

Mr. Upton moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill H.R. 2419 (an Act to provide for the continuation of agricultural programs through fiscal year 2012) be instructed to recede to the provisions proposed to be added to Section 9001 of the Farm Security and Rural Investment Act of 2002 in the form of a definition of "Renewable Biomass."

#### APPOINTMENT AS MEMBERS TO COMMISSION ON THE PREVENTION OF WEAPONS OF MASS DESTRUCTION PROLIFERATION AND TERRORISM

The SPEAKER pro tempore (Mr. SERRANO). Pursuant to section 1853(a) of the Implementing Recommendations of the 9/11 Commission Act of 2007 (P.L. 110-53), and the order of the House of January 4, 2007, the Chair announces the Speaker's appointment of the following members on the part of the House to the Commission on the Prevention of Weapons of Mass Destruction Proliferation and Terrorism:

Mr. Timothy J. Roemer, Great Falls, Virginia

Ms. Wendy R. Sherman, Bethesda, Maryland

#### GENERAL LEAVE

Ms. WATERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 5818, and to insert extraneous material thereon.

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

There was no objection.

#### NEIGHBORHOOD STABILIZATION ACT OF 2008

The SPEAKER pro tempore. Pursuant to House Resolution 1174 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 5818.

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#### IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5818) to authorize the Secretary of Housing and Urban Development to make loans to States to acquire foreclosed housing and to make grants to States for related costs, with Mrs. TAUSCHER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered read the first time.

The gentlewoman from California (Ms. WATERS) and the gentlewoman from West Virginia (Mrs. CAPITO) each will control 30 minutes.

The Chair recognizes the gentlewoman from California.

Ms. WATERS. Madam Chairman, I yield myself as much time as I may consume.

Madam Chairman, I would like to first thank Chairman FRANK and all of the members of the Financial Services Committee, and particularly those members who serve on the subcommittee that I chair, the Subcommittee on Housing and Community Opportunity. I'm thanking Members on both sides of the aisle for helping to bring this bill to the floor today.

H.R. 5818, the Neighborhood Stabilization Act, authorizes a \$15 billion HUD administrative grant and loan program to State and local governments to purchase, rehabilitate and resell or rent foreclosed homes. To understand the urgent need to enact this legislation, one need only consider the sobering figures on foreclosures recently released by RealtyTrac, which show that foreclosure filings during the first quarter of 2008 are 112 percent higher than 1 year ago, and that actual bank repossessions of homes during March were a shocking 129 percent above March 2007.

The human reality behind these numbers is revealed if you visit, as I have the past year, cities and communities in cities like Cleveland, Ohio; Detroit, Michigan; or the San Bernardino and Stockton metropolitan areas in California, where block after block is dotted by foreclosed properties, many of them suffering from neglect or actual vandalism. These abandoned and foreclosed properties drag down the value of homes still occupied by working families, and contribute to a cascade effect whereby plummeting home prices erode the tax base of State and local governments and cause real estate related industries such as the construction trades to suffer.

States and most local governments must balance their budgets each year and, as a result, 20 States have already had to make or are proposing budget cuts due largely to revenue losses resulting from the subprime crisis, which further reduces demand in the economy and deepens the recession.

On April 10, the Financial Services Committee heard from Mayor Thomas Menino of Boston, Governor Martin O'Malley of Maryland, and others, that despite severe physical constraints, many States and cities are already dedicating their own shrinking tax revenues to purchase foreclosed properties and attempt to stabilize these neighborhoods. But they are overwhelmed by the scale of the problem in comparison to their shrinking tax revenues. For this reason, the National Governors Association has stated that a "one-time Federal funding commitment to support the acquisition and rehabilitation for foreclosed properties is vital."

The Governors are joined in their support for the stimulus contained in H.R. 5818 by the U.S. Conference of Mayors, National Association of Counties, National Association of Local Housing Finance Agencies, and the Na-

tional Council of State Housing Finance Agencies. H.R. 5818 is also endorsed by nearly 40 civil rights, community development, labor and low income housing groups, including the AFL-CIO, Catholic Charities, Lutheran Services of America, the NAACP, the National Urban League, the National Low Income Housing Coalition, and the National Foreclosure Prevention and Neighborhood Stabilization Task Force.

