, but I well remember that the health of the neighborhoods depended on the homeowners. When the homeowners disappear because they cannot sell their home or they foreclosed on a home, the whole neighborhood begins to wither. This is a problem. So I believe this \$4 billion that will go to revitalize our neighborhoods and stabilize them is very important.

It provides \$150 million in additional funding for housing counselors. I held many open meetings throughout my State on this crisis, and the crying need was for housing counselors because somebody has to find out with whom they have their mortgage. Maybe it has changed four times. Maybe the mortgage was securitized. They do not have anyone to contact. We need these counselors to be on their side.

That funding in this bill will help as many as 250,000 more families work with their mortgage servicer or lender to find a way to keep their home. I know when you get people around the table who really know what is happening, we can solve a lot of these problems.

Third, the bill creates the HOPE for Homeowners Act, which authorizes \$300 billion in FHA-backed loans to help families stay in their homes—at no cost to American taxpayers because of the way this will work.

These are all vital steps.

My big concern goes to the issue of the Nation's high-cost areas, of which California is one. We see there is a permanent increase in the loan limits for Fannie, Freddie, and FHA, but they are not as high as what was in the stimulus package. Although it is \$625,000—it is a step in the right direction—we really should go back to the \$729,000 we had under the economic stimulus package.

The loan limit for participation in the HOPE for Homeowners Program is set at \$550,000. Given the concentration of foreclosures in high-cost areas, a higher loan limit for this program is essential.

I know this was an issue for Senator SHELBY, but I want to point out that in his State, I think the average price of a home is about \$130,000—the average median home price—\$130,000. That is way under other areas, particularly areas such as Florida, California, and Nevada.

Mr. President, I ask unanimous consent to have printed in the RECORD the States that would benefit from the higher loan limit.

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

STATES BENEFITING FROM HIGHER LOAN LIMITS

Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho.

Massachusetts, Maryland, North Carolina, New Hampshire, New Jersey, New Mexico, New York, Nevada, Ohio, Oregon.

Pennsylvania, Rhode Island, Tennessee, Utah, Virginia, Washington, West Virginia, Wyoming.

Mrs. BOXER. Mr. President, there are 28 States here. Believe me when I say, if we stick with the lower limits, a lot of people are not going to get the benefit. We are talking really about 97 million Americans who would be adversely impacted by the fact that we did not have a higher limit here. In California, 21 million people—more than half the State's population—live in 1 of 14 counties that have a median price so high, they do qualify for the higher \$729,000 loan limits.

So I say to my friend, Senator SHELBY, please remember that borrowers in his State will have access to affordable mortgages, for loans well over 300 percent above the median home price. So Senator SHELBY's State is taken care of. But the States on this list, including California, Connecticut, Florida, Georgia, Hawaii, and Massachusetts—I could read this list—they are going to be in trouble with these lower limits.

Again, my State has 11 of the top 20 metropolitan areas in the country with the most foreclosure filings. Going back to this chart, I want to show Senator DODD what has happened here. We just keep going up in foreclosures. Now 1 in every 183 households has received a foreclosure notice in California. This is very serious. That is just in May.

This is why I am so pleased, I say to Senator DODD, you and Senator SHELBY were able to get as far as you did get. And you did get pretty far. You are doing some very important work here.

The dream of home ownership exists in every corner of America. I will tell my colleagues, I grew up in a family who never owned a home. We didn't own a home when I was growing up. We couldn't do it. But when I got married and I was able to save the money and get my first home, it was a moment I will never forget, the first day in that home, and I owned it for 40 years. I literally kissed the walls when I moved in. I raised my kids there. That home provided the stability for our family, and it provided the wherewithal for us to be able to get funds, refinance the house, fix it up. It grew along with our family. It was a wonderful investment for us. I want that for all Americans.

I don't want to help people who speculated. This bill doesn't do that. This has to be a home owner. I don't want to help people who thought they would make a quick buck. That is not what this bill is about. This bill is about preserving home ownership, helping communities.

I have to say, I know there is a lot of politics that is being played. This is a political year. But we have to set aside our partisan differences. There are Re-

publicans who are having trouble staying in their homes, and there are Democrats who are having trouble staying in their homes. So we need to set aside our differences.

In this bill we also help with the low-income housing tax credit. So the changes in this bill are long overdue, and they are critically needed now. So no bill is perfect for any one of us. Each of us would have written it better for our own State. I indicated why it needs to be made stronger for my State. But am I going to support it? Yes, I am, because certainly it is moving in the right direction.

I thank Senator DODD again for the work he has put into this bill. We need it so badly in our State. I know how hard it was for him. I am happy to yield to him for a question.

Mr. DODD. I wish to thank our colleague from California. She is absolutely correct. Arizona, Nevada, Florida—there are States that are being affected, but no State is paying the price as much as California. It is the epicenter of this problem for many reasons.

Earlier this morning, I highlighted the growing problem, as the Senator from California has done with her charts. We are now averaging on a daily basis, I say to my colleague from California, 8,427 foreclosure filings in the country every single day. That is up almost—somewhere in the area of 1,000 more than it was 2 months ago when it was up to 7,500 or in that range. Now we are getting close to 9,000 every day for foreclosure filings.

The estimates are that when you get the resets that will be occurring on these adjustable rate mortgages coming in July or shortly after July, we will face another tidal wave of foreclosures coming. So the Senator's numbers, as bad as they are today, will be worse, quite candidly. So every day we wait, every day there is a delay, it is going to cost us dearly.

I can't guarantee our bill is going to solve every problem. All I can tell my colleagues is what we have done is listen to very good people. We have held 50 different hearings over the last number of months listening to people from the American Heritage Foundation, the Consumer Federation of America, and they all have come to this conclusion. So when people start telling me this is written for some special interest, believe me, if you have been to the 50 hearings and listened to people talk about this idea—one that we actually tried once before; a very similar idea back in the early part of the 20th century during the Great Depression is the last time we had a crisis such as this and it worked, and it made a difference in the lives of people and families.

I listened to the Senator's personal story, which is very moving. But what a difference there is today in our country that we have been able to make housing and home ownership available to so many more people and to watch it happen, and now watch this fall apart

and what it does to neighborhoods and families and communities. There is nothing more stabilizing than the idea of having an equity interest in where you live.

So this is an issue that has far broader implications than just housing, but it is at the heart of who we are and the dreams that people have in this country. So it is very important we get this done. I thank the Senator immensely for her comments, as well as the data which she is supplying to reinforce this bill.

Mrs. BOXER. Mr. President, this list of 20 States—and I see my friend from Florida is going to speak—of course, is included in here. These are the States. It is 28 States—27 plus DC, to be exact—where we have very high-cost housing. We are very grateful that Senator SHELBY agreed to go over \$600,000. Believe me, we need a little more boost. But we have to do this. We have to get it done.

I guess the reason I wanted to speak today is to not only thank Senator DODD and Senator SHELBY for bridging the partisan divide, but to say we cannot play politics with this subject matter. This isn't about some ideological issue; this is about people being thrown out of their castles—their home—and thrown into the moat, and it is about communities that then begin to wither. It is about local governments that begin to struggle. It is about crime rates that begin to go up. It is about dreams that are dashed and consumer confidence that goes down the tubes at a time when we are fighting off a broad recession and unemployment.

So I just hope—I don't know where this will lead. We haven't had much success in the past couple of weeks getting anything done around here. But I am hopeful that because all of us are hit by this that we will set aside the politics in this political year, we will leave it at the door, and for a few shining moments come together and get this thing going because I have read this bill. Would I have written it better? Yes. Would Senator DODD have changed it? Yes. Would Senator MARTINEZ? Absolutely. All of us would have done it our way. Senator SALAZAR would have done it his way.

We, Senator DODD and Senator SHELBY, have done some important things in this bill, and some things that are very straightforward. What impresses me the most is that they did build on the success of a program that America used years ago and wound up not costing any money. We actually make some money for the taxpayers. So this is a tried-and-true idea, and we need to try it again, just getting those counselors out there to sit down with the parties and find a person to talk to.

I was just saying while Senator DODD was in the cloakroom that I had five hearings myself around the State, and my staff did, and one of the biggest problems was that some people couldn't find out who to talk to. So when you have a counselor who has

that expertise, one out of two times, they told us, they solved the problem. So thank you again. I will be supporting this bill.

I would just say to my colleagues who aren't here, but to any within the sound of my voice, any amendments that will further this and make this a better bill, great. But if they are nasty, "let's try to score political points" amendments, I hope we will all have the courage to say no to those.

I yield the floor.

Mr. DODD. Mr. President, I ask unanimous consent that at the conclusion of the remarks by our colleague from Florida, Senator MARTINEZ, Senator SCHUMER be recognized.

THE PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Florida is recognized.

Mr. MARTINEZ. Mr. President, I wish to thank the Senator from California for her comments and concern. I wish to add my thanks on behalf of my constituents in the State of Florida to Chairman DODD and to Senator SHELBY for being the architects of this very fine bill that attempts to put a floor on what is a downward spiral that we are seeing of home prices and ever-increasing foreclosures.

The National Association of Homebuilders tells us that every week another 47,000 homeowners are going into foreclosure. That is a tragic figure, as the Senator from California was saying. I can recall during the past decade when each and every day we could see increasing numbers of Americans who were becoming homeowners, increasing percentages, particularly among minority families—African American and Hispanic families—who were tasting and grasping that dream of home ownership, and now we are seeing that dream erode and dissipate. If we can do something, if we can respond, then we must.

This bill attempts to do that in a very measured way—in an imperfect way, but in a way that I think moves us forward and allows the American homeowner to begin to feel a sense that they are getting a floor under them, and it allows the housing economy, which is so important to a State such as Florida—we begin to feel as if we are getting a little footing going.

There are some tragic stories of how we got here. There are a number of things that have happened in the lending world that highlight the problem. In one situation, a gentleman from Ruskin, FL, was approved for a \$280,000 home despite the fact that he was making \$12.50 an hour with a lumber company in Bradenton. Without his knowledge, the mortgage originator listed his annual income at \$60,000 a year in order for him to qualify for the loan. Five months later, after moving into his new home, he defaulted on his subprime mortgage, depleted his savings, and now has a black mark on his credit and no home. His story is just one of many.

These stories are all over the country. There may be some parts of America that are untouched by this crisis, but I will tell my colleagues that Florida has been hit, and Florida has been hit hard. That is why I am so grateful this bill is finally on the Senate floor and that we are moving forward to act on it.

I agree with the Senator from California. We need to put partisanship aside and ideology aside. This is about getting something good done for the American people. If someone thinks they can make the bill better, that is why we have an open amendment process with amendments that are germane to housing, and that is how we should keep it. Let's hear your ideas.

Knowingly filling in false information is a crime, and it brings to light some of the flaws that we have had in our financial system, in our mortgage system. So this bill represents a good-faith, bipartisan effort to address this ongoing crisis.

There is help for America's struggling homeowners, there is reform of major Federal programs, and there are new ideas to help ensure that we don't find ourselves in a similar situation somewhere in the future. So I wish to thank Senator DODD, Senator SHELBY, as well as Senator BAUCUS and Senator GRASSLEY for working together on a package that I hope will have strong bipartisan support from the Members of the Senate.

One of the most important provisions to me in this package is regulatory reform of the government-sponsored enterprises. These are little-known entities—I came to know them in depth while I was at HUD—Fannie Mae and Freddie Mac and the Federal Home Loan Banks. They play an immense and critical role in our Nation's housing finance industry. They have to be strengthened. They have to be safeguarded. They are a treasure.

One of the questions that I always would be asked when visiting with foreign dignitaries as HUD Secretary was, How do you set up the government-sponsored enterprises? How can we replicate them in our country? So they are a national treasure, but all is not well.

It is important to note that when they have reached the point where they are financing more than 80 percent of all mortgages in the United States, which is up from 40 percent a year ago, and when we see that from time to time there has been some trouble in these entities, it is time for us to have a stronger and more forceful regulator.

GSEs have been a key to the stability and the liquidity of the mortgage market, but they are stretched. Both Fannie and Freddie continue to have financial and operational issues that heighten the need for strengthened oversight. As GSEs take on more risk, as Congress has allowed them to do, we have an obligation—and by the way, I believe it was appropriate to do that, but now we have an obligation since we

did that to ensure they continue to fulfill their public mission in a safe and sound manner. GSEs have an obligation of more than \$6 trillion in debt and securities. If their risks are not managed properly, or if market movements turn dramatically against them, the Federal Government could face a very serious situation. So we owe it to the American taxpayer—our constituents—who would be on the line in the event of a failure, to enact meaningful, comprehensive reform legislation.

A strengthened regulator is in everyone's best interests: The administration, the Congress, Wall Street, investors worldwide, and, most importantly, the American home buyer. I believe by strengthening this regulator that we will create a greater level of confidence in investors at a time when more capital and more liquidity is needed in these troubled financial times.

The importance of Fannie Mae and Freddie Mac in the housing financial system is simply undeniable. Real reform is necessary to ensure that the public understands these two companies can continue to make low-cost mortgage financing available to low- and moderate-income families. But we also have to do more than help temper the current situation. We have to ensure we don't find ourselves back here facing the same issues again in the future that we are facing today.

That is why Senator DODD and Senator FEINSTEIN and I have worked hard on an amendment which was accepted in committee—the Safe Mortgage Licensing Act—that addresses the loose patchwork of State regulation of residential mortgage loan originators. Our amendment is included in the provisions of title V, which is included in this package. It would help eliminate bad actors from the mortgage business.

I should say most mortgage brokers are decent, honorable people trying to do a good job each and every day, but there have been some bad players and bad actors in this arena. The act would create a national registry database and require brokers and lenders to meet minimum national standards which ensure that they are professional, competent, and trustworthy. Strong licensing standards for mortgage brokers and lenders are an important part of protecting consumers and restoring confidence in the marketplace.

There is another important component of this package, and that is the reform of the Federal Housing Administration, or the FHA. Congress created FHA in 1934 to help spur the housing market and increase home ownership. It was in another time when we were in a troubled financial situation.

It was after the Great Depression. It was one of the vehicles that moved America, particularly after the Second World War, into an ownership society. Instead of governmental loans or subsidies, borrowers purchased FHA mortgage insurance. Since the insurance mitigates a lender's risk, a lender can offer competitive mortgage terms to

borrowers who may have thin or imperfect credit, or little cash on hand.

Over the past 72 years, FHA has been a mortgage industry leader, helping over 34 million Americans become homeowners at no cost to the taxpayers.

I should add, in my own family, as an immigrant family, when my parents had only been here a little over 2 years, we grasped the American dream and owned our first home in America. It was insured and financed with an FHA-insured loan. I had no idea what it was at that time. All I knew was that it was an FHA loan that allowed us, with a very small downpayment, to get a 30-year fixed mortgage so we could begin to live the American dream. That is the historic role FHA has played throughout our Nation's history since 1934. It can play that role again today.

Prior to the FHA program, home buyers were required to have downpayments of as much as 50 percent of the purchase price. That is still true in many parts of the world today. In those places where ownership is still a distant dream, that is what it takes.

Financing consisted of 5-year interest-only mortgages. FHA made the low downpayment, 30-year fixed rate, self-amortizing loan the standard product in the United States. Unfortunately, in recent years, while the mortgage industry adapted to changes in the marketplace, FHA stayed the same, leaving a large number of home buyers with no option but higher cost, higher risk mortgages.

I remember when I was at HUD, each and every statistic we would get would show an ever-dwindling market share for FHA of all the mortgages being originated. For many minority and low-income first-time home buyers, the private market provided access to mortgage financing, but too often at excessive costs. We know today that the dream of home ownership has turned into a nightmare for too many Americans.

I have no doubt that many of the individuals in financial trouble today could have received lower cost loans with the help of the FHA, especially if the program had the flexibility to change with the marketplace.

The FHA reform provision included in this package will make much needed programmatic improvements, allow FHA to insure larger loans, and give FHA more pricing flexibility. These reforms will empower FHA to reach more families needing help—first-time home buyers, minorities, and those with low and moderate income.

With this legislation, we have built an even better program that complements conventional mortgage products and allows FHA to continue to serve hard-working, creditworthy Americans. This housing bill will go a long way in helping those suffering in the short term, and ensure our housing economy regains its strength in the long term.

Some of the detractors have said this FHA program will be some sort of a

bailout to one mortgage company or another. The fact is this is a program here to help individuals. We should not get distracted with side issues. The fact is this program is inclined to help those families while, at the same time, working with the financial institutions. What we have today is—if we could create a situation where the home buyer could refinance, and where the bank doesn't have to go through with foreclosure—the bank doesn't want a house, they want a payment. They don't want to foreclose on the homeowner. If we could do all of this by using FHA, wouldn't that be a good thing? And then the bonus or the desert on top of that good deal is the fact that we can now do this by utilizing the resources of Fannie Mae and Freddie Mac as a backup, creating this fund that will be there to help home buyers in the future. Today, in this moment, it is going to be there to safeguard and backstop the FHA program, to ensure that the taxpayers are not on the hook, but that homeowners are given a second chance to have a mortgage they can now afford, with the financial institutions taking a haircut. They will be taking a loss. This is no bailout. They will take a loss. Then the home buyer will have a mortgage that is more in keeping with today's market prices. This is a win-win situation that I am delighted we have been able to see come through in this housing bill.

I conclude by extending my thanks to Chairman DODD and Ranking Member SHELBY. I particularly thank the chairman for his courtesies throughout the process in that I have been given an opportunity to make an impact on a couple of issues relating to mortgage brokers, and so forth. I look forward to being of help in any way I can in the process of making this bill become a reality.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, I return that compliment. To have a former Secretary of HUD as a member of the Banking Committee is a pretty good asset. When we talk about these issues, to have someone who ran that agency and knows these programs as intimately as Senator MEL MARTINEZ has been a great asset for the committee in developing this product. I will say this publicly. I am deeply grateful to him. Senator SHELBY is, as well, as are all of the members of the committee.

We have had an active and involved committee. The 21 members of the committee have been deeply engaged in this debate over the last year and a half, or more, as we have had some 50 hearings—most of which have been related to the subject matter—to gather the best information and advice we could get in developing the product we have here. The Senator from Florida has been a key element in doing that.