This bill targets assistance where it is most needed. The \$7.5 billion in grants and \$7.5 billion in loans would be allocated to States based on two factors: The number of foreclosures, and the number of subprime loans 90 days delinquent. This is then subject to a limited adjustment for median home prices, a bipartisan compromise that was worked out in mark-up with the committee's members from Ohio, which, like many midwestern States, has faced skyrocketing foreclosures but did not experience an extraordinary run up in housing prices.

Second, the bill puts flexible resources in the hands of government with the capacity to address the crisis and put funds on the street quickly enough to stimulate the economy. Rather than expect HUD to process plans from 1,200 entitlement jurisdictions, the balance we struck at mark-up was to allocate funding to States and to the Nation's largest 100 cities, largest 50 counties, and cities over 50,000 with especially high foreclosure rates. The areas of States outside of those cities and counties would be addressed in the State's plans.

Under the bill's timelines, fund obligation must begin within 6 months of enactment, be completed within a year, and fully spent within 2 years of enactment. This is no "big government," immortal program, as our colleagues across the aisle suggest. Rather, it is a timely, targeted and temporary shot in the economy's arm, exactly where one is needed.

Indeed, using well-accepted construction activity multipliers, the National Foreclosure Prevention and Neighborhood Stabilization Task Force calculates that the bill's proposed \$15 billion investment will generate at least \$38 billion in direct and ripple effect economic activity nationwide, employ about 120,000 people, and restore nearly \$225 million per year in local real estate tax collections.

Some Republicans have tried to frame this bill as a bailout bill for investors. This simply is not so. Government and their nonprofit partners will drive a hard bargain with property owners because they are highly incentivized to make this money go as far as possible in their efforts to stabilize neighborhoods where many of them have been working for years, and because they must pay the government back any funds used to purchase homes.

In no event, moreover, can they pay more than 110 percent of the average

home sale price in the area. Creaming of properties and “sweetheart” deals are prevented by the requirement that properties sit for 60 days before they are eligible.

What H.R. 5815 does make possible is for States, cities and counties to stabilize a few neighborhoods, especially low income ones, that are in serious danger of an overcorrection and rapid deterioration past the tipping point, where it becomes very difficult to turn them around.

I urge Members to hear the pleas of the Nation’s governors, mayors, community-based organizations and ordinary citizens to provide this critical relief to stabilize neighborhoods and stimulate the economy.

The administration and my friends on the opposite side of the aisle in this Chamber argue that we cannot afford to respond. I would like to just remind this body of what Mr. FRANK said earlier today, we afforded \$30 billion to bail out Bear Stearns, and certainly we can afford half of that amount, \$15 billion for the entire country. We simply cannot afford not to.

I urge passage of the Neighborhood Stabilization Act.

I reserve the balance of my time.

Mrs. CAPITO. Madam Chairman, today I want to thank, first of all, the chairwoman of the Subcommittee on Housing, of which I’m the ranking member, for her good hard work and dedicated service. We’ve had a lot of hearings and a lot of information, and I think we all want to try to achieve help for the homeowners or those who are on the edge.

But today I rise in opposition to H.R. 5818, the Neighborhood Stabilization Act of 2008. We all recognize that we are experiencing a sharp increase in foreclosure statistics and starts. Over the past year alone, approximately 550,000 homeowners with subprime loans began the foreclosure process.

However, we shouldn’t rush to act. We must guard against adopting policies which create moral hazards and unintended consequences.

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Unfortunately, we believe H.R. 5818, the Neighborhood Stabilization Act of 2008, is a bill which does both. H.R. 5818 is an unnecessary government intervention in the housing market which will bail out real estate speculators, servicers, and lenders while doing nothing to assist hardworking Americans struggling to make their mortgage payments. This bill will not keep one person in their mortgage or in their home.