Mr. MARTINEZ. Mr. President, I thank the chairman. I have heard in recent days that this bill hasn't been seen, read, and that somehow there is

mystery surrounding this bill. It has been through the committee process. There have been a number of hearings, as the chairman has discussed, on each of the components of this bill. We have had great testimony from all of the financial minds in this country. It is a bill that passed committee with a bipartisan vote of 19 to 2. There is no real mystery here. I realize minor changes have been made in the last couple of days. This is an open process. I hope we are not sidetracked with side issues having nothing to do with what is at stake—America's families who are hurting.

Mr. DODD. Mr. President, Senator SCHUMER was, by consent, supposed to follow Senator MARTINEZ, but the Senator had to attend another meeting. Let me ask my colleague, how long is my colleague from New Hampshire going to be?

Mr. SUNUNU. Four minutes.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

AMENDMENT NO. 4999 TO AMENDMENT NO. 4983

Mr. SUNUNU. Mr. President, I rise to offer an amendment. I ask unanimous consent that the pending amendment be set aside and that my amendment No. 4999 be called up.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Hampshire [Mr. SUNUNU] proposes an amendment numbered 4999 to amendment No. 4983.

The amendment is as follows:

(Purpose: To amend the United States Housing Act of 1937 to exempt qualified public housing agencies from the requirement of preparing an annual public housing agency plan)

At the end of Division B, insert the following:

TITLE VII—SMALL PUBLIC HOUSING AUTHORITIES PAPERWORK REDUCTION ACT

SEC. 2701. SHORT TITLE.

This title may be cited as the "Small Public Housing Authorities Paperwork Reduction Act".

SEC. 2702. PUBLIC HOUSING AGENCY PLANS FOR CERTAIN QUALIFIED PUBLIC HOUSING AGENCIES.

(a) IN GENERAL.—Section 5A(b) of the United States Housing Act of 1937 (42 U.S.C. 1437c-1(b)) is amended by adding at the end the following:

"(3) EXEMPTION OF CERTAIN PHAS FROM FILING REQUIREMENT.—

"(A) IN GENERAL.—Notwithstanding paragraph (1) or any other provision of this Act—

(i) the requirement under paragraph (1) shall not apply to any qualified public housing agency; and

(ii) except as provided in subsection (e)(4)(B), any reference in this section or any other provision of law to a 'public housing agency' shall not be considered to refer to any qualified public housing agency, to the extent such reference applies to the requirement to submit an annual public housing agency plan under this sub-section.

"(B) CIVIL RIGHTS CERTIFICATION.—Notwithstanding that qualified public housing agencies are exempt under subparagraph (A) from

the requirement under this section to prepare and submit an annual public housing plan, each qualified public housing agency shall, on an annual basis, make the certification described in paragraph (16) of subsection (d), except that for purposes of such qualified public housing agencies, such paragraph shall be applied by substituting 'the public housing program of the agency' for 'the public housing agency plan'.

“(C) DEFINITION.—For purposes of this section, the term ‘qualified public housing agency’ means a public housing agency that meets the following requirements:

“(i) The sum of (I) the number of public housing dwelling units administered by the agency, and (II) the number of vouchers under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) administered by the agency, is 750 or fewer.

“(ii) The agency is not designated under section 6(j)(2) as a troubled public housing agency.”.

(b) RESIDENT PARTICIPATION.—Section 5A of the United States Housing Act of 1937 (42 U.S.C. 1437c-1) is amended—

(1) in subsection (e), by inserting after paragraph (3) the following:

“(4) QUALIFIED PUBLIC HOUSING AGENCIES.—

(A) IN GENERAL.—Except as provided in subparagraph (B), nothing in this section may be construed to exempt a qualified public housing agency from the requirement under paragraph (1) to establish 1 or more resident advisory boards. Notwithstanding that qualified public housing agencies are exempt under subsection (b)(3)(A) from the requirement under this section to prepare and submit an annual public housing plan, each qualified public housing agency shall consult with, and consider the recommendations of the resident advisory boards for the agency, at the annual public hearing required under subsection (f)(5), regarding any changes to the goals, objectives, and policies of that agency.

“(B) APPLICABILITY OF WAIVER AUTHORITY.—Paragraph (3) shall apply to qualified public housing agencies, except that for purposes of such qualified public housing agencies, subparagraph (B) of such paragraph shall be applied by substituting ‘the functions described in the second sentence of paragraph (4)(A)’ for ‘the functions described in paragraph (2)’.

“(f) PUBLIC HEARINGS.—” and

(2) in subsection (f) (as so designated by the amendment made by paragraph (1)), by adding at the end the following:

“(5) QUALIFIED PUBLIC HOUSING AGENCIES.—

“(A) REQUIREMENT.—Notwithstanding that qualified public housing agencies are exempt under subsection (b)(3)(A) from the requirement under this section to conduct a public hearing regarding the annual public housing plan of the agency, each qualified public housing agency shall annually conduct a public hearing—

“(i) to discuss any changes to the goals, objectives, and policies of the agency; and

“(ii) to invite public comment regarding such changes.

(B) AVAILABILITY OF INFORMATION AND NOTICE.—Not later than 45 days before the date of any hearing described in subparagraph (A), a qualified public housing agency shall—

“(i) make all information relevant to the hearing and any determinations of the agency regarding changes to the goals, objectives, and policies of the agency to be considered at the hearing available for inspection by the public at the principal office of the public housing agency during normal business hours; and

“(ii) publish a notice informing the public that—

“(I) the information is available as required under clause (i); and

“(II) a public hearing under subparagraph (A) will be conducted.”.

Mr. SUNUNU. Mr. President, my amendment deals with affordable housing. This is a very large and complex piece of legislation. I know the members of the Banking Committee and the chairman and ranking member worked hard on this legislation. It deals with a number of government-sponsored enterprises that the Senator from Florida spoke about—the housing trust fund, tax credits to try to deal with housing inventories, and the affordability of housing.

I offer this amendment that addresses affordable housing in a slightly different venue, and that is the affordable housing supported and provided by housing authorities all over America.

My amendment reaches out to those housing authorities to help them do their job better, by reducing the amount of paperwork they have to deal with in doing their job of providing affordable and safe housing to people across America. We look especially at the smallest of the housing authorities, the ones that don't have enormous staff, or support groups, or an employment base to help deal with all of the Federal regulations we put on them.

This amendment says to the smallest housing authorities in the country, those with 750 or fewer housing units or vouchers that they manage, if you do a good job and are among the highest performers, not troubled, get the job done, perform well, and pass all of the HUD audits, you won't have to be required to submit a formal plan every single year. You still have to provide a 5-year plan, and you still have to meet all of the civil rights laws in compliance under HUD. But we take away that administrative burden of having to put together a plan every single year. That makes a difference and enables them to focus on their mission, reduce costs and their overhead, but at the same time leaves in place the core requirements that they continue to fulfill that mission effectively and comply with all of the requirements of HUD.

This is something that is strongly supported by the National Association of Housing and Redevelopment Officials. I worked closely with them in crafting this language, and I worked closely with the staff on the Banking Committee in crafting this language. They provided a good number of recommendations and suggestions.

Unfortunately, we have not had many vehicles dealing with housing to come before the Senate. That is why I think it is especially appropriate that we try to address this and take care of it now, before the Senate is consumed by other issues in the months ahead. We have a great opportunity to take a common sense step that is supported by housing authorities across the country.

I ask my colleagues to support this amendment.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. CARPER. Mr. President, yesterday I was here on the floor and I shared with my colleagues news about work that Senator VOINOVICH and I and others have done to reduce the diesel emissions that come from the approximately 11 million diesel engines across the country, causing tens of thousands of premature deaths from asthma and cancer and other diseases because of those emissions. I talked about how a number of us working together, Democrats and Republicans, in the Senate and in the House, cobbled together legislation that would have a positive affect in reducing the health threats from these emissions.

Today we bring up for consideration another piece of legislation. It is not designed to save lives, but it is designed to make the quality of life better for people in this country, to make sure people who might otherwise not have a decent place to live, might lose their home in which they now live, or they might have a chance to retain that home, or maybe to obtain a home they never otherwise would have had.

One of the things I like especially about this legislation is it was developed in the same bipartisan way that Senator VOINOVICH and I worked on the Diesel Emission Reductions Act. We have legislation here that the chairman of the committee, Senator SHELBY, their staffs, and our staffs have worked on for months to bring to fruition. Also, it involves the great and important input of the administration, the Federal Reserve, and other bank regulators.

If you go back about 2 months ago, in April of this year, the Senate passed what we call the Foreclosure Prevention Act of 2008. At the time, I spoke on the floor about how that legislation was, as I described it, the third act of a four-act play that would hopefully begin to bring economic recovery following this mortgage meltdown.

From time to time in this country, our economy goes through a bubble of one sort or the other. Before another one happens, we have to go maybe 10 years. We experienced the telecom bubble during which the market soared, and not for any good reason—maybe irrational exuberance. Eventually, the values plummeted down to something more reasonable. We went through the housing bubble, where the housing has gone up, and it is hard to explain it as anything but irrational exuberance. That bubble has now collapsed, and we are looking for the bottom and for the market to stabilize property values. We are trying to make sure we get to the bottom quickly, that we maintain the banking system, that we help neighborhoods where there are foreclosed homes, which creates a blight in the community, and to try to ensure that people in an upside-down mortgage situation, where the cost of the mortgage is higher than the value of the home, don't walk away from their homes and create a further blight in their communities.

I have a couple of charts I want to show, you if I may. This refers to the four-act play. Act I stars the Federal Reserve, Ben Bernanke and the folks he works with. Act II, the stimulus package we took up and debated here earlier this year; act III, the Foreclosure Prevention Act that we passed about 2 months ago here in the Senate by a very wide margin; and act IV is legislation that has been reported out of the Banking Committee, I want to say by about an 18-to-2 vote a month or so ago, under the leadership of Senators DODD and SHELBY. Among other things, that provides for a strong, independent regulator for Fannie Mae and Freddie Mac, which are heavily involved in making it possible for people to become homeowners, and also addresses the issue we are having now where the mortgage of a home is greater than the value of the home for which the mortgage is held. So that is the four-act play, and I want to maybe talk about each of those and a couple of them in more detail.

I have been around for a while. In talking about act I, I have never seen the Federal Reserve do the kinds of extraordinary things they have done this year to help us avoid a recession, or if we are to have one, to make sure it is shallow: dramatic moves in reducing the Fed's fund rate; encouraging or taking away the stigma for financial institutions, commercial banks, as well as noncommercial banks, investment banks, to use the discount window; serving as the marriage maker, if you will, between JPMorgan Chase and Bear Stearns as it was about to go down to ensure it didn't fail—just a whole series of extraordinary things—swapping out mortgage-backed securities that banks are holding that are highly illiquid and exchanging in place highly liquid U.S. Treasuries. Those are all things the Fed has done. We have seen them do one or two of those during the course of an economic cycle, but to see all four or five steps within a span of a couple of months is extraordinary, and I give them high marks for what they have done in act I.

Act II was the action taken by the Congress to pass the economic stimulus package earlier this year. While the economic stimulus package was not perfect, probably not the one the Presiding Officer or I would have designed, it was, to its credit, targeted, it was timely, and it is temporary. Right now, it is helping to bolster our economy, and we expect it to add maybe 1 to 1½ percentage points to our gross domestic product.

Act III was the Foreclosure Prevention Act that we passed back in April by an overwhelming majority. I think it passed something like 84 to 12. That bill included a number of important provisions, including making sure more counselors are available to help folks who are sliding into a tough spot, maybe thinking about walking away from their homes, going into foreclosure and losing their homes. We

said: We are going to make sure, by allocating \$100 million, there are enough trained counselors out there to truly respond to people who need help. So that was part of that legislation. In that legislation, we also helped local communities deal with properties that were foreclosed on or abandoned.

We took the Federal Housing Administration, FHA, which has been around for 75 years, and we made it relevant, if you will, for the 21st century. If you go back 5 or 6 years, something like 15 to 20 percent of mortgages in this country were FHA guaranteed. FHA was created to help first-time home buyers become homeowners and to help folks who had marginal credit strength become homeowners as well. In the last year or so, we didn't have 15 or 20 percent of the mortgages being FHA guaranteed or insured mortgages but maybe 5 percent. What has happened in recent years is people who would maybe at one time have used FHA to become a homeowner instead ended up relying on these exotic adjustable rate mortgages—maybe no downpayment, low interest, or teaser rates to begin with and which balloon up to much higher rates which are hard to get out of, and they then get stuck there and it is difficult to refinance out of. We want to make sure people don't buy their homes with those kinds of financing vehicles and they go back to the plain-vanilla or FHA insured mortgages, 30-year fixed-rate mortgages in many instances. The legislation we passed 2 months ago does just that for the FHA.

Act IV is our effort that is currently underway here today to permanently overhaul the regulation of our government-sponsored enterprises, Fannie Mae and Freddie Mac, which are heavily involved—and I will explain in a minute just how they are heavily involved—in making it possible for people to own their homes. At the same time, we want to help homeowners be able to refinance into affordable FHA mortgages as they are running into difficulties in their own lives.

I think the bill that is before us today, the Housing Economic Recovery Act, truly is a comprehensive effort to address our Nation's housing problems.

For many years, unscrupulous lenders paid no attention—I shouldn't say for many years—in recent years, unscrupulous lenders have paid little or no attention to a potential homeowner's credit history for making their mortgage loans. Home buyers—both knowingly and unknowingly—were given mortgages they could never realistically expect to repay. One might ask why. The answer in part lies in the fact that the financial sector has become increasingly complicated. Today, a mortgage is made, really, in the blink of an eye. The mortgage is bundled with others and sliced into tiny pieces known as "tranches." Wall Street readily buys these mortgages, bundles them together as mortgage-backed securities, and sells them to investors around the world. As long as

home prices continued to rise, there was very little risk to the lender, and for years home prices have continued to rise—until now.

In the past, homeowners could always refinance their home and sell it for a profit and pay off their debt. When home prices began to lag, though, a vicious cycle began to emerge, and many of these so-called subprime customers have defaulted on their loans, and home prices, as we know, have fallen drastically over the last year in many places around the country, eliminating the option to sell for a profit. As a result, the financial institutions and investors are losing billions of dollars and the private secondary mortgage market is in shambles.

Communities are also hurt by home foreclosures. Houses that have been abandoned attract crime and further drive down the home values in their neighborhoods. Homeowners trying to refinance are now finding themselves in an upside-down situation where they owe more than their house is worth. Foreclosure is now more than possible, it is probable for a lot of those homeowners. We have seen hundreds of thousands of people in this country in recent months literally just walk away from their homes. In fact, there is a company called Just Walk Away, designed to actually help people walk away from their home and leave it in foreclosure.

In February of this year, the Senate Banking Committee held a hearing on the state of our Nation's economy, and there were a number of witnesses there—Secretary Paulson, Federal Reserve Chairman Bernanke, and Securities and Exchange Commissioner Cox. All gave testimony on the problems facing our economy because of this housing crisis.

At that hearing, I asked Treasury Secretary Paulson to list the administration's top legislative priorities for dealing with the housing crisis, and the Secretary's response was unequivocal. He was very clear and very direct in his response, and this chart really summarizes it.

He said, first of all, the administration wants housing authorities around the country to be able to issue tax-exempt revenue bonds, not just for first-time home buyers or for multifamily housing but to issue tax-exempt revenue bonds to raise money to help people in desperate situations refinance out of a subprime mortgage and get into something that is better suited for them.

The second thing he said is: We want FHA to be modernized and streamlined and brought into the 21st century so it is relevant again and can help people with questionable credit or maybe people who are first-time home buyers.

The last thing he said is: We need to overhaul the way we regulate Fannie Mae and Freddie Mac, with a strong, independent regulator, much as our banks have strong, independent regulators. We need that kind of regulator

at Fannie Mae and Freddie Mac and for the Federal Home Loan Banks.

The next thing I wish to do, if I can, is to look at this chart.

One of the other elements of the legislation we passed back on April 10, which was bundled together with the legislation I just described from the last chart, was to move FHA into the 21st century and provide \$150 million for mortgage counseling.

We have probably seen on television commercials that say: Having trouble on your home, facing foreclosure, whatever, or facing bankruptcy? Call this number. You always wonder: Is that the number of a scoundrel, somebody unscrupulous, or somebody who will really help the person who is in distress? We are providing through this legislation about \$150 million for someone to actually be there to help when the phone rings. At the other end of the line will be someone who is a trained housing counselor who can answer questions and help a person avoid foreclosure and possibly losing their home.

Finally, we provide in this legislation something like \$4 billion for CDBG, community development block grants, so that State and local governments, city governments, can help take properties in foreclosure that are really decaying in a neighborhood and damaging the value of the whole community—we want counties and cities to actually buy those properties, fix them up, and get them sold and back into the marketplace so they can get a homeowner in that home.

The last thing I wish to mention is that this housing package we are passing goes even further and creates a new voluntary program within FHA to help those folks who are in an upside-down mortgage situation where they owe more than the house is worth. What our legislation calls for is something we call HOPE for Homeowners, where a number of people are asked to take a financial haircut—not a real haircut but a financial haircut—where homeowners are willing to take a little financial haircut and the lenders and investors as well voluntarily take a financial haircut. In return, the homeowner agrees to stay in the home and then share the appreciation in value, when the value of the home rebounds, with the FHA.

This program is not intended to bail out investors or borrowers. Let me be clear: The Federal Government should not be in the business of rewarding bad behavior. We don't want to do that, and this legislation does not do that. The goal of this program, the HOPE for Homeowners Program, is to help families who can stay in their homes to stay in their homes rather than give up and walk away. We are not going to get rich doing this, but hopefully they will still have a roof over their heads and a little bit of equity in the home they have purchased.

The last thing I want to mention is in terms of regulation of Fannie Mae and Freddie Mac and the Federal Home

Loan Banks. They are involved in raising trillions of dollars to finance home mortgages—trillions of dollars. We have strong, independent regulators of financial institutions, thrifts, credit unions, and large bank holding companies, and for the most part they are not nearly as large as Fannie Mae and Freddie Mac, and Fannie Mae and Freddie Mac don't have a strong and independent regulator. They need one, and with this legislation, they are going to get one. The new regulator will have the power to establish capital standards to manage the portfolio of these entities—these behemoths—to review and approve, subject to notice and comment, new product offerings.