The bill does this through a \$15 billion authorization for grants and loans to be used to purchase already foreclosed homes from lenders, servicers, and speculators who have made bad loans or unwise investments. The Neighborhood Stabilization Act will allow investors and servicers to unload their foreclosed properties to the government with the taxpayer footing the

bill. Servicers and investors might even be encouraged to pursue foreclosure if this bill is enacted.

Instead of incentivizing foreclosure, Congress should be encouraging services to engage in voluntary loan workouts and modifications. Furthermore, this bill calls on States and local governments to convert foreclosed properties into affordable rental and single-family housing. The increase in housing supply and decrease in prices creates housing affordability without government intervention.

I’m also concerned that the overly broad income targeting provisions in this bill, which will allow families making 100 percent and 140 percent of area median income respectively, to rent and purchase properties acquired with funds from this act. It is not appropriate for the government to provide housing assistance to individuals who can afford market-rate housing.

Congress should focus its efforts on keeping hardworking Americans in their homes. We should not unnecessarily intervene in the housing market in the process of adjustment after years of what has proved to be unsustainable growth. It is imperative that we recognize the primary beneficiaries of this bill will not be the thousands of Americans struggling to hold on to their home, but the lenders, servicers and speculators who bear much of the responsibility for the current housing slump.

Putting aside the issue of how massive this new program would be, the bill’s ultimate beneficiaries, as I said, could be our lenders and investors and speculators; and indeed the FHA commissioner, Brian Montgomery, stated in testimony before our committee that “this legislation may have the unintended consequences of making foreclosure a more attractive option for lenders thereby compounding the very problem of rising foreclosures that the bill purports to address.”

Madam Chairman, I oppose this bill, and I would like to reserve the balance of my time.

Ms. WATERS. Madam Chairman, I yield to the chairman of the Financial Services Committee 3 minutes.

Mr. FRANK of Massachusetts. A former President once unfairly characterized a leader of this House as someone who couldn’t walk and chew gum at the same time. The gentlewoman from West Virginia extends, frankly, that insult to the whole House. She suggests we can’t do two bills in one night. She says we should work to try to help avoid foreclosure. I agree. That’s the next bill which we will get to after all of this useless temper tantrum is over, we will get to it at 3 o’clock in the morning, but we will get to it.

That bill will help avoid foreclosure. I know the gentlewoman agrees. She voted for that bill in committee although a majority of her colleagues were against it.

But I do not understand how anybody could argue that doing this bill now

interferes with that bill later. They are totally not in conflict.

So the notion that this bill doesn’t keep people out of foreclosure is true. It doesn’t combat global warming. It doesn’t get troops out of Iraq. It won’t help me lose weight. There are a lot of things this bill won’t do that I very much want to do. None of them are a reason to vote against a bill that doesn’t do what it doesn’t say it’s going to do but does what it does.

What it does is to go to the aid of cities that have been victimized by the deregulation run rampant, perpetrated by this administration, which has led to the subprime crisis. We have vacant property everywhere in these areas.

Now the argument that this is going to award speculators and be an incentive to do foreclosures is also flatly wrong. This is \$15 billion. People will tell you it’s a lot of money, and it is. Do you know how much money this is? This is half of the money that this administration made available to buy up the debts of Bear Stearns. Now, I think they had to do that. I think they were forced to do it. But I think we have to do this as well.

I do think that the whole country, under this administration’s calculation, ought to get at least half of what Bear Stearns got. That’s all that this does.

Now, unfortunately, it’s not nearly enough to buy up the property that’s foreclosed. So anyone who says, I’m going to foreclose today because I want to get in on this, would be nuts because there is already property ahead of them. And even when this bill becomes law, if it does, there’s a 60-day wait, and I hope it will be part of the stimulus.

Property that was once paying taxes because of this subprime crisis now eats taxes. It bites neighborhoods. And, yes, some of the people who foreclose may benefit here. But we are telling the cities and the States to be careful with this money. They have to buy it for affordable housing. That will put limits on what they will pay.