For the last few years, I have worked tirelessly with many of my colleagues, including CHUCK SCHUMER—who is sitting right behind me—Senator MEL MARTINEZ, and others, to establish a new world-class regulator for the housing GSEs. We have come close a couple of times, but each time we had to let a few differences stand in the way of our progress. Today, we actually made progress and put in place a strong, independent regulator as we face an uncertain future.

The last thing I wish to mention—and I know I said that once before, but the last thing I especially like about what we do, in addition to providing a strong, independent regulator for Fannie Mae and Freddie Mac, is we require them to establish and to begin contributing into an affordable housing fund.

Some of you know that we have these 12 Federal Home Loan Banks around the country. They raise money that can be used by banks in housing and business to help finance housing construction and purchases. Every one of the Federal Home Loan Banks has a requirement under the law to commit to donate 10 percent of their net income into an affordable housing fund. That filters back into the community, and it leverages a lot more money to help first-time home buyers and multi-family housing. Fannie Mae and Freddie Mac don't have that requirement to contribute to a housing fund. With this legislation we are passing this week, Fannie Mae and Freddie Mac will have that requirement. The amount of money that it will generate in a year, probably a couple years down the road, a half billion dollars a year—twice as much as is generated by the affordable housing fund by the Federal Home Loan Banks. That will be a wonderful tool for us to use in our communities.

I think that is pretty much what I wanted to say. I know my friend Senator SCHUMER is behind me and anxious to say his piece too. So I will just close by saying that with respect to the cost of the bill, I am concerned about paying for things, making sure if something is worth doing, we pay for it. The tax provisions in this bill are not completely offset. Mostly they are, but they are not completely offset. I think

there is a shortfall of about \$2 billion. We are supposed to be living under the pay-go rules we adopted and put in place in the Senate last year—emphasis on “supposed to.” In a tax package such as this one, where the intent was to pay for the new home-buyer credits and other matters, we should have stuck to our principles and found the necessary offsets to pay for these tax breaks or simply scaled them back. Unfortunately, we fell short in that regard. Certainly I don't blame the chairman, who knows what we ought to do and need to do, as do I. That is simply not the jurisdiction of our committee. In the whole package, I suppose that is the one disappointment I have, and my hope is we will come back and fix that later.

Overall, though, this is great legislation. This is great legislation. This will mean real progress in a responsible way, and our chairman deserves great credit, as does Senator SHELBY and our staffs.

I say to my friend Senator DODD that I spoke to the majority staff, the Democratic staff, yesterday in the cloakroom. I sit on the Commerce Committee, among other committees, and we have great staff there, especially at the committee level, and I want to say that this year our majority staff and I think our minority staff have really showed what they are made of, and we will all benefit from that as a nation. So my hat is off to you, our leader, and to our staffs.

Mr. President, to reiterate, in April, the United States Senate passed the Foreclosure Prevention Act of 2008. At that time, I spoke right here on the Senate floor about how that legislation was the third act in a four-act play that will begin to bring economic recovery following the mortgage meltdown.

Act I was the actions taken by the Federal Reserve to keep interest rates low and provide liquidity to the markets.

Act II was the action taken by Congress earlier this year to pass the economic stimulus package. While our economic stimulus package was not perfect, it was targeted, timely and temporary, and right now is helping to bolster our economy.

Act III was the Foreclosure Prevention Act of 2008 that just passed in April by an overwhelming majority of 84 to 12. This bill included important provisions to provide counseling to Americans facing foreclosure; to help local communities deal with properties in their neighborhoods that are abandoned or foreclosed; and to reform the Federal Housing Administration so that more Americans have access to affordable, safe, government-backed loans.

Act IV is our effort currently underway here to permanently reform the regulator of the government sponsored enterprises—Fannie Mae and Freddie Mac—and to create a program that will help homeowners refinance into a safe, affordable FHA mortgage.

The bill that is before us today, the Housing and Economic Recovery Act, is truly a comprehensive effort to address our nation's housing problems.

For many years, unscrupulous lenders paid no attention to a potential homeowner's credit history when making their mortgage loans. Homebuyers—both knowingly and unknowingly—were given mortgages they could never repay.

Why?

The answer, in part, lies in the fact that the financial sector has become increasingly complicated. Today, a mortgage loan is made in the blink of an eye. The mortgage is bundled up with others and sliced up into tiny pieces—known as tranches. Wall Street readily buys these mortgages, bundles them together as mortgage backed securities and sells them to investors around the world.

As home prices continued to rise, there was very little risk to the lender. The homeowner could always refinance their home or sell for a profit, paying off the debt.

When home prices began to lag, however, a vicious cycle began to emerge. Most of these so-called subprime customers have defaulted on their loans and home prices have fallen drastically over the past year, eliminating the option to sell for profit. As a result, financial institutions and investors are losing billions of dollars and the private, secondary mortgage market is in shambles.

Communities are also hurt by home foreclosures. Houses that have been abandoned attract crime and further drive down the home values in the neighborhood. Homeowners trying to refinance now find themselves “upside down”—owing more than the home is worth. Foreclosure is now more than possible, it is probable for many homeowners.

In fact, there are companies that now specialize in teaching homeowners how to just walk away from their home.

In February of this year, the Senate Banking Committee held a hearing on the state of the Nation's economy. Treasury Secretary Paulson, Federal Reserve Chairman Bernanke and Securities and Exchange Commissioner Cox gave testimony on the problems facing our economy because of the housing crisis.

At that hearing, I asked Secretary Paulson to list the administration's top legislative priorities for dealing with this housing crisis. The Secretary's response was unequivocal:

Congress must allow communities to issue more mortgage revenue bonds, modernize the Federal Housing Administration and give the government sponsored enterprises a new regulator.

I am pleased that this bill before us today addresses each and every one of the administration's priorities.

First of all, we would allow the issuance of an additional \$10 billion in mortgage revenue bonds to be used not only for first-time homebuyers and

low-income housing, but also to help homeowners refinance out of a subprime mortgage.

This bill also contains the FHA modernization provision, passed in the Foreclosure Prevention Act, earlier this year.

This bill brings the FHA into the 21st century by expanding the maximum FHA loan limit from \$360,000 to as much as \$625,000 in high-cost areas. This bill also streamlines and automates the process to apply for an FHA loan, making it easier for American families to have access to safe government guaranteed loans.

Along with these steps, the bill includes \$150 million for housing counselors across the country, and almost \$4 billion in community development block grants to go to communities hardest hit by the foreclosure crisis.

The Housing and Economic Recovery Act goes even further to create a new voluntary program within FHA to help homeowners in “upside down” mortgages to refinance into a safe, affordable FHA mortgage.

Under the new Hope for Homeowners program, lenders agree to take a loss and allow a homeowner to refinance into a new loan. In return, the homeowner agrees to share any future appreciation with the FHA.

This program is not intended to help bail out investors or borrowers. Let me be clear: The Federal Government should not be in the business of rewarding bad behavior.

The goal of this program is to help families who can stay in their homes, remain in their homes rather than give up and walk away.

The Housing and Economic Recovery Act also provides assistance to the secondary mortgage market by reforming the regulator for the government sponsored enterprises—often called GSEs—which are made up of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks.

Today, Fannie Mae and Freddie Mac are regulated for safety and soundness by the Office of Federal Housing Enterprise Oversight. The Department of Housing and Urban Development is the mission regulator.

Since its creation, the Office of Federal Housing Enterprise Oversight has lacked the same regulatory powers and authorities of the other banking regulators. This bill provides the new regulator with all of the tools needed to ensure that the enterprises and the Federal Home Loan Banks operate in a safe and sound manner that is consistent with their statutory mission.

The new regulator will have the power to: establish capital standards; manage the portfolio; review and approve—subject to notice and comment—new product offerings.

For the last few years, I have worked tirelessly to establish a new world class regulator for the housing GSEs. We have come close several times, but each time we would let a few differences stand in the way of progress.

In addition to creating a new world class regulator, this bill also creates an affordable housing trust fund. This fund will generate hundreds of millions of dollars each year to be used to create safe and affordable housing for those most in need.

The Federal Home Loan Banks already set aside 10 percent of their profits to go to affordable housing. Fannie Mae and Freddie Mac will now also contribute a small amount of each new business deal to create this new trust fund.

Both Senator DODD and Senator SHELBY have done a very good job reaching a compromise on this bill. I know it is not easy. And like most compromises, this one is not exactly perfect.

If I could, I would just like to take a minute or two to express some concerns I have about the final product. First is an issue many of us have raised, and that applies to the enactment date in the bill for the new GSE regulator. Under this legislation, the director of the Office of Federal Housing Enterprise Oversight would have all the supervisory powers immediately after the bill is signed into law.

Under the GSE bill the House passed, we would allow 6 months before the new regulatory agency is created. To me, a 6-month cooling off period, in order to give the new agency time to transition, makes sense.

Also, it can be argued that there is a bias against the GSEs holding mortgages on their portfolio. While we want to make sure that the GSEs are not taking on undue risk, we should also be mindful that current market conditions require the GSEs to take a more active role in ensuring liquidity in the market. Today, they can only do that by purchasing mortgages and holding them in their portfolios.

Another concern that I have is the cost of this bill. The tax provisions in this bill are not completely offset and there is a shortfall of approximately \$2.4 billion. We are supposed to be living under pay-go principles in the Senate. Emphasis on “supposed to be.” On a tax package such as this one, where the intent was there to pay for the new homebuyer credit and other matters, we should have stuck to our principles and found the necessary offsets to pay for these tax breaks or simply scale them back. Unfortunately, we fell short.

Having said all that, I believe that, overall, this legislation will help to bring stability to our economy and make the changes to our regulatory structure to ensure a healthy housing sector for the future. I have worked hard for years on elements in this final housing legislation and I am hopeful they will become law soon.

Mr. DODD. Madam President, before he leaves the floor—I will recognize Senator KOHL and Senator SCHUMER. Senator SCHUMER is on the floor. We heard from Senator MARTINEZ and others.

This doesn't happen miraculously. Senator CARPER has been deeply involved and committed to these issues for a long time. There was a while when I couldn't see him without "GSE" being the first thing out of his mouth.

I thank him for his persistence over the months when we developed this final product, and I thank him immensely for his work.

The PRESIDING OFFICER (Ms. KLOBUCHAR). The Senator from Wisconsin is recognized.

AMENDMENT NO. 4988 TO AMENDMENT NO. 4983

(Purpose: To protect the property and security of homeowners who are subject to foreclosure proceedings)

Mr. KOHL. Madam President, I ask unanimous consent to set the pending amendment aside and call up amendment No. 4988.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The bill clerk read as follows:

The Senator from Wisconsin [Mr. KOHL] for himself, Mrs. LINCOLN, Ms. MIKULSKI and Ms. COLLINS, proposes an amendment numbered 4988 to amendment No. 4983.

Mr. KOHL. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in today's RECORD under "Text of Amendments.")

Mr. KOHL. Madam President, today I rise to briefly discuss my amendment No. 4988, which is cosponsored by Senators COLLINS, LINCOLN and MIKULSKI.

In February, I held a revealing hearing in the Aging Committee that uncovered the ways scam artists prey on homeowners in financial and emotional distress. These scams are a consequence of the mortgage crisis that is plaguing our country—and my amendment attacks this growing problem.

For most people, their home is their greatest asset. When a homeowner falls behind in their mortgage payments, it is a great emotional strain. Scam artists prey on an owner's desperation and give them a false sense of security, claiming they can help "save their home." The types of scams vary, but the end result is that the homeowner is left in a more desperate situation than before.

There are three types of prevalent scams. The first is "phantom help," where the "rescuer" claims that they will call the homeowner's lender and renegotiate the loan for a fee. Often the homeowner will pay the fee—but the "rescuer" will abandon the homeowner without any intervention. The second is a "rent-to-own" scheme which is set up to fail. A homeowner will sign over the title of the house and make monthly payments to the scammer in order to help rebuild their credit. However, the monthly payments are extremely high and often result in the homeowner violating the contract and being evicted. Finally, a homeowner may be tricked into un-

knowingly signing over the title of their house and power of attorney to the scammer and the scammer will then sell the house to a third party. The scam artist might give the homeowner a small amount of money, but often only a fraction of the actual selling price.

As you can see, these scams are well crafted and extremely complicated. Catie Doyle, the chief attorney for Legal Aid Society of Milwaukee, testified before the Special Committee on Aging, describing the difficulties and problems lawyers are facing when trying to help victims of these scams. One major problem she pointed out was that lawyers have to piece together both State and Federal laws to untangle these scams.

The amendment I am offering will remedy Ms. Doyle's concerns. While there are some States that have foreclosure rescue scam laws or are in the process of enacting them, many homeowners still go unprotected from these predators. This legislation will require that all contracts between a foreclosure consultant and a homeowner be in writing and fully disclose the nature of the services and the exact cost. Additionally, the bill prohibits upfront fees from being collected and prohibits a "consultant" from obtaining the power of attorney from a homeowner.

I have a letter of support from a variety of consumer groups including the Center of Responsible Lending, Consumer Federation of America, National Community Reinvestment Coalition, the National Fair Housing Council, National Consumer Law Center and the National Council of La Raza.

The foreclosure crisis is devastating homeowners and communities across the country. Most communities across the country are experiencing both the primary and secondary effects. It is important that we address fraud at the front end of the lending process, as well as for those who face foreclosure. I hope that we can work together to move this amendment forward.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. SCHUMER. Madam President, I rise in support of this much-needed legislation. I find it difficult to believe that with our economic crisis, the President issued a veto threat today. I would like to explain why the bill is good, why it is needed; there are some changes I would like to see made; and then talk a little bit about the President's veto threat.

First, I commend Senator DODD and Senator SHELBY for working so long and hard on this bill. This is not an easy bill, particularly when you have so many different concerns and considerations. I know how hard the chairman worked on this bill. I know how hard Senator SHELBY did. They were wide apart in what they believed in. They came together in the middle with a compromise that is a very good step forward.

There are parts of this bill that are extremely important. The foreclosure counseling—this is something I have been championing for a long time. We need counselors. For about half of those who are about to go into foreclosure, or will be delayed in their payments, a mortgage counselor could be the difference between them saving their home and losing it; between the neighborhood going down the drain or staying decent; even between our economy going into a deep recession or on the edges of one—the way it is now.

We need these counselors. They are not expensive. They do a world of good. They take the place of the banker who used to be on the scene when banks held mortgages. The CDBG money is extremely important. We have communities in Queens and Long Island and particularly in upstate, places such as Buffalo and Rochester and Syracuse, where neighborhoods have a tough go. You get a few foreclosed homes that are abandoned and then vandals come in and rip out the plumbing and the electric parts. Then drug dealers come in and make these a haven for crime. One foreclosed home can have the whole neighborhood go down the drain.

In the suburbs, a foreclosed home may not have those consequences, but it certainly can mean a difference in the values of the home on the surrounding block or the surrounding area going up or going down. For so many Americans, their home is their little piece of the rock; it is all they have. They put all their sweat equity in it. For no fault of their own, because somebody else lost their home on their street or in their neighborhood, they should not have to lose value. CDBG will help deal with that.

We also have in this bill mortgage revenue bonds. I am very proud of the way these have been crafted. It is \$11 billion to refinance subprime loans for struggling borrowers. There is a recycling provision. It is very important to my State, where we use our mortgage revenue bonds very quickly because there is so much need.

The HOPE for Homeowners Act—again, it is not going to save everybody. But for the people who are underwater but not so deeply underwater, this is a lifesaver. It basically says to them: You can refinance your mortgage at a lower rate. It says to the mortgagor, you are going to get repaid, not everything but at least most of what you put in. It is not a panacea. In my point of view, it would be a lot better to have the bankruptcy provision here as a club to get the lenders into these, to use these provisions. But it sure does a lot more good than not doing anything at all.

Of course, there is FHA modernization, which we have been seeking for a long time—GSE modernization and reform which creates, for the first time, a world-class regulator. We are going to need Fannie and Freddie in future years. We have to have them both be safe and sound and flexible. They

should not be just private government agencies and only do the same thing banks do but with the Government imprimatur. On the other hand, they cannot, because the Government is behind them, do anything they want, be reckless or lose their capital.

The reform creates the right balance. I am proud of the reform. It raises capital requirements, it puts a regulator in who can go in and look over their shoulder—which they need. But at the same time, by and large, it preserves the flexibility that Fannie and Freddie need to fill the hole between the private sector and what the Government does—and they do it well.

In addition, we are going to need Fannie and Freddie to be strong because right now they finance about 80 percent of the mortgages in this country. We are going to need them to be strong to help us get out of this crisis. To veto this bill when we need them so badly is almost—it edges toward irrepossibility.

Finally, the Affordable Housing Fund—to help those who cannot on their own achieve the dream of owning a home but who struggle so mightily to get there. My colleague from Rhode Island, JACK REED, has done a masterful job, persistent, knowing when, and cut his deal at just the right time.

It is a good bill. I have two concerns where I agree with the House, frankly. I say to my good colleague from Alabama, who I know has differences on these, that the House—and many of us on this side of the aisle—are of a different mind than he. I hope we can compromise this quickly.

First, the effective date. It is unheralded, when you have a major change in the law with a new regulator, to say the effective date is immediate. You need time. More important, I am worried that because this regulator, while he is great on safety and soundness, doesn't like Fannie and Freddie very much and will go too far in the regulations and tie Fannie and Freddie's hands for a very long time way on into the future, with unintended consequences of which we are not aware. To give the new powers to the new agency overnight, with no time to establish itself or prepare, particularly when you have someone who would be in charge who does not—at least share my views on how Fannie and Freddie ought to function, is a bad idea.

I hope when we meet with the House—I have spoken with Chairman FRANK and he agrees with our side—I hope he, Senator SHELBY, will realize how strongly some of us feel.

Second is the idea of Fannie being able to securitize. There is language on the portfolio regulation that could unnecessarily restrict the portfolio business of the GSEs by creating a bias toward securitization. If Fannie and Freddie want to hold some of these mortgages, they should—particularly now, when the securities market is either nonexistent or weak and fragile

and in some places hard to find. I hope we can address this issue as well. I do not understand why we would not allow Fannie and Freddie to hold mortgages; why we put such an impetus on them to securitize when the security market is weak.