And you can say, well, why don’t the cities do it on their own? Because the very cities that need help here have lost revenue because of this foreclosure. These properties are fire traps; they attract people who break the law; they attract sanitary nuisances. They lead to water hazards.

The Acting CHAIRMAN (Ms. BALDWIN). The gentleman’s time has expired.

Ms. WATERS. I yield an additional minute to the gentleman.

Mr. FRANK of Massachusetts. I always feel good when people make arguments against legislation that won’t really deal with the legislation. The notion that the problem with this bill is that it doesn’t help avoid foreclosure, when it was not the bill intended to avoid foreclosure, shows well, there’s a dearth of arguments against it.

The argument that it’s going to reward the speculators, this will go to

cities dealing with property that is causing them problems. Do we not trust the cities and States of this country to take this money and use it judiciously and wisely to prevent neighborhood decay?

I don't understand the animus that motivates so many of my Republican colleagues that say, Oh, no, let's not have government intervention here. Well, we heard that a while ago, and people on the other side successfully blocked government intervention in regulating subprime mortgage origination outside of the banks. It was this religion of never intervening that brought us here. A limited intervention to undo the negative consequences is what this bill calls for.

Mrs. CAPITO. I would like to make a comment in reference to the chairman's comments.

I live in a small community, just barely over 50,000. And we have local government and State programs in effect right now that deal with foreclosed or blighted projects. They work together with the local nonprofits, with the local land owners and realtors, and we have problems that are moving forward.

So to say that we're not in favor of programs that would deal with foreclosure-blighted neighborhoods I think is factually incorrect.

I would like now to yield some time to the gentleman from Florida (Mr. FEENEY), a member of the Financial Services Committee, 3 minutes.

Mr. FEENEY. I thank the gentleman.

I would say this bill tonight proves at least two maxims about Congress: One is that we have two speeds: zero and that we overreact; and the other is that the law of unintended consequences means that often the adverse or the harmful consequences of the things we do in Congress are much more meaningful than the positive things that we would like to accomplish.

Let me give one example. Back in the early sixties and seventies and eighties, and all the way through the nineties, Madam Chairman, there were lots of complaints that low- and middle-income people, especially minorities, didn't have access to loans, that they didn't get the same opportunity that other people of above-modest means had to own a home in America. And there were complaints, and there were all sorts of animosity, to use the Chairman's word from a few minutes ago, towards lenders for being discriminatory against low- and middle-income people again, especially minorities.

So the Community Redevelopment Act was enacted in 1977, and at that time one of the things that Congress had the power to do was to oversee and look at every single lender in America in order to determine that they were aggressively making loans in low and poor and minority neighborhoods so that we could measure those institutions so we could insist that there be more access to homeownership.

We got exactly what we asked for, and part of that was the subprime loan crisis. And part of that was zero-document loans where people could literally line up without any proof of income. Part of that was instead of making it a 70-percent loan or 75-percent loan, which almost never fails, making 100-percent, or 110-percent loans. Part of that was teaser interest rates to get people into a home at 3 percent, which they could afford to make an \$800 or \$900 a month payment, and when that teaser rate readjusted to 7 or 8 or 9 percent, all of a sudden what used to be an \$800 payment became a \$2,000-a-month payment, and they couldn't make it. They got exactly what we anticipated.

Countrywide is now bankrupt. Countrywide in 2005 got the Best in Minority Lending Award from the Lending Industry Diversity Conference. This Congress had great intentions. We wanted to make more money available so that everybody could have the American Dream. In fact, as of 2 years ago, America had an all-time high, approaching 69 percent of Americans that owned their own homes. That's great.

The truth of the matter is because of easy money from the Feds, because of investor imprudence, because of greedy Wall Street speculators, we have now got a crisis because of a bubble that is collapsing.

Who is being bailed out by this bill? The \$15 billion will eventually end up, after it goes to the cities and counties, in the pockets of the investors and holders of these mortgages that went seeking higher profits that put people in homes that they couldn't afford. We are doing exactly what economists want us not to do: creating a moral hazard. It is going to make it more likely, rather than less, that foolish loans are made in the future.

Ms. WATERS. Madam Chairman, I recognize for 1 minute the gentleman from Massachusetts to straighten out the gentleman on the opposite side of the aisle who does not know the history of CRA.

Mr. FRANK of Massachusetts. Of all of the unfair accusations, the one that blames the Community Reinvestment Act for this is the strongest.

The Community Reinvestment Act was passed in 1977. This subprime crisis, of course, did not appear until nearly 30 years later; but more important, the subprime loans that caused problems were overwhelmingly made by institutions not covered by the Community Reinvestment Act. It covers depository institutions: banks and thrifts and credit unions. Credit unions aren't covered. Banks and thrifts.

If only those institutions, deposit-taking, regulated institutions covered by CRA had made these loans, we wouldn't have had the crisis. The loans were made by institutions not covered by CRA 30 years, 28 years after CRA was passed.

Mr. FEENEY. Madam Chairman, will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentleman from Florida.

Mr. FEENEY. Perhaps the chairman didn't take my point. The point is that it has been aggressive policies by Congress including evaluating everybody under the Community Reinvestment Act.

The Acting CHAIRMAN. The gentleman's time has expired.

Ms. WATERS. I yield the gentleman an additional minute.

Mr. FRANK of Massachusetts. The gentleman is wrong to say that we evaluated everybody under CRA. We have evaluated banks and thrifts under CRA. Mortgage brokers, mortgage bankers were not evaluated—

Mr. FEENEY. Will the gentleman yield?

Mr. FRANK of Massachusetts. No. Not until I finish this factual statement.

Mr. FEENEY. I didn't say what the chairman said I said.

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

Mr. FEENEY. I didn't say what the chairman said I said. I said that it has been the policy of many in this Congress for about 40 years now to criticize lenders all over the spectrum for not pushing more money into low- and moderate-income areas. I think the chairman will agree with me.

Mr. FRANK of Massachusetts. I will take back my time.

First of all, I thought I heard the gentleman talk about the Community Reinvestment Act. It's been late. I keep hearing, "I move to adjourn." Maybe my ears got a little curdled.

I thought the gentleman said, and we'll check the record later. If he didn't mention the Community Reinvestment Act, I will apologize.

But no. I for one have been saying that we should not be pushing people into homeownership when they can't handle it, and part of the problem here was killing affordable rental housing.

But let's have the record clear. There is no rational way to blame the Community Reinvestment Act passed in 1977 and not cover the nondepository institutions for this crisis caused by the nondepository institutions.

Ms. WATERS. Madam Chairman, I yield to the gentleman from Texas (Mr. AL GREEN), who serves on our committee, for 1 minute.

Mr. AL GREEN of Texas. Thank you, Madam Chairman.

I have to say this. I have to apologize to the gentleman, too, because for a moment, I thought I heard a disjointed syllogism because I couldn't make that connection.

This bill is needed by this country. This bill is going to help neighborhoods maintain their integrity.

And I have to ask one question: Where was the moral hazards argument when Penn Central got \$7 billion? When Lockheed Martin was bailed out? When Franklin National Bank was bailed out? When Chrysler was bailed out? Continental Illinois? When Bear Stearns received its \$29 billion plus a \$13 billion loan? Where was the moral hazards argument?

It seems that this argument surfaces whenever poor people or whenever people who are living in the streets of life, whenever people who have not found their way into the well-off, the well-heeled, and the well-to-do, it seems that it tends to surface. I think that it's time for us to do for others what we can do for these major corporations.

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Ms. WATERS. Madam Chairman, I yield 1 minute to the gentleman from Georgia (Mr. SCOTT).

Mr. SCOTT of Georgia. Thank you very much, Madam Chairman.

This is an extraordinarily important measure. If we don't learn from history, we're doomed to repeat it. Around 1929, we had another crisis that happened as a result of one of our financial legs coming out from under us. At that time, there was a Republican administration that fostered so much of that. Franklin Delano Roosevelt, in a Democratic administration, had to come and realize that government had to act.