If this provision stays in the bill as is—there is a debate. I know some believe it has more flexibility in it than I do. But, if—if, if, if—I am right, it could actually handcuff Fannie and Freddie in their role of rescuing us out of this housing crisis at a time when they are very much needed.

AMENDMENT NO. 4984

Finally, I wish to take a moment to address an amendment filed by my colleague from North Carolina. While I respect her intentions, I oppose the Dole amendment, which would unravel the strong agreement the New York attorney general reached with the GSEs on appraisal standards. Inflated appraisals are one of the prime causes of the housing crisis. To allow banks to own appraisers without anyone looking over their shoulder is a built-in conflict of interest. We should not do that. I hope we will not.

Finally, on the President's veto message—this President is further and further removed from the economic realities of this Nation. To veto this bill at a time when housing is at the nub of our economic crisis—at a time when housing prices are declining, at a time when foreclosures are increasing—makes no sense whatsoever. It seems the President is on a different economic planet than most Americans because, even if you do not hold a mortgage, even if you fully paid your mortgage, you are being hurt by this economy where foreclosures are rampant and housing prices plummet. The ripple is outward—people buy less, people vacation less, people have less money and feel less free with it. The vise of high energy prices and declining home values cripples our economy.

Here we have a bill passed 19 to 2 out of the Banking Committee, broad bipartisan support, and out of the blue the President issues a veto threat. What is going on here? Which economy is he looking at? It is appalling. In his veto message, there is language and there are things that contradict what his own Secretary of Treasury has said about portfolio loan limits.

I think the veto message indicates the ambivalence within the administration because it is not as strident and even as forthright as many are. But, unfortunately, the ideologues won out. The ideologues say: No government involvement. Let everyone learn their lesson even if the economy, people's savings, their whole lives, and their home goes down the drain.

What kind of thing is that? Maybe that was the predominant thinking in 1893 but certainly not in the America of 2008.

I say to my colleagues, if they want to know one of the reasons the President is so unpopular and why so many

Americans think the country is headed in the wrong direction, it is because he threatens to veto a modest bipartisan piece of legislation such as the one Senator DODD and Senator SHELBY have put together.

It defies understanding. I have always believed when ideologues run the show on the far right or far left, we lose. In this case, with this veto message, it feels as though the ideologues have started running the show, and homeowners, neighborhoods, communities, and our country's economy will suffer from that wrongly held belief.

I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. Madam President, let me begin by saying that I am delighted we are on the floor of the Senate today addressing this question of housing. I congratulate the chairman, Senator DODD, on a long effort over several months to be able to try to get the response the Senate ought to be providing to what is an obvious crisis in the country.

I think a lot of people in the country have to be scratching their heads and wondering where the Congress has been on this matter, where Washington has been, and where the administration has been. I know it is particularly frustrating to the chairman and to many of us. Way back in January, I recall going to the White House for a meeting on the question of a stimulus package and saying to the President: Mr. President, the obvious crisis is in housing, and you cannot address it and stem the hemorrhaging with respect to the American economy unless you deal with the cause, which is the subprime crisis.

I remember Secretary Paulson was there, Vice President CHENEY, and others. Heads nodded in a kind of consent. Then the President proceeded to go to the State of the Union Message and call in his State of the Union Message for the mortgage revenue bond proposal.

Still, here we are now in June, and we do not have an adequate response at the Federal level to the housing crisis from the Congress. We have had some responses by lowering interest rates. But, the fact is, you pick up the paper and see there were record levels of mortgages in foreclosure in the Washington area and in other parts of the country. As we all know, when that happens to a community, it is not just a few houses, it is not just the families directly impacted by virtue of foreclosures, it is the entire community. When a street has a group of foreclosures on it, the housing values all around start to go down. The local pharmacy gets hurt, the gas station gets hurt, the 7-Eleven gets hurt, the police wind up having to patrol more because they have more homes that are then on the market. The real estate market becomes glutted.

So the downstream implications are gigantic. In Boston, Mayor Menino and

I sponsored an afternoon in Roxbury where families were invited to come in. We finally got them to be able to sit down with a human being. They had been telephoning and going through 10 or 15, "push 5," "push 3," "push 2." A consecutive series of pushing buttons and they were exasperated because they could not talk to someone to get answers for their individual situations.

So we got the 10 biggest lenders to come in and sat them down with these people over the course of a day. During the time that I was there, I actually had people come up to me with huge smiles on their faces and saying: Thank you. I just cut a new deal. I am staying in my home. They were able to go from a 13-percent interest rate—think of that, 13 percent. I would like to know what CEO of a company in America was paying 13 percent on a mortgage, or 9 percent on a mortgage. But here were these hard-working Americans paying \$5,000 a month for their home, who had put money back into their home. The equity loan they took on their home, in too many cases sort of pushed on them, they put into rewiring or roofing, putting a new boiler in, raising the equity in their home. Then all of a sudden their interest rates started to go up, often by circumstances beyond their control. One woman I met and talked to held down two jobs and was buying her mortgage on the basis of the two jobs that she held down. But then she got sick and she was not able to hold onto the two jobs. Because she got sick all of a sudden, she was threatened with foreclosure.

She offered to buy the home at the rate they were going to sell the home after it was foreclosed on. She could afford to do that and could afford to pay for the mortgage at a discounted rate. They refused to sell it to her. They refused to allow her to stay in it.

Extraordinary circumstances of stubbornness or bullheadedness—I do not know what principle was being applied. But in the process, a lot of average folks are getting squeezed and hurt, I mean seriously hurt, as a result.

Equally important, it has continued the process of depressing the market and driving it downward. So I am glad we are here. I hope we can get it done because it is long overdue, long overdue. But we cannot allow the acute crisis in foreclosures to also cloud the other opportunities that are presented in this bill.

GSE reform, the FHA reform, the Foreclosure Protection Act, there is a provision in here for veterans, which I have sponsored. I think all of those are important components of this bill. But there is also another part of the housing crisis, and it is being addressed in this legislation; that is, the ongoing and deepening shortage of affordable rental housing in our country.

So I was very pleased the National Affordable Housing Trust Fund was included in the Housing and Economic Recovery Act, and that would produce

about 1.5 million affordable rental housing units for our poorest families over the next decade.

As the original author of this legislation, I know what it is going to be able to do. I had the privilege of serving on the Banking Committee and serving as chairman of the Housing Subcommittee. I worked with some of the staff who are still here—Jonathan Miller and others—who helped pull this together in an effort to create a trust fund that will help us provide funding.

That is why I strongly oppose the Bond amendment to make contributions to the trust fund by Fannie Mae and Freddie Mac voluntary. I think the Bond amendment to make these contributions voluntary is the wrong amendment and would have a very damaging impact on our ability to be able to deal with rental housing and the rental housing crisis.

Let me explain why. Fannie Mae and Freddie Mac already have requirements to assist low- and moderate-income families to obtain critical housing. What we do in this bill is take excess funding that is produced in housing. It is not often you have a program that is producing excess funding, and then there is still need in that particular sector. So you can actually take the excess and put it back into that sector to address the need. We create that excess through GSEs. What we do is take the excess and put it into a revolving fund to produce rental housing. In September of 2000, I first introduced this legislation. Last year, along with Senator SNOWE, on a bipartisan basis, we again introduced the National Affordable Housing Trust Fund to address the very question of a severe shortage of housing by establishing a rental housing production program. We now have 23 bipartisan cosponsors.

Similar legislation passed the House of Representatives last year with a bipartisan vote of 264 to 148. With the work of Senator JACK REED on the Banking Committee, of Chairman DODD, and of Ranking Member SHELBY, they have helped to bring this bill to the Senate floor at this critical moment by including it in the Housing and Economic Recovery Act.

Frankly, it does not make sense in terms of our economic interests, our housing crisis interests, our family interests, to now suddenly make voluntary something that has the ability to be able to address such a critical need.

The Affordable Housing Trust Fund would create a production program that will ensure 1.5 million new rental units are built over the next 10 years for extremely low-income families and working families.

The goal is obviously to create long-term, affordable, mixed-income developments in the areas with the greatest opportunities for those low-income families. It has been endorsed by more than 5,700 community organizations led by the National Low-Income Housing Coalition, including the National Asso-

ciation of Realtors, the National Association of Home Builders, the Children's Defense Fund, the U.S. Conference of Mayors, the National Coalition for Homeless, and many others.

The funding from the trust fund can be used for construction, rehabilitation, acquisition, preservation incentives, and operating assistance to ease the affordable housing crisis. Funds can also be used for downpayment and for closing costs assistance by first time home buyers.

Since 2006, the American housing construction industry has shed 457,000 jobs. The construction of fewer homes means fewer new kitchens, fewer new basements for manufacturers to place their appliances and other products. The loss of manufacturing jobs follows from those fewer purchases and placements of appliances.

Job losses combine with slumping home sales to depress consumer confidence, and that causes a slowdown in spending, and then you ultimately shrink the economy.

This is not a small impact. Passing the trust fund will help create thousands of jobs in housing construction across the Nation, and it will help to turn our country around. This is what a real stimulus package ought to do, create jobs for the long term not pass out checks that burn up in the short term. It will help signal to businesses across the Nation to produce jobs that are critical to our economic security.

So voting for the Bond amendment will, in fact, reduce our ability to address the current crisis in the economy and reduce the creation of new jobs. Because of the lack of affordable housing, an awful lot of families are forced to live in substandard living conditions. Do you know what that does? That puts a lot of children at risk in America. Children living in substandard housing are more likely to experience violence, hunger, lead poisoning, or to suffer from asthma. They are then more likely to have difficulties learning and more likely to fall behind in school. Our Nation's children depend on access to affordable rental housing.

One other thing people don't often think about, if you don't have affordable housing or you have insecurity in your housing, you also have a downstream impact on schools. Because kids who have to move from home to home are kids who are more likely to get yanked out of a school. Classes are disrupted and the school is then disrupted. We have a much longer term interest, in terms of our workforce development as well as the stability of our communities, to make certain that we have affordable housing available. The trust fund will produce 1.5 million units of affordable housing to provide children in America with a better quality of life. The Bond amendment would make that entirely voluntary. If it is voluntary, it is not going to happen today for low-income families.

Long-term changes in the housing market have dramatically limited the

availability of affordable rental housing across the country. It has severely increased the cost of rental housing that remains. In 2005, a record 37.3 million households paid more than 30 percent of their income on housing costs, according to the Nation's Housing 2007 Report from the Joint Center on Housing Studies at Harvard University. Approximately 17 million families paid more than half of their income, 50 percent of their income, on housing costs. The trust fund would produce rental housing and help lower the cost of housing. This is especially important for families, those 17 million and 37 million families with high housing expenditures. Adopting the Bond amendment will mean that many more children and their families will live in substandard housing or will become homeless. They are children who are ultimately less likely to do well in school, if they even stay in school. I believe that is unacceptable.

I hope colleagues will oppose the Bond amendment.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Madam President, I will try and propound a unanimous consent request one more time.

I ask unanimous consent that at or about 4:30 p.m., the Senate proceed to vote in relation to the following amendments in the order listed, and that prior to each vote there be 2 minutes of debate equally divided and controlled in the usual form; that after the first vote in the sequence, the vote time for the second vote be 10 minutes, with no intervening amendments in order: Bond amendment No. 4986 and the Bond amendment No. 4985. Further, that time be allocated as follows: Senator DOLE has requested 5 minutes to talk about a proposal she is offering; Senator BOND for 10 minutes; Senator SHELBY for 10 minutes; and myself for 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. I thank the Chair.

The PRESIDING OFFICER. Who yields time?

The Senator from North Carolina is recognized.

AMENDMENT NO. 4984

Mrs. DOLE. Madam President, on March 3, 2008, Fannie Mae and Freddie Mac signed agreements with the attorney general of New York to adopt a Home Valuation Protection Code, which was crafted by the attorney general's office and approved by OFHEO, in consultation with the enterprises and other market entities. The code establishes requirements governing appraisal selection, solicitation, compensation, conflicts of interest and corporate independence, among other things.

The code's concept of appraiser independence and accuracy should be endorsed because these concepts are important to a safe and sound process that is properly structured, regardless of whether lenders use third-party, af-

filiated, or in-house staff appraisers. However, the code leans heavily towards inconsistent and potentially counterproductive regulation of the lending industry. Lenders would essentially be required to be regulated by the New York attorney general or suffer serious impairment of liquidity. In addition, the role of the New York attorney general in promulgating the code is misplaced and an attempted exercise of one State's regulatory authority over federally and other State-regulated lenders.

My amendment would require the Director of OFHEO to issue a regulation establishing appraisal standards for mortgages purchased or guaranteed by Fannie Mae and Freddie Mac. It would ensure that mortgages purchased or secured by Fannie Mae and Freddie Mac are collateralized by properties subject to fair and accurate appraisals, which is necessary to maintain the integrity of the mortgage process, improve the safety and soundness of the enterprises, and reduce the potential for mortgage fraud. Additionally, this amendment will also ensure the establishment of a common set of appraisal standards governing mortgage lenders that are federally supervised and regulated. This includes requiring the process controls necessary to ensure independence, avoid improper influences, and avoid overvaluation.

In May, when the Banking Committee approved this bill we are now discussing, I agreed to discuss this amendment and asked that Chairman DODD and Ranking Member SHELBY to work to include this important provision once our committee product reached the Senate floor. At the time, I appreciated how both the chairman and ranking member made favorable remarks as to the intentions of my amendment and a willingness to work with me on this, and I hope that they will now honor this commitment.

I understand the managers are working on a time certain to vote on my amendment.

I yield the floor.

The PRESIDING OFFICER. Who yields time? If no one yields time, time will be charged equally to both sides.

The Senator from Missouri is recognized.

AMENDMENT NO. 4986, AS MODIFIED

Mr. BOND. Madam President, to clarify, amendment No. 4986 relates to the affordable housing trust fund. I have a minor modification. I have asked both sides if they would accept it. I ask unanimous consent to so modify the amendment, and I send the modification to the desk.

The PRESIDING OFFICER. To which amendment is the proposed modification?

Mr. BOND. Amendment No. 4986.

The PRESIDING OFFICER. Is there objection to the modification?

Mr. DODD. Reserving the right to object, I haven't had a chance to look at it. I would have to take a minute to look at what he is proposing.

Mr. BOND. Madam President, then I will withdraw my request until my colleague has had an opportunity to look at it.

The PRESIDING OFFICER. The modification is withdrawn.

Mr. BOND. Let me explain briefly that we added one sentence to a two-sentence amendment saying, in essence, that it will not affect the GSEs, existing affordable housing programs. Those are programs already in effect. There was some question about whether they would be affected. The amendment makes clear what was implied. I expect that one will find no change in it. In any event, that is not the point. The point is to remove the tax the Banking Committee provided, which is a tax on GSEs which, without any input or other involvement, would pay support for a whole range of groups. There are many groups, such as ACORN and others who build low-income housing. Who knows, it might even be Habitat for Humanity. But they would be able to use these funds to provide soft costs to support the programs and other related costs.

Fannie Mae and Freddie Mac should be able to continue to use their existing affordable housing program that they administer, that they were set up to do, and not have their funds taken away to fund another program over which they have no control, no responsibility. There is absolutely no reason to tax these entities to support housing groups which may or may not be responsible or capable of administering good housing programs. There will also be additional economic risks to Fannie and Freddie, depending on the use of these funds and the quality of the groups which receive these funds.

More critical is the unprecedented approach that requires the GSEs to pay a tax for something for which they have no responsibility.

Let me be clear, the GSEs have a mission. They have a very important mission. When we initially talked about this program, we talked about giving them more authority to go in and help in these situations. Statements made on the other side that we are going to cut off all funding and all assistance to homeowners in distress are absolutely irresponsible and totally without basis. We provided and I believe this body adopted some good ideas—I will speak about those in a minute—in previous bills on how we deal with the housing crisis. But right now what we are saying is, let's stop this.

This is saying to the GSEs, you may have some excess left over after you have carried out your affordable housing mission. We want to come in and take it away from you and spend it someplace else. Let's be clear, this is not saying to the entities that we want you to do your mission. We are saying we are going to take away money that you put into your mission. We are saying, forget your mission. We are going to take some of your revenue raised in

part from capital markets where private sector shareholders have their retirement funds, their annuities, or their investments in those companies, hoping and expecting to share in the revenue. That may be pension funds, retirement funds, endowment funds that are counting on getting some of that revenue. Oh, excuse me, even though the GSE has carried out the mission that we asked of it and generated some "excess" revenue that might be distributed to those people who put up capital in the GSEs, we are going to take it away.

How long before this body decides to go to other GSEs, such as Sallie Mae, and say: We have a better idea. We are going to take any revenue you make and we are going to put it somewhere else? Or to utilities and say: You are regulated, and you may have some excess money left over that you wish to return to your shareholders, but since you are regulated, since you have a government franchise to provide utility service, we are going to take some of your revenue and put it elsewhere? To me that is an unconscionable grab. It offers a precedent that is very dangerous for this body, to be taking funds from one entity and transferring it to another entity by fiat. It is discriminatory, and it has the potential to have a significant impact on the people who have put their money into these funds.

I ask again if my colleagues have had an opportunity to review the modification as sent forward?

The PRESIDING OFFICER. Is there objection to the modification?

Mr. DODD. Are you going to resubmit the modification?

The PRESIDING OFFICER. It is at the desk.

Mr. DODD. Reserving the right to object, as I understand what my colleague from Missouri is suggesting is that the existing affordable housing program under the GSE, that whatever language is there that would have affected that is taken out by this modification.

Mr. BOND. That is correct. There is no intent to correct that.

Mr. DODD. But the modification corrects that.

Mr. BOND. That is the purpose of the modification.

Mr. DODD. The underlying amendment would object to the proposed addition to the affordable housing program authored by Senator REID in the bill. That still is the substance of the amendment?

Mr. BOND. That is correct.

Mr. DODD. I have no objection to the modification.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment, as modified, is as follows:

Insert the following at the appropriate place:

SEC. xxx. Notwithstanding any other provision of law, Fannie Mae and Freddie Mac shall not be responsible for any payments either directly or indirectly to other Housing

entities under the Affordable Housing program unless these GSEs voluntarily provide funding. The GSEs will continue to administer their affordable housing program. None of these funds in the bill shall be used for soft program costs, including staff costs.