We're not doing this because we don't have anything else to do. We're doing this because we have an economic crisis of soaring magnitude before us. The derivatives of this magnitude are affecting communities and neighborhoods where these foreclosures are leaving these empty homes, many of them in \$200,000, \$300,000, \$400,000 neighborhoods. They're taking down the residential value of communities around them, and these communities in these cities and towns are already strapped with their own financial pressures, much like my own city of Atlanta, and they need help in rescuing these communities. We're coming to their rescue.

Mrs. CAPITO. Madam Chairman, I yield 3 minutes to a member of the Financial Services Committee, Mr. ROSKAM from Illinois.

Mr. ROSKAM. I thank the gentlelady for yielding and for the time.

One of the underlying issues as it relates to this bill is I think the way in which it was contemplated. I'm not making a process argument, but what I am making is an argument that suggests there's a very serious oversight.

And the oversight was the committee's rejection of the McHenry amendment. The McHenry amendment basically said, look, if you're going to have these grants and loans and there's going to be properties that are going to be purchased, there should be an open process, there should be a bidding process, and it should be something that everybody has access to. And I think the failure of the majority in this case was to dismiss that and put it aside.

I've heard cities tonight described as victims. The chairman a minute ago said he has great confidence, and I'm paraphrasing, but great confidence that cities are going to use the money judiciously and wisely. Well, my congressional district falls in the shadow of a city with a different reputation that doesn't have a judicious and wise

reputation always. Let me read you just a couple of headlines within the past couple of weeks about some of the schemes that have happened from a corruption point of view about the very people that you're contemplating entrusting \$15 billion to.

Here's one this month: "Witness Details Pay-To-Play Schemes" or "Ex-Illinois Official Pleads Guilty to Lying" or "Corruption Firmly Entrenched in State" or "Illinois: Corruption on Parade" or "Top Aide to Illinois Governor Is Indicted in Kickback Inquiry."

We have got deep troubles in northern Illinois, and what is conspicuously absent in this bill, and I've read it, I've looked at it all, within this bill there is no requirement of any kind of disclosure, no requirement of any kind of notice, no requirement of anything whatsoever. So, in other words, if you're a corrupt official working for an agency that has been entrusted with this \$15 billion, there's absolutely nothing, nothing that prohibits you from selling this to a friend for whatever you want to sell it for. The bill is absolutely silent.

Now, is the majority trying to be complicit in a nefarious scheme? Of course not. But was it a gross oversight on the part of the majority in the committee to reject the McHenry amendment? I think so, and I think for that fundamental flaw alone, notwithstanding all the underlying policy questions, that fundamental flaw alone brings a great deal of skepticism to voters in my congressional district. And for that reason, I urge a "no" vote.

Ms. WATERS. Madam Chairman, I yield myself 30 seconds.

The gentleman from Illinois evidently has not read the bill. As a matter of fact, they have to have a plan that is adopted or accepted, reviewed by HUD. And so in the plan, all of the disclosure, everything that needs to be known about that city's plans will be reviewed.

In addition to that, the amendment that the gentleman is referring to is an amendment that would bog down this ability to get money into the neighborhoods and on the street very quickly for the economic stimulus that we anticipate.

I yield to the gentleman from New York (Mr. HIGGINS) 1 minute.

Mr. HIGGINS. Madam Chairman, I rise today in strong support of H.R. 5818, the Neighborhood Stabilization Act. I want to thank Chairman FRANK and Chairwoman WATERS for their persistent efforts to address the issue of how foreclosures and subprime lending contribute to the vacant and abandoned housing problem in cities like Buffalo.

Buffalo and western New York are facing a vacant and abandoned housing crisis that gets progressively worse every day as more and more homes fall into foreclosure. While the City of Buffalo has been dealing with the negative effects of home foreclosures for some time, recent events have made their

situation worse, necessitating this relief.