Mr. BOND. I thank the Chair and yield the floor.

Mr. DODD. Madam President, let me take a few minutes, if I may, because I have yet to really address these two amendments and also the one I know our colleague from North Carolina is going to propose or is in the process of proposing.

AMENDMENT NO. 4985

Madam President, let me deal, first of all, with the HOPE for Homeowners Program. I raised earlier this morning—and I will do it again, if necessary—that 8,427 people as of today will file for foreclosure. That number was for every day in the month of May. That is in excess of the numbers back in April and even back in March. But they are growing. So every single day we delay moving on this, we have, on average, again, some 8,000 to 9,000 people in our country who are entering the foreclosure process and losing their homes, and 1.5 million people have already. We have been told and warned by those who acknowledge and follow these issues that this is a crisis that is not shrinking; it is growing. It is growing by the hour, let alone by the day.

The HOPE for Homeowners Act that Senator SHELBY and I and 17 others of our committee have fashioned together—very similar to what the other body has done—is designed specifically to offer some relief to these people facing foreclosure. Both lenders and borrowers will take what is called a "haircut." It will be painful. It will not be easy. It is voluntary. It is temporary. But it offers some hope that we can put the brakes on this ever-escalating problem of foreclosures in our country.

It is not only affecting homeowners, which is obviously bad enough, it is affecting commercial loans, student loans, municipal finance. The global implications are obvious to anyone who has paid any attention to the issue. So this idea, which is central to this bill, is critical.

The amendment offered by the Senator from Missouri would eliminate this program altogether, despite all the recommendations from the American Enterprise Institute, the Consumer Federation of America, other lending institutions, the Federal Reserve members. In fact, the present Chairman of the Federal Reserve, while not endorsing the bill, has called for this kind of action.

Quite simply, we are living through one of the worst housing market crises since the Great Depression. Almost 1 in every 11 homes with a mortgage in this country is in default or foreclosure as of the end of March. This is the highest level since the Mortgage Bankers Association began collecting data in 1979. Foreclosure rates have grown and grown at record levels for some time,

and last year about 1.5 million, as I have said, have already gone into that status.

This foreclosure crisis hurts everyone, as we all know. As Federal Reserve Chairman Ben Bernanke recently stated:

[H]igh rates of delinquency and foreclosure can have substantial spillover effects on the housing market, the financial markets, and the broader economy. Therefore, doing what we can to avoid preventable foreclosures is not just in the interest of lenders and borrowers. It is in everybody's interest.

The HOPE for Homeowners Program is built on a concept raised by Chairman Bernanke:

The best solution may be a write down of principal or other permanent modification of the loan by the servicer, perhaps combined with a refinancing by the Federal Housing Administration or another lender.

That is also from Chairman Bernanke, the Chairman of the Federal Reserve Bank.

Mark Zandi of Moody's Economy.com recently wrote:

Unless policymakers soon become more creative and aggressive, the risks are rising that the current recession will be more severe and the ultimate recovery more disappointing than anyone currently anticipates.

The evidence is overwhelming. The recommendations come from across the political spectrum. This is absolutely critical at this pivotal moment on this economic issue. Senator KERRY earlier talked about that at the heart of our economic crisis is the housing crisis, and the heart of the housing crisis is the foreclosure crisis. Were the Bond amendment to be adopted, the very bipartisan effort we have spent months working on to achieve here would be lost.

I urge my colleagues, as they have heard from our colleagues—Senator GREGG of New Hampshire, Senator MARTINEZ, Senator ISAKSON; and on our side, Senator BOXER, Senator SCHUMER, and Senator CASEY; and, obviously, Senator SHELBY and myself—across the spectrum here—we recognize this idea may not solve every problem, but if we can keep 400,000 to 500,000 people in their homes, that is a step forward in the right direction to help Americans facing these kinds of crises. I urge my colleagues, at the appropriate moment, when this matter is before us, to say, respectfully, to my friend from Missouri that we reject this amendment and will keep this very critical element of this very important housing bill.

AMENDMENT NO. 4986, AS MODIFIED

Madam President, the second proposal by Senator BOND also, in my view, should be rejected. We have modified the amendment, so any possible inference he would be striking the existing program has been taken out of this bill. I applaud him for that, and I thank him for that. But the problem still persists.

As Senator KERRY of Massachusetts just pointed out, this problem with affordable housing is growing. It is staggering in its proportions. Over 3.5 million people in our country, including

1.3 million children, experience homelessness each year. For most of these families, all that is needed is affordable housing.

The gap between rental costs and wages of low-income people is significant. To give you some idea as to the housing assistance necessary for many working Americans, a person has to earn over \$17 an hour just to afford the average fair market rental without foregoing other basic needs. That is three times the current minimum wage.

There are 7.4 million disabled Americans on SSI. SSI benefits are lower than the average fair market rent. Rental costs are more than 100 percent of their SSI benefits. Without housing assistance, these people who are disabled in our country cannot afford housing. That is a fact.

The Joint Center for Housing Studies of Harvard University found in their report, "The State of the Nation's Housing 2007," that in just 1 year, the number of severely cost-burdened households—those that pay more than half of their income toward rent—jumps by 2.1 million to a total of 17 million. This is one in seven U.S. households in the country affected.

The data goes on and on. This is a very important element of this matter: affordable, decent shelter.

Harry Truman, in a bipartisan effort, in the late 1940s—60 years ago—called upon Americans. John Sparkman of Alabama was "Mr. Housing" back in the 1950s and 1960s. This was never a partisan issue: decent, affordable shelter for Americans—all Americans.

We heard our colleagues today: Senator MARTINEZ talking about his family getting that first home when they arrived in this country. Senator BOXER grew up her entire life never owning their own home, and she was able to buy one as a young mother, and they stayed there for 40 years to raise their family.

Madam President, 17 million people in our country today deserve decent shelter. You should not have to strip every bit of income you have to try to afford it. So what JACK REED has put together here is decency—common decency. In our moment of difficulty, if we cannot do something to provide affordable shelter and to ask that funding flow come out of these government-sponsored enterprises, which have been so lucrative, for them to share in that wealth, to make it possible for working families in this country to have a decent place to live—I do not think that is too much to ask in this hour of need.

We heard our colleagues across the spectrum politically support this program, and having a vote of 19 to 2 in our committee, with Democrats and Republicans coming together at a moment such as this to say: We hear you. We care about what you are going through. We have designed a program not by increasing taxes but by asking existing institutions to share, to see to it all Americans can enjoy that affordable and decent shelter they deserve as Americans.

I ask my colleagues to reject that amendment as well.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Madam President, I regret that I, too, must oppose the amendment offered by the Senator from Missouri, amendment No. 4986. Senator BOND's amendment would specifically undermine the goal of protecting the American taxpayer from the costs of the HOPE Program.

I have often said—and I will repeat once again—that we should do whatever we can to help people stay in their homes short of sticking taxpayers with the tab.

The Banking Committee has worked long and hard for months on this issue and has found a way to accommodate a wide range of goals and concerns with this legislation.

The affordable housing fund and the funding mechanism—which is important here—for the HOPE Program are two of the most critical elements that allowed us to reach a bipartisan agreement. Eliminating either one of these now would simply unwind the entire bill, would destroy the whole bill, and neither I nor Senator DODD nor a lot of our colleagues on both sides of the aisle can support that.

Therefore, I urge my colleagues to join us in opposing the first Bond amendment.

AMENDMENT NO. 4985

Madam President, I would like to speak for a minute on the Bond amendment No. 4985, the second amendment.

While I am sympathetic to and share many of Senator BOND's concerns regarding FHA's longtime management problems and resource constraints, I cannot support this amendment.

The proposed HOPE for Homeowners Program establishes a new board to oversee the implementation of this program. Included on this board, in addition to HUD, are the FDIC, the Federal Reserve, and the Treasury Department. It is our intention that the expertise and experience of this board will compensate for FHA's longstanding management problems.

Additionally, the bill would provide—this is important—at no cost to the taxpayer, funding for additional resources, particularly in the form of increased staff, to manage and implement the proposed HOPE Program.

While I agree with Senator BOND that depending solely on existing FHA resources, the HOPE Program would be unworkable, I believe the increased resources and board oversight provided in this legislation sufficiently address those concerns.

I encourage my colleagues to oppose this second Bond amendment, too.

Mr. SANDERS addressed the Chair.

The PRESIDING OFFICER. Who yields time to the Senator from Vermont?

Mr. DODD. Madam President, I will address my colleague from Vermont through the Chair. As I understand it, we have heard from the Members who

want to be heard on the amendments. Unless there is an objection, I know my colleague wants to take a few minutes to propose an amendment; is that correct?

Mr. SANDERS. Madam President, I want to set aside the pending amendment and send an amendment to the desk.

Mr. DODD. The only danger is, of course, we would have to get back on the matter before us to vote on the underlying amendments that we agreed, by unanimous consent, to do at or about 4:30.

Mr. SANDERS. I will be very brief. I do not need more than 2 or 3 minutes.

Mr. DODD. There is an objection being voiced.

Mr. SANDERS. Then I would like to talk about the amendment.

Mr. DODD. I say to my colleague, we will have a couple votes fairly quickly, and then I will be here to entertain my colleague's proposal.

Mr. SANDERS. At which time I will be able to offer the amendment?

Mr. DODD. Yes.

Mr. ISAKSON. Madam President, will my colleague from Connecticut yield?

Mr. DODD. I will be happy to yield to my colleague from Georgia.

Mr. ISAKSON. The amendment we discussed earlier when I made my remarks regarding the effective dates on the tax credit is here. I do not think there is an objection. At some point in time, can I be recognized to call it up?

Mr. DODD. Certainly. I will again make the same recommendation I have made to our colleague from Vermont. If the Senator from Georgia will wait a few minutes, we will be glad to take—in fact, I invite, as my colleague from Alabama does, any other amendments besides those we have heard about here that people want to raise. We are anxious to do business. We are going to have a couple votes, but obviously there may be some other thoughts people have on the subject matter. Certainly, I will be here to entertain that amendment.

Mr. ISAKSON. I thank the Senator.

Mr. DODD. Madam President, again, I do not know if other Members wish to be heard on the pending matters; that is, the two Bond amendments, which are the subject of the pending votes.

Does my colleague from Vermont wish to be heard on the pending amendments?

Mr. SANDERS. Yes. I wish to raise an issue. And it is my intention at the appropriate time to offer an amendment which I hope we can get a vote on because this is an amendment of huge consequence; that is, with the price of heating fuel soaring, if we do not significantly expand LIHEAP funding, there are going to be people who will go cold, people who will die this winter.

We have heard about a number of national emergencies out there. I am certainly sensitive to the crisis taking place in Iowa and as to the remnants of Hurricane Katrina in Louisiana. But I want Members of this body to understand that if we do not substantially

increase LIHEAP funding, there will be people in the northern tier of this country who will go cold this winter because they cannot afford to pay the outrageously high prices of home heating fuels that they are going to be asked to pay.

At the appropriate time, I will bring forth an amendment to increase funding by \$2.53 billion for fiscal year 2008. Madam President, the Northeast Coalition of Governors has made that request and that is the number I am going to be bringing forth.

I wish to have printed in the RECORD the letter that was written by the Coalition of Northeastern Governors which is demanding that we have at least \$5.1 billion—which is what, as I understand, the authorized level is—that that be, in fact, appropriated.

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

COALITION OF
NORTHEASTERN GOVERNORS,
Washington, DC, June 18, 2008.

Hon. DAVID OBEY,
Chairman, Committee on Appropriations,
House of Representatives, Washington, DC.

Hon. JERRY LEWIS
Ranking Member, Committee on Appropriations,
House of Representatives, Washington, DC.

Hon. JAMES WALSH,
Ranking Member, Subcommittee on Labor,
Health and Human Services, and Edu-
cation, Longworth House Office Building,
Washington, DC.

DEAR CHAIRMAN OBEY, RANKING MEMBER LEWIS AND RANKING MEMBER WALSH: As the Subcommittee begins consideration of the FY2009 Labor, Health and Human Services, and Education appropriations bill, the Coalition of Northeastern Governors (CONEG) urges you to support funding the Low-Income Home Energy Assistance Program (LIHEAP) at the \$5.1 billion level authorized by the Energy Policy Act of 2005. We recognize the considerable fiscal challenges that face the Appropriations Committee this year and we deeply appreciate the Subcommittee's continued, strong support for the LIHEAP program. However, increased LIHEAP funds are urgently needed in the face of continually rising energy prices (particularly for delivered fuels) and the increasing number of households in arrears to energy utilities. Funding the LIHEAP block grant program at the \$5.1 billion level, and providing it in a manner that will ensure additional funding to all states, will help restore some of the purchasing power of the program and enable states across the nation to provide meaningful assistance to citizens struggling to pay unaffordable home energy bills.

The low-income households targeted by the LIHEAP program are hit particularly hard by soaring energy prices, especially home energy prices. An increasing number of households are in arrears to energy utilities. For the households who depend upon delivered fuels such as heating oil and propane, the outlook is particularly troubling since they lack the benefit any utility assistance program. These households are concentrated in the Northeast, where almost 32 percent of LIHEAP recipient households rely upon delivered fuels, compared to 12 percent nationally or approximately 4 percent in many warm weather states. Even before the price of crude oil reached its recent record level, EIA estimated that households heating primarily with home heating oil will pay approximately \$2,000 to heat their homes this year. Without an adequate LIHEAP benefit

that can meet the minimum livery requirement, these households face the prospect that a dealer will not make a delivery or will require a surcharge, further reducing the purchasing power of LIHEAP assistance.

The demand for this highly effective program continues to increase even as the purchasing power of the LIHEAP dollar plummets, and the average LIHEAP benefit decreases. If federal funding remains level or declines as home energy prices continue to rise, states face the difficult decision of serving fewer households or reducing the level of already stretched benefits. States in the Northeast have already incorporated various administrative cost-savings to deliver the maximum program dollars to households in need. In spite of these efforts to stretch federal and state LIHEAP funds, the need for the program is far too great.

Increased, predictable and timely federal funding is vital for LIHEAP to assist the nation's vulnerable, low-income households faced with exorbitant home energy bills. With an appropriation at the \$5.1 billion authorized level, distributed to ensure that additional funding is provided to all states, the program can offer meaningful assistance to more households in need, lessen the need for emergency crisis relief, and make optimum use of leveraging and other cost-effective programs.

On behalf of all the CONEG Governors, we urge you to support funding for LIHEAP at the \$5.1 billion level in the FY2009 Labor, Health and Human Services, and Education appropriations bill.

Regards,

JIM DOUGLAS,
Chair, Governor of
Vermont.

DAVID A. PATERSON,
Vice-Chair, Governor
of New York.

JOHN LYNCH,
Lead Governor for
LIHEAP, Governor
of New Hampshire.

Mr. SANDERS. So at the appropriate time, I will be down here to offer—I wish to check with my colleague from Connecticut. Is there going to be any problem with me getting a vote on this amendment?

Mr. DODD. Well, there could be. I can't say that is not going to be the case. But getting a vote, that is certainly a possibility. Let me talk with others and see what the intention would be.

Mr. SANDERS. OK. I think this vote is long overdue, and it is something the American people want to see.

Mr. DODD. Madam President, let me inquire, as I understand, the Senator from Missouri has 8 additional minutes remaining on the UC?

The PRESIDING OFFICER. That is correct.

The Senator from Alabama has 10 minutes remaining, and the Senator from Connecticut has 3 minutes remaining.

The Senator from Missouri is recognized.

Mr. BOND. Madam President, I ask unanimous consent to add the Senator from Wyoming, Senator BARRASSO, as a cosponsor of the amendment No. 4985.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. Madam President, to begin, I think I should make some general comments about my concern and about my ability to work with the distinguished chairman of the committee

on affordable housing programs. We have worked a long time on these programs together, and he and I, together, pushed for \$180 million for counseling for families facing foreclosure. We have gotten that passed. I have been out and talked with the people who are victims, the people who are helping them, the local officials, and that is working.

Based on what I learned from talking to the people who are suffering from this foreclosure epidemic and from the real problems in the subprime market caused by predatory lending, which the Senator from Maryland, Ms. MIKULSKI, and I tried to get HUD to stop a few years ago, we came up with a solution. That solution I offered on the floor: the Security Against Foreclosure and Education Act, the SAFE Act, most of which was incorporated in the housing bill we passed in April. I believe those things went at this problem in the right way. We understand there is a problem.

What I am saying is I fear that taxing GSEs or taking money, expropriating money from GSEs and setting up this HOPE Now Program is a false hope because FHA can't manage it, and they are likely to have a tremendous impact, No. 1, potentially on the housing budget coming out of the taxpayers' pockets. We don't have enough money to pay for all the things we need to do for public and assisted housing.

The SAFE Act said reform FHASecure so it could work for somebody who had missed a payment or two, lower the GSE's capital requirement so they could lower this capital housing program; also, provide \$10 billion of authorization for State housing finance agencies to raise additional funds to refinance these mortgages which are in default. That, I believe, is the best way to do it. That is why I am very much concerned that we are going down the wrong road, trying to put a burden on the FHA to do something they are not up to. I am afraid the HOPE Program is a false hope for 130,000 families who will enter the program and then default and face foreclosure.

The hope is the FHA will somehow be able to dispose properly of those 130,000 homes while they are trying to manage their portfolio. Experience shows that will not work. No matter what kind of board you set up, FHA cannot take on all those additional responsibilities. This program is far more likely to result in a huge bailout for lenders, while protecting a very limited number of homeowners.

The Congressional Budget Office—hear this: the Congressional Budget Office estimates that under this program, mortgage holders would have an incentive to direct their highest risk loans to the program. They estimate the cumulative default rate of the HOPE Program would be 35 percent—one out of three—worst of the worst loans and

FHA would get them. Where would they get them? From companies that have been a part of the problem.

According to the Wall Street Journal, Countrywide issued \$167 billion—Countrywide Financial, \$167 billion. They had 11 percent of the subprime market and now, according to the Wall Street Journal, they have \$30 billion of it, either in their own foreclosures or for those they have offered a guarantee. So there is \$30 billion of bad loans on which Countrywide is at risk, and this program could be used to refinance all those programs.

If a lender or a holder was facing foreclosure and knew he had to go to foreclosure, it calculates the cost of foreclosure and takes some of that off the value of the home and refinances that value and hands it off to FHA, and FHA gets stuck—gets stuck with it. The FHA has shown they cannot manage and implement the existing loan activities. You can read the lengthy IG reports, the GAO reports. Anybody who has looked at the FHA said they can't handle the job now. They have expanded from 2 percent to 6 percent of the market, and they can't even handle that additional level now.

The head of the FHA said this could be a tremendous burden on his agency and potentially on the taxpayers. If FHA is ultimately held at risk for these, they could be in a position where money that would otherwise go to support Section 8 vouchers or public housing operating or capital subsidies would have to be diverted to FHA to pay back the worst of the worst loans—according to CBO—the worst of the worst loans that would be pawned off on the FHA.

Nobody cares more than I about dealing with and providing as much help as possible to those people who are unfortunately facing foreclosure, perhaps because of lack of information or even misinformation that was given them about the loans into which they entered and the change in the market which caught them unaware, such as the situation I discussed earlier today of Mr. Willie Clay, the Vietnam veteran who found his mortgage rate readjusting 50 percent higher, which would throw him out of the house. He had an 8.2 percent rate and it was going to go up to over 12 percent. He needs help. These people need help. But bailing—let us bail out the people who are in trouble through the housing—State housing finance agencies or FHASecure; don't have FHA set up to take the fall with the worst of the worst loans from lenders, some of whom may have been ones who put us in the problem.

I urge the support of my two amendments and I yield the floor and reserve the balance of my time.

The PRESIDING OFFICER. Who yields time?

Mr. DODD. Madam President, I know Senator SHELBY had some time remaining. I don't know if he intends to use it. He may not.

Mr. SHELBY. Madam President, what is the pending business?

The PRESIDING OFFICER. The Democratic side has 2 minutes remaining and the Republican side has 5 minutes remaining.

Mr. SHELBY. I yield 1 minute, at this point, to the Senator from Georgia, Mr. ISAKSON.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. ISAKSON. Madam President, I wish to use this minute to set aside the pending amendment and call up—

Mr. DODD. I would have to object. There is an objection being raised.

Mr. ISAKSON. Then, since I have had my say, I wish to defer my 1 minute to Senator CORKER without calling up an amendment.

Mr. SHELBY. Madam President, I will yield 2 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. CORKER. Madam President, I feel as though I have a very generous allotment, and I appreciate that. I wish to speak on the Isakson amendment.

JOHNNY ISAKSON, from Georgia, has tremendous experience in the area of housing, and I think he brought to this body a great proposal that is part of the bill we are now debating and that is the \$8,000 first-time home buyer credit. One of the flaws in the bill today, as it sits, is the fact that this credit begins on April 1, so people who have already bought loans would be participating. I think the purpose of this amendment that he so wisely crafted and has brought forward was actually to stimulate new home buyer housing, not to reward people who have already taken action. So his amendment that I am supporting and cosponsoring would actually establish as the date of enactment the time that that 1-year time clock would begin. It only makes sense that the purpose of this provision in the bill, this compromise bill, is to stimulate home buying, not to reward people who have already done so.

I hope the manager of the amendment might accept this amendment. If not, I hope we will be able to call this amendment up in the very near future after this vote.

Mr. DODD. Madam President, I have 2 minutes or 3 minutes remaining, and I yield to my colleague, the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Madam President, I come to speak against the proposal by Senator BOND which would significantly—in fact, catastrophically—undercut the affordable housing program we have included in this legislation, with the support of Chairman DODD and Ranking Member SHELBY.

This legislation is necessary. Even before we had a foreclosure crisis, hundreds of thousands of Americans—millions—did not have decent, affordable housing. So this is not something that

is a temporary fix to the mortgage crisis; this is long-term solution aimed at addressing a long-term problem of not having enough affordable housing in this country. It is absolutely necessary.

The Bond amendment would essentially say: Well, yes, you can have a housing trust fund, but we are not going to fund it because the funding mechanism comes from Fannie Mae and Freddie Mac. Oh, by the way, you can create a home ownership protection program, but the first 3 years of affordable housing trust fund monies won't be available to help pay for it, which was how we dealt with the objection of Senator SHELBY and many others that we not use public funds to help with the foreclosure problem.

This is a way in which we can accommodate many objectives: helping people facing foreclosure without using public funds and in the long term creating a permanent, affordable housing trust fund. There is no place in this country—none of my colleagues have places—where the constituents are not coming up and saying we need help with affordable housing. The rent is going up. We can't afford it. We are on the street. Please help us. That problem will not expire when this foreclosure crisis is over.

Let me also say I think it is entirely appropriate that Fannie Mae and Freddie Mac participate. They were chartered originally as quasi public entities. They have—we have given them and we continue to give them—affordable housing responsibilities. That is part of their mission, part of their mandate. Some would say: Well, listen, if that is the case, let them decide what they want to do. We spent years creating this affordable housing program. One of the criticisms of this program was that if you gave Fannie and Freddie control of the money or required them to spend in a certain way, it would become politicized. They would pick winners and losers not based upon needs in certain parts of the country but based on political advantage. That was a criticism that was advanced most strenuously by my Republican colleagues. So we have created an affordable housing program, part of which is lodged at Treasury and part of which is lodged at HUD.

If the Bond amendment is adopted, we are giving up the last chance we have for an affordable housing trust fund in this country, the last major chance. I urge opposition.

Mr. SHELBY. Madam President, how much time do I have remaining?

The PRESIDING OFFICER. Four minutes.

Mr. SHELBY. I yield back the remainder of my time.

AMENDMENT NO. 4986, AS MODIFIED

The PRESIDING OFFICER. All time is yielded back.

Mr. DODD. I ask for the yeas and nays.

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

The question is on agreeing to the Bond amendment No. 4986, as modified. The clerk will call the roll.

Mrs. MCCASKILL (when her name was called). Present.

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

Mr. MCCONNELL. The following Senators are necessarily absent: the Senator from Tennessee (Mr. ALEXANDER), the Senator from Kansas (Mr. BROWNBACK), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. KYL), the Senator from Arizona (Mr. MCCAIN), and the Senator from Kansas (Mr. ROBERTS).

Further, if present and voting, the Senator from Tennessee (Mr. ALEXANDER) would have voted "no."

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

The result was announced—yeas 11, nays 77, as follows:

[Rollcall Vote No. 152 Leg.]

YEAS—11

Barrasso	Coburn	Grassley
Bond	DeMint	Inhofe
Bunning	Ensign	Vitter
Burr	Enzi	

NAYS—77

Akaka	Durbin	Nelson (FL)
Allard	Feingold	Nelson (NE)
Baucus	Feinstein	Pryor
Bayh	Graham	Reed
Bennett	Gregg	Reid
Biden	Hagel	Rockefeller
Bingaman	Hatch	Salazar
Boxer	Hutchison	Sanders
Brown	Inouye	Schumer
Byrd	Isakson	Sessions
Cantwell	Johnson	Shelby
Cardin	Kerry	Smith
Carper	Klobuchar	Snowe
Casey	Kohl	Specter
Chambliss	Landrieu	Stabenow
Cochran	Lautenberg	Stevens
Coleman	Leahy	Sununu
Collins	Levin	Tester
Conrad	Lincoln	Thune
Corker	Lugar	Voinovich
Cornyn	Martinez	Warner
Craig	McConnell	Webb
Crapo	Menendez	Whitehouse
Dodd	Mikulski	Wicker
Dole	Murkowski	Wyden
Dorgan	Murray	

ANSWERED "PRESENT"—1

McCaskill

NOT VOTING—11

Alexander	Harkin	McCain
Brownback	Kennedy	Obama
Clinton	Kyl	Roberts
Domenici	Lieberman	

The amendment (No. 4986), as modified, was rejected.

Mr. DODD. I move to reconsider the vote.

Mr. KERRY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 4985

The PRESIDING OFFICER. Under the previous order, there is 2 minutes each, evenly divided.

The Senator from Connecticut.

Mr. DODD. Madam President, let me briefly say to my colleagues that this is the second Bond amendment. This amendment would eliminate the HOPE for Homeowners Act, almost the centerpiece of this legislation. This is an idea that was recommended to us by a broad spectrum of people on the economic agenda here dealing with the issue of how we keep people in their homes. This idea has been endorsed by the American Enterprise Institute, the Consumer Federation of America, and many other groups and organizations that have suggested this idea could possibly keep as many as 400,000 to 500,000 people in their homes.

Every day in the month of May, 8,427 people filed for foreclosure. Every single day. Every day, over 8,000 people are filing for foreclosure in our country. Every day that goes on and we fail to take a step to do what we can to see that we can keep people in their homes and get our economy back on its feet, a day is lost and it endangers our economy even further.

The Bond amendment strips this bill, the HOPE for Homeowners Act, which we passed 19 to 2 out of the Banking Committee. We have had extensive hearings on it. It is a bipartisan proposal that we hope will make a difference in our country. What better step could we take this evening than to reject this amendment and endorse the idea that we are going to do everything we can to keep homeowners in their home?

I will make a point of order, Madam President, after Senator BOND has spoken.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Madam President, a couple of months ago, we passed a good bill to say we would authorize \$10 million for State housing finance agencies to help refinance homes where the owners were facing foreclosure. A good approach. This is a disastrous approach. CBO has said that the lenders—the people, some of whom made some of the bad loans in the first place—will dump the worst of their worst loans on FHA.

Last week, FHA, floundering under existing portfolio losses, announced \$4.6 billion in losses, 22 percent of their reserves, raising questions about their ability to maintain solvency. FHA can't do it. Thirty-five percent of the loans under the HOPE for Homeowners have been bad. The defaults would hurt the FHA. This provision would allow lenders such as Countrywide Financial, which had 11 percent of the subprime market, and according to the papers has \$30 billion of the worst loans, to dump those on the FHA.

I urge support of the amendment.

Mr. DODD. Madam President, I raise a point of order that the pending amendment violates section 201 of S. Con. Res. 21, the concurrent resolution on the budget for fiscal year 2008. This is the pay-go point of order.

Mr. BOND. Madam President, I move to waive the applicable points of order

of the Congressional Budget Act with respect to the amendment, and 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 occurs on agreeing to the motion to waive the Budget Act in relation to the Bond amendment No. 4985. The yeas and nays have been ordered.

The clerk will call the roll.

The 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 Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. LIEBERMAN), and the Senator from Illinois (Mr. OBAMA) are necessarily absent.

Mr. MCCONNELL. The following Senators are necessarily absent: the Senator from Tennessee (Mr. ALEXANDER), the Senator from Kansas (Mr. BROWNBACK), the Senator from Arizona (Mr. KYL), the Senator from Arizona (Mr. MCCAIN), and the Senator from Kansas (Mr. ROBERTS).

Further, if present and voting, the Senator from Tennessee (Mr. ALEXANDER) would have voted "no."

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

The yeas and nays resulted—yeas 21, nays 69, as follows:

[Rollcall Vote No. 153 Leg.]

YEAS—21

Allard	Craig	Inhofe
Barrasso	Crapo	McConnell
Bond	DeMint	Murkowski
Bunning	Ensign	Sessions
Burr	Enzi	Stevens
Coburn	Grassley	Thune
Cornyn	Hutchison	Vitter

NAYS—69

Akaka	Durbin	Murray
Baucus	Feingold	Nelson (FL)
Bayh	Feinstein	Nelson (NE)
Bennett	Graham	Pryor
Biden	Gregg	Reed
Bingaman	Hagel	Reid
Boxer	Hatch	Rockefeller
Brown	Inouye	Salazar
Byrd	Isakson	Sanders
Cantwell	Johnson	Schumer
Cardin	Kerry	Shelby
Carper	Klobuchar	Smith
Casey	Kohl	Snowe
Chambliss	Landrieu	Specter
Cochran	Lautenberg	Stabenow
Coleman	Leahy	Sununu
Collins	Levin	Tester
Conrad	Lincoln	Voinovich
Corker	Lugar	Warner
Dodd	Martinez	Webb
Dole	McCaskill	Whitehouse
Domenici	Menendez	Wicker
Dorgan	Mikulski	Wyden

NOT VOTING—10

Alexander	Kennedy	Obama
Brownback	Kyl	Roberts
Clinton	Lieberman	
Harkin	McCain	

The PRESIDING OFFICER. On this vote, the yeas are 21, the nays are 69.

Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the amendment falls.

The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, my good friend, the Senator from Iowa, Senator GRASSLEY, asked if he could speak for 2 or 3 minutes on an unrelated matter.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. I ask permission to speak for 3 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

IOWA FLOODS

Mr. GRASSLEY. I come to the floor today to give my colleagues an update on the devastating floods in Iowa, but you can also say a lot of the Midwest. The President is seeing the floods for the first time today. I appreciate Senator HARKIN being there with him.

Senator HARKIN and I are working closely together to make sure every base is covered in Iowa. We traveled throughout Iowa last weekend. We are meeting regularly to sort through everything that needs to happen. Today, we are covered, with him in Iowa with the President and me in the Senate to work for disaster recovery provisions in this very housing bill. The President has already named 55 of our 99 counties as Federal disaster areas.

More need to be named. I think he will see today the need to continue these declarations. During our tours through several communities last week, and hopefully again this weekend, we were pleased to see a great deal of coordination between FEMA, SBA, and our local officials. It sounded as though they were all talking with one voice, which is comforting to Iowans looking for guidance and support and, particularly, it looks a lot different than during Katrina, when it seemed like that was not particularly the case.

Today, many people are starting to get back in their homes and businesses. North of Iowa City, receding waters are bringing further heartache as residents salvage what they can and then throw away what was destroyed by the floodwaters. Those are the lucky ones. There are many who are determining whether they can salvage the house let alone what is inside.

Small communities downriver, such as Oakville and Columbus Junction, are completely submerged. Farms lost everything, including equipment, crops, livestock. The cities of Burlington and Keokuk are holding their breath to get through without devastation such as we have seen in Iowa City and Cedar Rapids.

Despite all this, Iowans continue to show their resiliency and heart. I was on C-SPAN's call-in program called "Washington Journal" earlier this week. People from all over the country called to say how proud they were of the way people in the Midwest, and particularly they were referring to Iowans, were pulling together and working to get through this disaster.

Of course, Senator HARKIN and I could not agree more. Volunteers con-

tinue to be at the forefront of our efforts. Local churches have made heroic efforts. The Salvation Army and Red Cross have been in Iowa since the beginning. I cannot say enough about the local officials, including law enforcement, fire departments, and the Iowa National Guard.

I would like to extend my thank-yous to all my colleagues who have come forth showing their support. I think I can speak for both Senator HARKIN and myself in saying we have had people in private coming up to us on the Senate floor. Having that happen is very gratifying.

Many of you have had similar events occurring in your own States and understand the pain we feel once again in Iowa. Our constituents are going to need the Federal Government's help. Senator HARKIN and I have been meeting often and have also put together a coalition of Midwest Senators whose States were also hit.

I thank all my colleagues for giving our constituents the help they need as we continue down this road.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, if I may, I yield 4 minutes to my colleague from Virginia.

Mr. WARNER. Mr. President, I do not tend to object. May I have 4 minutes following Senator WEBB?

Mr. DODD. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

GI BILL

Mr. WEBB. Mr. President, I wish to speak actually in conjunction with the senior Senator. It is fine with me if he wants to follow me for 4 minutes. I wish to speak for a bit about the announcement from the White House today to the effect that the President has agreed he will not veto the GI bill we have worked on so hard for the last 17 months; that he is willing to accept this legislation.

I wish to say how grateful I am to all the veterans groups that over the last 17 months worked so hard to get the right bill. This bill will be reported back to us, I am told, in the exact form we sent it over, with the vote of 75 to 22 not long ago.

There was another provision Senator WARNER and I had worked on as a separate amendment regarding transferability that will be put in this bill in a slightly different form.

But there was some mischaracterization in terms of how the White House portrayed this transferability provision. I think it goes to the heart of some work Senator WARNER has done over many years, and I think it deserves to be clarified in this body.

The announcement by the White House was to the effect that this transferability provision would be a new provision. In fact, Senator WARNER and a number of Senators on our side of the aisle enacted this as law 6 years ago. We have heard from people on the other side, from the administration,

from people in the Pentagon, that there was a priority 1 item out of the Pentagon.

But it has been in law, at the discretion of service Secretaries for 6 years. So we are willing to accept this provision as it comes over.

We are enormously grateful the President said he will not veto this bill because, quite frankly, it has been almost 7 years since 9/11. The operational tempo of the people who have been serving has gone up. They deserve a wartime GI bill. They are going to get it. I wish to express, again, my appreciation to all the members of this body—we had 58 sponsors, including 11 from the Republican party—and to all the veterans groups who helped make this possible.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I wish to congratulate my colleague, Senator WEBB. He and I have known each other for a very long time. When I was Secretary of the Navy, he was a young captain, just back from Vietnam, serving on my staff.

When he came to the Senate, he indicated his top priority was to get a revision of the existing framework of laws governing the GI bill because he felt very strongly, based on his long and heroic service to this country in uniform that we owed this generation everything that previous generations had received by virtue of educational benefits.

I said several times on this floor, acknowledging with the greatest humility and thankfulness in my heart for two periods of military service I had of no great significance, but, nevertheless, enabled me to have a GI bill from a short service at the end of World War II and for service during the Korean war.

One GI bill got me a bachelor's degree, the second a law degree. I felt, just as Senator WEBB, this generation deserves no less than that. But his fortitude, his determination, his perseverance has led to this legislation. I wished to acknowledge that and the support we received in this body and the support we received from the various organizations, veterans organizations all across America.

I will cite some historic memorabilia on this subject. In May of 2001, I was the only Republican on the Armed Services Committee to join a number of other Democrats on the committee in cosponsoring the bill by Max Cleland of Georgia. Those of us who knew Max Cleland remembered that he came to the floor of the Senate, despite his serious wounds he had received and disability from that conflict, as the hardest fighting Senator for veterans and military people.

I was proud to join him. But nothing happened to that bill. It lost its way. So then, in 2002, as chairman of the committee, I went back and picked up on what this legislation had laid as the

foundation. In the fiscal year 2002 National Defense Act, subtitle E, section 654, is the historical precedent for transferability.

So I wish to thank the members of the Armed Services Committee who have worked this issue for many years. When it came time to have Senator WEBB's bill go in, we talked about transferability, but we recognized it was already law.

In the course of the deliberations on his bill, it seemed to me important that we update the 2002 law, which we did. I put in an amendment, amendment No. 4800, on May 20, 2008, which brought transferability in the old statute up to date.

Subsequently, we have not had any official cooperation of support from the Department of Defense, but unofficially there was some advice that came to us. We incorporated that advice, and that advice now reshaped my amendment on May 20. That, hopefully, will become the law of the land when that bill comes from the House to the Senate floor. I certainly urge all colleagues to join in that.

But again, I say to Senator WEBB, I salute him for his work on this legislation, his long and hard service to the country. This will stand as a hallmark for his initiative. I was pleased to join him along the way. I think all of us in this Chamber thank him for the leadership he has given.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, I wish to add my voice to one of my dearest friends in this body, Senator JOHN WARNER, and to JIM WEBB, who did a great job of this. All of us are grateful for the tremendous work they have done. Needless to say, millions of veterans deeply appreciate their commitment to this. I am not surprised that these two Virginians will be leading the charge in this. I thank them.

Mr. WARNER. Mr. President, if I can add a word. When the Armed Services Committee passed, in 2002, the legislation initiating transferability, it was against the wishes of the Department of Defense. But, nevertheless, our committee, as it has many times, stood its ground and put it into law.

It was not utilized by the Department of Defense, except in one or two cases by the Department of the Army. The other military departments did not use it. So the concept of transferability has been around for a long time. It is not brand new as indicated by some interpretation of this press release from the White House today.

It has been around a long time, and it received no support from the Bush administration in 2002, when it went on the lawbooks. It was not utilized by the departments. So, today, they announced, from the White House, it is rather interesting, the sentence reads:

The President is pleased that Congress answered his call to ensure that military families soon will be able to transfer their unused

education benefits to their spouse or children.

That has been the law of the land, in one form or another. That has been the effort of this Congress. That has been the effort of this Armed Services Committee, of which I am proud to be a member for many years, 6 or 7 total.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DODD. I wish to give my thanks to our colleagues. Well done.

The PRESIDING OFFICER. The majority leader.

Mr. REID. Mr. President, we have a unanimous consent request that we are going to make when I get the paper.

I ask unanimous consent that the Bunning motion to refer now be in order with respect to the House message regarding H.R. 3221; that there be 30 minutes for debate with respect to the motion; that the time be equally divided and controlled in the usual form; that no amendments be in order to the motion; that the motion be subject to an affirmative 60-vote threshold; that it achieves that threshold, that it be agreed to and the motion to reconsider be laid on the table; that if it does not achieve that threshold, that it be withdrawn and there be no further motions to refer in order during the pendency of this House message.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Kentucky.

MOTION TO REFER

Mr. BUNNING. Mr. President, I send a motion to the desk.

The PRESIDING OFFICER. The clerk will report the motion.

The legislative clerk read as follows:

The Senator from Kentucky [Mr. BUNNING] moves to refer the message from the House on H.R. 3221 to the Committee on Banking, Housing, and Urban Affairs of the Senate with instructions to assess the potential financial benefits the legislation could provide to Countrywide Financial Corporation and other lenders, as well as mortgages originated by Countrywide Financial Corporation and other lenders that are held by third parties.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. BUNNING. Mr. President, I make this motion to refer the House message on the housing bill to the Banking Committee so the Senate can have all the facts about who will benefit from this legislation before we go forward. As anyone who has looked at the 631 pages of the substitute text can tell, this is a very serious piece of legislation. Hundreds of billions of dollars are on the line under the various parts of this bill. One part of this bill alone is a \$300 billion refinancing program for problem mortgages. That part of the bill will open the door of the FHA to borrowers who have defaulted on their mortgages. I question the wisdom of that program. But for the moment, I want to focus on who will benefit rather than the losses the taxpayers will face.

The supporters of this bill say borrowers will benefit and lenders must

take a loss on the loan before it can be refinanced. But that is not the whole truth. Lenders are already facing losses on these loans, so moving a loan into the program puts an end to the bleeding, and the FHA assumes the risk of all future losses. What that means is the lenders and others who hold mortgages are going to dump their worst \$300 billion of mortgages on the FHA, without requiring so much as a thank-you to the taxpayers. If we are going to give such a large gift to the big banks and the investment houses, we should at least know to whom we are sending it.

Some of the lenders who are blamed for creating this housing crisis stand to benefit the most. For example, I read in the morning Wall Street Journal that one lender, Countrywide Financial, could benefit to the tune of \$25 billion. That is a large gift from Congress to a private company, especially one that has been identified by some as the leader of the mortgage madness and has written more than 10 percent of the total of the most risky loans.

Does that make sense to anybody? Does that make sense to my fellow Senators? I don't think so.

Some may question that \$25 billion figure. The truth is, no one in this Senate knows what the real number is. That is my point. The American people deserve to know who is going to benefit from this bill before we pass it. That is why I make this motion to refer the bill to the Banking Committee so that the committee can assess which banks and lenders will benefit and by how much. I make this motion with the full knowledge that it is going to take 59 fellow Senators to realize that the 631 pages of this substitute have just appeared before us yesterday. I continue to press my motion.

I now yield to my good friend from South Carolina, Senator DEMINT.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. DEMINT. Mr. President, I thank the Senator from Kentucky. I appreciate his willingness to offer this motion and bring some of our concerns to the attention of the Senate. I would like to make clear that it is not our intent to question the integrity of any Member of the Senate. But I believe every American has the right, given the situation surrounding this bill, to question the judgment of any Senator who votes for it at this time.

I know Senator SHELBY, the ranking member, has worked for years on part of this bill that is very important, and that we all support, GSE reform, getting a Federal regulator who can help keep some accountability in a system that has gotten out of control. I know if that was the only part of this bill that was being offered, he would be proud to support it. But we also know politics is the art of compromise, and we had to put a package together, I assume, that was needed in order to get the real reform through.

I think the package that came together is clearly problematic. A cloud

surrounds this bill. We have seen it in the media all over the country, questioning the amount of money we spend, who benefits from it, and the fact that we are potentially unloading hundreds of billions of dollars of bad loans on to the American taxpayers' shoulders.

I appreciate Senator SHELBY and his work, but I have to object to this bill. The purpose of referring it back to the committee is not to stop the bill indefinitely but to get a careful review of who benefits from this bill. I have received different reports since it began.

First, I heard that Countrywide, one of the lenders involved that has had so many allegations against it, could potentially get \$2.5 billion. Then the Wall Street Journal says it is \$25 billion. As we look at this, the bill is designed to essentially encourage a lot of these mortgage companies to unload their riskiest loans on to the taxpayer. We are told, because they have to accept some reduction in the value of that loan, that they are going to be discouraged from doing it. In fact, we know if you take the riskiest loans, the Congressional Budget Office has already told us that 35 percent of these loans will default again. In other words, we basically know that 35 percent of these loans are going to fall back on the shoulders of the American taxpayer because this bill includes a guarantee.

We also know some of the voluntary programs, such as the Hope Now Program facilitated by the administration, are working. They have prevented over 1.5 million foreclosures. We need to do things like that that would help avoid foreclosures, help people stay in their homes. But this bill has come together in such a way as to raise questions all over the country that we need to answer before we move ahead.

Again, I thank the Senator from Kentucky for his willingness to stand for this. I encourage those who even support the bill to accept that we need to say: Wait a minute; let's look at this again. Let's look at the concerns that are being expressed all over the country. Then, let's take up the bill again at the right time.

I thank the Senator from Kentucky and yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. BUNNING. Mr. President, I reiterate the fact that since we have the 631-page substitute, we have had no CBO scoring on this bill. It would only make sense to me to refer it back to the Committee on Banking so that CBO can work their magic and come up with the numbers so we know who is benefiting and who is not benefiting from the many pages in this bill.

I ask for the yeas and nays and yield back the remainder of my time.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time in opposition?

The Senator from Alabama.

Mr. SHELBY. Mr. President, within the hour, the Senate rejected two amendments offered by the Senator from Missouri. The first one, which would basically gut this program, the vote was 77 to 11. The second Bond amendment was also rejected, 69 to 21. That indicates that there is a lot of bipartisan support for this bill on which we have worked for years in the Banking Committee. The current Presiding Officer knows these issues well. He represents the State of Florida and knows about housing. He knows about mortgages and, as an attorney at one time, I am sure he dealt in that area.

In this bill there is no special treatment, I say to my good friends—and I have a lot of respect for Senators BUNNING and DEMINT—no special treatment for any lender or homeowner. All lenders will have to take a significant loss, more than a little haircut, if they choose to participate. This is a voluntary program. All homeowners will have to share any equity gains. This is not a bailout, I assure my colleagues. The Presiding Officer knows I wouldn't support a bailout.

I voted against the stimulus bill that was here earlier in the year, as some of my colleagues did. But there are some good things in this bill, and I want to talk a few minutes about them. While the legislation would authorize FHA to provide up to \$300 billion in loan guarantees under the new program over the 2009–2011 period, CBO, the Congressional Budget Office, estimates that FHA would use only \$68 billion of that—that is a lot of money still—loan commitment authority through 2011 to implement the program. CBO estimates that enacting this legislation would increase direct spending by \$729 million over the 2009–2018 period. That amount includes \$684 million for the estimated subsidy cost of loan guarantees and \$45 million in administrative costs.

Taxpayers will not bear these costs. Maybe that was the original proposal, but in the Banking Committee, we worked out a formula to let the GSEs, the affordable housing program, do this for 3 years because we didn't want the taxpayers doing this. Taxpayers will not bear these costs. During the 2009–2011 period, a portion of the GSEs' assessments would be used to pay the cost of this new program. These assessments would be used to reimburse the Treasury for the cost of the whole program up to an estimated \$960 million total for those years.

Use of the new loan program is contingent upon the voluntary participation of both lenders and borrowers. As a result, demand for this program to refinance qualifying mortgages would depend on how many lenders and borrowers would perceive the new program as their best option in the marketplace.

It is important to note that mortgage lenders and borrowers will give up something in order to take advantage

of this program. The current mortgage holder, whoever it is, must agree to a loan refinancing program that brings the loan-to-value ratio on the new FHA-insured loan to no greater than 90 percent of the property's current appraised value, not what it was at one time. In addition to forgiving a portion of the debt on the existing loan, the current mortgage holder will have to pay 3 percent of the original insured loan amount to FHA. The existing mortgage holder might also cover some portion of the origination fees for the new loan. In effect, the existing mortgage holder would take at least a 13-percent writedown—it might be 50 percent; we don't know—of the existing mortgage. That probably, in a lot of cases, would be better than foreclosure. What I am driving at is, we are not worried about the lenders. I am not. I am worried about the homeowners. I know the Presiding Officer is. The amount could be higher depending on the amount of the origination fee paid and the ability of the borrower to pay a mortgage. Thus, the current mortgage holder will receive no more than 87 percent of the property's current value, after the 3-percent premium is taken into account. I know this is complicated, but this is the way mortgages work.

Borrowers will have to agree to the equity-sharing provisions required under this program and determine whether forgoing some future profits on their homes is an acceptable arrangement. This is a voluntary program.

CBO, again, estimates that fewer than 40 percent of the 1.1 million—at this time—eligible loans would be refinanced under the new program. But if they are, it is going to help a lot of people who are deserving. Following a reduction in the principal amount of those loans to make them affordable, CBO further estimates that approximately 400,000 loans would be guaranteed under this legislation, with an average loan amount of \$170,000. This 40-percent participation reflects the number of expected foreclosures, the impact of second liens, administrative challenges, and anticipated participation by mortgage holders and borrowers.

Many borrowers who would otherwise be eligible for this program will not participate because servicers will not be able to contact some borrowers, as we know. Even with the assistance of this program, some borrowers will not be able to avoid foreclosure because they have experienced a significant event, such as job loss, illness, divorce, or death. In other words, they would not qualify.

The average subsidy rate for those guarantees would be 1 percent. This estimated subsidy rate assumes that the cumulative claims rate—that is, the default—for the program would be about 35 percent and that recoveries on defaulted mortgages would be about 60 percent of the outstanding loan amount.

Mr. President, I want to say again, in this legislation there is no special treatment for any lender or homeowner. This is a voluntary program. All lenders—all lenders—will take a significant loss. There is no mention of any bank, mortgage broker, mortgage banker, or anybody else—Countrywide or anybody—in this bill. If there were, I would not support it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, I yield to the Senator from New York, Mr. SCHUMER.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Mr. President, I rise against this motion for several reasons.

First, on the specific issue, I do not think there has been a Member of this Chamber who has been more of a scourge against Countrywide than the senior Senator from New York. I do not like their practices. I do not like what they have done. I have criticized them publicly repeatedly. I have even asked Bank of America to make sure Countrywide employees—high-ups—are not hired when the company takes over. So I do not like Countrywide. I think many of us in this Chamber may not, given what we know they have done.

But I do not know of a single special interest provision, as my good friend from Alabama has stated, in this bill that applies to Countrywide. It is a general proposal supported by wide numbers of people on all sides—on the lending side, on the borrower side. Many of the groups that represent the poorest people in America support these provisions. So did my colleagues. Of the 10 Republican members of the Banking Committee, 8 supported this bill.

Furthermore, this bill is not one of those that are concocted in the dark of night and put on the floor 3 hours later. The provisions in the bill have been public for weeks. Not a single one of my colleagues has come up and is able to point to any special interest provision that names any specific lender, that benefits them differently than all the other lenders around.

If there is something we ought to do about Countrywide, we can hold hearings. If there is something we ought to do about the practices Countrywide and other lenders used, we should reform them. The chairman of this committee has been in the lead in trying to make those kinds of reforms. I know because a lot of the legislation he did we worked on together.

So there is no reason to believe—there is not a scintilla of evidence—there is a special interest provision here. We all know what is going on here. We ought to resist it on both sides of the aisle. I want to particularly salute my colleague from Alabama for standing up and saying that.

The second thing I want to say is this: This is beyond petty politics. We have a nation heading into recession.

Thousands of people lose their homes every single day. Will the provisions of this bill—introduced by Senators DODD and SHELBY and supported by the Banking Committee, 19 to 2—will they save every one of them? Absolutely not. Will they save a good number of them? You bet.

Will they bring back devastated neighborhoods that have foreclosure signs on all the houses? And innocent homeowners who happen to have a house next to them, who paid their mortgages off 10 years ago and are suffering today because the value of their homes is going down, will this bill help them? You bet it will, with the CDBG provisions.

Will this bill enable Fannie and Freddie—which we are going to need in the next few years more than ever because they back or securitize or hold 80 percent of the new mortgages in this country; it is the only way to get the housing business back on its feet; and this bill wisely strengthens the regulation of Fannie and Freddie and strengthens their capital requirements but at the same time enables them to move forward at a time when we need them more than ever before—will this bill do that? You bet.

Should we be holding this bill up now when we desperately need it, when not a single provision—not a single provision—in this bill can be pointed to as narrow, special interest, or favoring any single institution or individual?

The argument is conclusive. It is not a close one. This is not one of those—by the way, one other reason. We finally have a bipartisan bill on something important. It does not happen very much these days, to the regret of most of us here, whether we be Republican or Democrat. We finally have one because of the hard work of the senior Senator from Connecticut and the senior Senator from Alabama.

Therefore, I urge that this motion be defeated and that we move on and pass this bill tonight so we can get to the business of fixing the housing crisis and, furthermore, trying to make sure the recession we have is as shallow as possible.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. BUNNING. Mr. President, I would like permission to speak briefly in rebuttal for 2 minutes.

The PRESIDING OFFICER. The Senator has 5 minutes 22 seconds remaining.

Mr. BUNNING. Mr. President, I want everybody to see this bill—631 pages. This is the substitute bill out of the Banking Committee. This bill never came through the Banking Committee. This is a substitute bill. No one saw this bill until 5 p.m. last night—631 pages.

My good friend from New York has made many good points about the bill that we did discuss in the Banking Committee, and you know about it. But this is a brandnew substitute that

has new provisions, and no one has had a chance to go through them.

I am saying that this bill ought to be sent back to the Banking Committee and examined to make sure all those wonderful things the Senator from New York has said are true. That is the reason for my motion to refer.

I yield all of my time back.

The PRESIDING OFFICER. Who yields time?

Mr. DODD. Mr. President, I yield time to my colleague from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

There is 1 minute 40 seconds remaining.

Mr. REED. Mr. President, the CBO has scored the Banking portion of this bill so that not a penny of taxpayer dollars will be spent. This is not a bailout by taxpayers dollars. Second, the bill in no way benefits lenders. Lenders have to take a haircut, as Senator SHELBY pointed out very clearly. Also, this bill is really an amalgamation of provisions, many of which have passed the Senate before, that have been discussed extensively in the Banking Committee. That are the result of numerous hearings.

This is not the case where we have created something completely new, completely out of whole cloth. There might be changes, but I think it is quite easy for committee staffs and individual Members to deal with these changes and if there are objections, to make amendments.

This motion is to kill this bill. As Senator SCHUMER pointed out, what we are losing here is help for hundreds of thousands of homeowners—not financial institutions. What we are losing here is a stronger regulatory structure to govern Fannie and Freddie. I have sat on the committee for years listening to people say: We have to get regulatory reform, GSA reform. We cannot let these institutions—Fannie and Freddie—operate without strengthened oversight. That is precisely what this legislation does.

So this legislation is about helping homeowners, regulating Fannie and Freddie, and has nothing to do with bailing out companies.

Countrywide is mentioned in this motion to recommit. Countrywide was trading a year ago at \$38.89. It closed today at \$4.83. It is subject to an acquisition by Bank of America. The market has penalized Countrywide. Bank of America will acquire it. By the time this legislation is effective, Countrywide very well might not exist as an entity in the country.

The PRESIDING OFFICER. All time has expired.

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. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, give me the time situation on this half-hour motion?

The PRESIDING OFFICER. All time has expired.

Mr. REID. Mr. President, I will use leader time.

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. REID. Thank you very much, Mr. President.

Mr. President, this is an extremely important piece of legislation. There is not a place in America that has not felt the burden of the subprime lending crisis. It has spilled over into everything we do in America today.

In Nevada, where we have had a boom for 20 years, that boom is not there now. People were buying homes because we had such growth coming into the community. We have 5,000 to 10,000 people moving to Las Vegas even now. But this has hurt the entire economy of my State.

We have already passed 75 percent of this legislation overwhelmingly. This is a good piece of legislation. Twenty-five percent—an important part of this legislation—has been worked on for 2 months, at least, in great detail by two of the most experienced Senators we have—Senators who know how to deal with the House because they both served in the House, Senators who have been chairmen of committees in the past and now.

Senators BUNNING and DEMINT have a right to offer this—and that is why we are here—but I think they are headed in the wrong direction. I ask my colleagues to understand that everything in this bill is transparent. There is nothing that is not transparent in nature.

We have to also understand that, for example, one of the programs this motion attempts, perhaps, to suggest—and others would have to make a better determination than I—but suggest that the HOPE for Homeowners Program created in this bill through the bipartisan work of Senators DODD and SHELBY is a taxpayer-paid bailout to lenders. One of the people who have been involved in this provision of the bill for a long period of time has been the Secretary of the Treasury, who, by the way, is a breath of fresh air for the administration. I have great respect for Secretary Paulson. So there could be nothing further from the truth that this is a taxpayer-paid bailout.

First, according to the Congressional Budget Office, the HOPE for Homeowners Program will actually result in a net gain for taxpayers of a quarter of a billion dollars—\$250 million.

Second, lenders aren't getting bailed out under this program; lenders must choose to participate. The program is voluntary. Secretary Paulson has talked to me personally about this. He likes it because it is voluntary.

Third, lenders who voluntarily participate in this program will have to

take a loss. These lenders will have to agree to accept a new loan at a reduced principal amount to replace an existing loan they have made to a borrower. So if lenders participate, they will lose money, belying the notion that this program is a bailout.

Some of our friends in the Senate claim this motion is not intended to question the integrity of colleagues, and I hope they are right. Whether that is true or not, regrettably, the effect of this motion is to delay the Senate in providing relief to American families, a struggling housing market, and our economy.

As he knows, Senator BUNNING is somebody whom I admire greatly because the fact is, I wanted to be a baseball player, not a Senator. I have great respect and admiration for him. Every chance I get—and I think I get on his nerves a lot of times because I continually ask him about his ball games and who was his favorite catcher and all that kind of stuff. So the fact that I oppose this motion doesn't take away from my respect for the Senator from Kentucky, a member of the Baseball Hall of Fame.

I disagree with Senator DEMINT quite often, but I know his heart is in the right place. He is trying to do the right thing. I just think this motion should be overwhelmingly defeated. It would be good for this bill. It would be good for the country, and I believe it would be good for the Senate.

Mr. ISAKSON. Mr. President, is the distinguished majority leader finished?

Mr. REID. Yes, sir.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. ISAKSON. Mr. President, as a member of the Ethics Committee and in consideration for what may or may not happen, I am going to vote "present" so there will be no prejudice in any way, one way or another, in any decision that might have to later be made regarding the mortgage business and Countrywide in particular.

MOTION TO REFER

The PRESIDING OFFICER. The question is on agreeing to the motion to refer.

The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mrs. BOXER (when her name was called). Present.

Mr. CORNYN (when his name was called). Present.

Mr. ISAKSON (when his name was called). Present.

Mr. PRYOR (when his name was called). Present.

Mr. SALAZAR (when his name was called). Present.

Mr. DURBIN. I announce that the Senator from West Virginia (Mr. BYRD), the Senator from New York (Mrs. CLINTON), the Senator from North Dakota (Mr. CONRAD), the Senator from Iowa (Mr. HARKIN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr.

LIEBERMAN), the Senator from Illinois (Mr. OBAMA), and the Senator from Virginia (Mr. WEBB) are necessarily absent.

Mr. MCCONNELL. The following Senators are necessarily absent: the Senator from Tennessee (Mr. ALEXANDER), the Senator from Kansas (Mr. BROWNBACK), the Senator from New Hampshire (Mr. GREGG), the Senator from Arizona (Mr. KYL), the Senator from Arizona (Mr. MCCAIN), and the Senator from Kansas (Mr. ROBERTS).

Further, if present and voting, the Senator from Tennessee (Mr. ALEXANDER) would have voted "no."

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

The result was announced—yeas 11, nays 70, as follows:

[Rollcall Vote No. 154 Leg.]

YEAS—11

Allard	Coburn	McConnell
Bond	DeMint	Thune
Bunning	Ensign	Vitter
Burr	Inhofe	

NAYS—70

Akaka	Enzi	Murray
Barrasso	Feingold	Nelson (FL)
Baucus	Feinstein	Nelson (NE)
Bayh	Graham	Reed
Bennett	Grassley	Reid
Biden	Hagel	Rockefeller
Bingaman	Hatch	Sanders
Brown	Hutchison	Schumer
Cantwell	Inouye	Sessions
Cardin	Johnson	Shelby
Carper	Kerry	Smith
Casey	Klobuchar	Snowe
Chambliss	Kohl	Specter
Cochran	Landrieu	Stabenow
Coleman	Lautenberg	Stevens
Collins	Leahy	Sununu
Corker	Levin	Tester
Craig	Lincoln	Voinovich
Crapo	Lugar	Warner
Dodd	Martinez	Whitehouse
Dole	McCaskill	Wicker
Domenici	Menendez	Wyden
Dorgan	Mikulski	
Durbin	Murkowski	

ANSWERED "PRESENT"—5

Boxer	Isakson	Salazar
Cornyn	Pryor	

NOT VOTING—14

Alexander	Gregg	McCain
Brownback	Harkin	Obama
Byrd	Kennedy	Roberts
Clinton	Kyl	Webb
Conrad	Lieberman	

The PRESIDING OFFICER. On this vote, the yeas are 11, the nays are 70, 5 announced present. Under the previous order requiring 60 votes for the adoption of this motion, the motion is withdrawn.

Mr. REID. Mr. President, that is the last vote for tonight. In the morning, we don't have any votes lined up. We are going to see what, in fact, we can do. It appears at this time that it is going to be difficult to have votes tomorrow, even though the managers want to do that.

Everybody should be on notice that we will be in session tomorrow and on this bill. I frankly don't think there will be any votes because there are procedural hurdles we ran into this afternoon that will make it difficult to do more amendments.

Do the managers disagree with anything I have said?

Mr. DODD. Mr. President, I thank the leader. Senator SHELBY and I are prepared to be here even for a little longer this evening, for those who might want to talk on the bill, or they can tell us what they may want to offer. So we will be around.

Mr. REID. Mr. President, I also remind everybody that it is obvious we are going to have a lot of work to do next week. We are going to have to have a vote Tuesday morning. It has been longstanding that there will be no votes on Monday. There will be business conducted here on Monday, but we are going to have a vote on Tuesday before the caucuses, and maybe more than one vote before the caucuses.

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. MENENDEZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MENENDEZ. Mr. President, I have a parliamentary inquiry. Is time controlled by the manager of the bill at this point?

Mr. DODD. Mr. President, there is no time agreement, so it is a matter of recognition.

Mr. MENENDEZ. Mr. President, I rise to speak on the bill in general.

Let me first congratulate and recognize Chairman DODD for the incredible job he has done, along with the ranking member of the committee, Senator SHELBY, in bringing to the floor this much needed effort for so many Americans, as well as the country in general. So far, by the nature of the bipartisan votes we have seen, we are moving forward in the right direction.

The crisis in the housing market in this country continues to get worse. One in 11 American mortgages is past due or in foreclosure. That is a devastating number, and it is still rising—rising fast, as unemployment spikes and home prices fall.

American families are losing their most valuable assets, bedrocks in their lives, pillars that support their communities. And when those pillars fall, communities come crashing down. All in all, we have experienced the worst quarter for American homeowners in nearly three decades, and it only stands to get worse.

In my home State of New Jersey, over the next 2 years we expect more than 57,000 homes to be lost to foreclosure. That means 57,000 families who will have to hand over the keys to their homes. Families will be forced to say goodbye to the place where they are nurtured and comforted, the place where they live through the good and the bad, the place they come home to every night. In the words of families who know what it feels like to lose their home, they feel like they have lost everything.

Nationwide, the number of foreclosures that is going to happen if we

don't act is unfathomable. With almost 8,500 foreclosure filings each day—and additional resets coming in July—what I said a year ago this past March, that we were going to have a tsunami of foreclosures—though some in the administration said that was an over-exaggeration—well, we have not even seen the crest of that tsunami. Unfortunately, that storm is only going to get worse. So we have come together to take a stand for homeowners; not just for those facing foreclosure, but for their neighbors on their streets, their entire communities, and for generations of home buyers in the future. Today, Senators on both sides of the aisle have come together to support legislation to help suffering homeowners and to set the housing market back on an even keel.

This Chamber has come to understand this crisis is truly a threat to all of us, to all our communities. Whether you live in the North, the South, the East, or the West, whether it is a city in Ohio watching crime rates go up after a string of foreclosures, an entire county in Florida experiencing an economic drought after its residents move away, or a single family in New Jersey in danger of being forced out onto the street, everyone stands to lose from those foreclosures.

Lenders report losing tens of thousands of dollars on each foreclosure, and neighbors see the value of their homes dropping pretty dramatically. When we see that 49,000 Americans lost their jobs a month ago, when we see weak earnings reports from businesses, wild swings in the stock market, and the collapse of a major firm on Wall Street, we can see this housing crisis is truly shaking the entire economy to its core.

I am hopeful that this coming week finally there will be a glimmer of hope for homeowners who have been left to fight the battle alone. It is clear that Members on both sides of the aisle know it is time to act, and it is clear what our goal has to be: Helping families keep their homes.

This Housing and Economic Recovery Act we have before us takes some important steps to that end. It strengthens and modernizes the regulation of the housing government-sponsored enterprises—Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. It modernizes the Federal Housing Administration and creates the HOPE for Homeowners program, which will prevent over 400,000 foreclosures.

The bill also contains language that I championed to improve financial education and housing counseling. I believe this is an important step forward for improving financial education and arming homeowners with the tools to protect themselves.

Because of Senator JACK REED, this bill includes an affordable housing fund to create affordable housing for millions of American families.

The bill also contains a new tax deduction for property taxes, relief that

could be provided to many across the country but nearly half a million people in my home State of New Jersey. The bottom line is this bill takes real steps to help American homeowners, and these steps are much needed.

Having said that, as always, no legislation is perfect. I do have some concerns. I certainly believe the establishment of a strong regulator for government-sponsored enterprises is long overdue, and there is no better time than now. But I have some significant concerns relative to the effective date of the bill. Currently it does not provide for an orderly transition period. GSE regulatory reform would combine the regulatory powers and staff of three separate executive branch agencies to create a new GSE supervisor with far-reaching powers over our Nation's housing finance system. I believe we cannot make these changes at the flip of a switch. We need time to get the transition right.

The House-passed GSE bill would do this by establishing a uniform effective date of 6 months after enactment of this legislation. I think that is a transition period that would ensure an orderly transition to a new GSE regulatory regime.

The bill also includes a separate provision that would limit the ability of the GSE to create liquid markets for high-cost areas, as well as for other typical portfolio products, such as multifamily lending and refinancing families out of subprime loans they cannot afford, by creating an arbitrary bias toward securitization in the portfolio language of the bill.

As we move forward, I urge the Senate to think more broadly about the importance of the GSEs and the role they play in times of crisis and generally in the days ahead.

I would also like to have seen a higher GSE and FHA loan limit included in the final bill. In March, when the Banking Committee held its first hearing to address the subprime crisis, I spoke about the need to raise the FHA loan limit in order to give borrowers more options. Right now, in New Jersey, 12 of the 21 counties are at the FHA and GSE ceiling. Under this bill today, those 12 counties would have their ceiling lowered, and almost all the other counties in New Jersey would see some reduction as well. By lowering the number, I think we are restricting our economic recovery and our ability to provide individuals with better, more affordable options.

While I believe those are concerns, let me reiterate that none of these provisions causes me to question my support for this bill. Chairman DODD has said numerous times that had he written this bill on his own, without the necessity of the negotiation the Senate is well known for, he would have drafted it differently himself. I certainly commend him for his efforts, as I understand the art of the possible, and I hope we can address some of these concerns as we move forward.

At the end of the day, this bill will help struggling homeowners and will have positive ripple effects on the rest of our country. Having a foreclosed home sit abandoned in a community doesn't benefit anyone. It decreases surrounding home values and it can attract crime and vandalism. The bottom line is that foreclosure destabilizes neighborhoods. The funds in this bill allow communities to stop that spiral before it starts.

I am also proud to have supported a provision in this bill to provide funding for counseling in order to reach and help families at risk of losing their homes. Many Americans are sitting around their kitchen tables looking through their mortgage bills, their finances, and their bank notices, and they simply don't know where to turn. These counselors could offer them real solutions and options to help them avoid receiving the foreclosure notice. The bill puts forward \$150 million to make sure counseling reaches those who need it the most.

Some argue that stepping in to help our communities recover from the housing crisis would somehow be a blow to the concept of personal responsibility, because some homeowners made bad choices in signing up for a subprime mortgage. Don't get me wrong, personal responsibility is important, and that is why we need greater support for homeowner education, and for foreclosure counseling and financial literacy, so that anyone thinking about buying a home will be able to understand the terms of their mortgage, even the fine print, and have the tools to protect themselves. But personal responsibility isn't just important for homeowners. As I said at the start of this crisis, every participant in the life of a loan needs to step up and take real responsibility and action. Blaming the homeowner alone is not right, it is not fair, and it is economically disastrous. Every broker, lender, realtor, appraiser, regulator, credit rating agency, and investing firm had a role in this storm, and I will not let the blame fall to only the homeowners.

As we in this Congress are debating how best to help homeowners, how best to end the housing crisis, and how best to get our economy back on track, we have to see the bigger picture. There is a lot at stake, no matter who we are, whether we have a subprime mortgage or not. When the house next to ours gets boarded up, it affects the value of our property, too, and how safe we feel walking around our neighborhood at night. When a neighbor of ours has to declare bankruptcy and is forever saddled with debt they cannot pay, they shop less at stores and purchase fewer of the services our community offers, and that hurts our community's bottom line.

Martin Luther King, Jr., reminded us that "we are all tied into a single garment of destiny," that "we cannot walk alone." This is a crisis we are all in together. There is no reason why we

can't all work together to end it. That is why I am proud of the effort of Chairman DODD and Ranking Member SHELBY, and I am proud to support this bill. I hope next week we will pass it, move it on to the House, and get some real relief not only for American families, and not only to preserve the concept of home, but also to be able to deal with the very core of what is the economic challenge presently before the Nation and what will be our challenge if we do not act in the days ahead.

Mr. President, I yield the floor, and 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. DODD. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SANDERS). Without objection, it is so ordered.

MORNING BUSINESS

Mr. DODD. Mr. President, I ask unanimous consent that the Senate proceed to a period of morning business, with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

WEST VIRGINIA DAY, 2008

Mr. BYRD. Mr. President, certain dates on the calendar carry special meaning. These are great and glorious days that are given to devoted reverence and are a cause for recognition and adoration. Thanksgiving, the Fourth of July, and New Year's Eve are a few dates that come immediately to mind. Another one that comes to mind is June 20—the day we celebrate as West Virginia Day.

Friday will be June 20. All over the world, it will be June 20, which means that all over the world, it will be West Virginia Day. And what a great and glorious day it will be.

It was on June 20, 1863, that West Virginia became the 35th State of the Union. The State proudly adopted as its motto the phrase, "Montani semper liberi," which means, "Mountaineers are always free."

This was a most appropriate motto for a State born in the middle of the greatest struggle for freedom and liberty in American history—the Civil War. And West Virginians have always strived to live up to our State motto.

West Virginia workers were in the forefront of the historic labor struggles in the late 19th and early 20th centuries that sought an end to the exploitation and oppression of American workers that had accompanied the Industrial Revolution. In 1877, the Nation's first general strike began among the railroad workers and citizens of Martinsburg, WV, after the railroad tycoons repeatedly lowered wages.

Seeking to end the industrial autocracy that had engulfed the State with the opening of the coal fields in the 1880s, West Virginia coal miners engaged in a series of conflicts now recognized as the West Virginia Mine Wars, including the Paint Creek-Cabin Creek Strike, the Battle of Matewan, and the Miners' March on Logan. These struggles, writes coal-field historian David Corbin, must be viewed in the same perspective as Americans see Lexington and Gettysburg, not just as isolated incidents in the tragic spilling of blood but "as symbolic moment[s] in a larger, broader and continuing historical struggle . . . the struggle for freedom and liberty."

In his book, "The West Virginia Mine Wars: An Anthology", Corbin compared the West Virginia miners' struggle for unionization to the civil rights movement of the 1960s. "Both movements," he writes, "are stories of oppressed, exploited people fighting for dignity, self-respect, human rights and freedom."

This analogy to the civil rights movement is a good one because West Virginia has also played an important role in the quest of African Americans for liberty and equality. For one thing, West Virginia has been the site of some of the important events in African-American history. Prior to the Civil War, John Brown's Raid on Harpers Ferry prefigured West Virginia's breakaway from the slaveholding Confederacy into full statehood. Harpers Ferry later served as the setting for the second meeting of the Niagara Movement, a meeting that led to the formation of the NAACP.

Individual West Virginians have played important roles in this historic struggle. Author and abolitionist Martin Delany, with Frederick Douglass, edited the North Star newspaper, the leading abolitionist newspaper in the country. J.R. Clifford, along with his colleague, W.E.B. DuBois, was one of the founders of the Niagara Movement in 1905. Rev. Leon Sullivan was a civil rights activist who wrote the Sullivan Principles, a code of conduct for U.S. businesses operating in South Africa under apartheid.

Carter G. Woodson, Booker T. Washington, and John Warren Davis were all famous African-American educators who occupy important places in American history and culture and played important roles in furthering the development of our free society.

Furthermore, West Virginians have played an important role in the American movement toward religious freedom. The most noticeable example of this effort came in the historic 1960 Democratic Party Presidential primary—the political contest that paved the way for America's first Catholic President. In 1960, West Virginia was an overwhelmingly Protestant State, and religion became the "burning issue" of the contest because, if Senator John F. Kennedy, who was Catholic, defeated his only opponent, Senator Hubert Humphrey, who was a