Vacant homes wreak havoc on the neighborhoods in which they exist. These homes often serve as a haven for crime, endangering children and making entire neighborhoods dangerous. They also serve as a drain on local governments, which must deal with decaying homes long after owners and banks have abandoned them. Perhaps most distressing, abandoned homes discourage investment and influence urban flight.

H.R. 5818 would provide immediate relief to these neighborhoods in several ways. It would empower local officials to take control of vacant and abandoned properties and increase homeownership.

Local governments could use loan funds to purchase and rehabilitate vacant homes for sale to working families who otherwise may not be able to afford quality housing. If homes are beyond repair and within neighborhoods prone to vacancy and abandonment, local governments could use grant funds to demolish them. Both the loan and grant initiatives will provide a much needed and immediate injection of resources into these neighborhoods that have been hard hit by the foreclosure crisis, so that these communities will have a better chance to get back on their feet and move forward.

It is highly dismaying to note that the housing market has gotten progressively worse in the last 12 months, creating the need for the stimulus provided in this bill.

Mrs. CAPITO. Madam Chairman, I yield to the gentleman from Illinois (Mr. ROSKAM) 2 minutes.

Mr. ROSKAM. I thank the gentlelady for yielding.

And in response to the chairman's question, yeah, no question about it. There's a plan requirement on page 3, section 4 of the bill, but the plan requirement doesn't prohibit the type of conduct that I just described, a plan as it relates to goals for the sale to different groups, accessibility to different groups, but the plan is silent as it relates to this potentially corrupt practice.

I think it's a flaw and I don't think it's a flaw that can't be redeemed. It can be very easily corrected. It doesn't help the underlying policy objections to the bill.

But \$15 billion put out there without any requirement whatsoever as it relates to a prohibition against self-dealing, a member of the housing development authority of a particular municipality calling up a cousin and saying, hey, come on by here, we just purchased this foreclosed property for \$100,000, I'll sell it to you for \$75,000, there's nothing in here. Notwithstanding the plan language, notwithstanding any other declaration of the majority, it is silent, and we can do much, much better.

Ms. WATERS. I yield to myself 30 seconds.

I'm glad the gentleman found the plan in the bill that I had advised him about because there is a plan, and perhaps it does not have 101 things that he

would like, and I'm sure you could add a lot more to it, but there is a plan. And the situation that he just described could not happen. As a matter of fact, you have to pay back the money that you get through the loan.

Madam Chairman, I yield to the gentleman from Missouri (Mr. CLAY) 2 minutes.

Mr. CLAY. Let me thank Chairwoman WATERS for yielding and also for her leadership on this issue in getting this bill out of committee and to the floor.

As an original cosponsor of this legislation, I support its speedy passage through the legislative process. This bill is sorely needed to help stabilize neighborhoods in various types of communities that have high incidences of housing foreclosures.

This act establishes a loan and grant program administered by the Department of Housing and Urban Development to help States purchase and rehabilitate owner-vacated, foreclosed homes with the goal of stabilizing and occupying them as soon as possible, either through resale or rental to qualified families.

I raised concerns about the distribution of loans and grants to Chairwoman WATERS, and the bill's funds were originally designed for distribution to States with priority for the 25 most populated cities in the country.

My concern was that many of us had districts that had higher density of foreclosures than many of the top 25 cities in population. Additionally, we needed to ascertain that housing was provided for low- and moderate-income families, inclusive of those who had already suffered foreclosures.

My staff and I worked closely with Chairwoman WATERS and her committee staff and placed provisions in the bill that address these concerns. My district, the First Congressional District of Missouri, has alarmingly high foreclosure rates and large numbers of low- and moderate-income families. The bill now mandates a priority for addressing this high foreclosure level area and others like it across the country.

Again, I want to thank Chairwoman WATERS for her leadership on this.

Mrs. CAPITO. Madam Chairman, I yield 4 minutes to the gentleman from Texas (Mr. HENSARLING), a member of the Financial Services Committee.

Mr. HENSARLING. I thank the gentelady for yielding, and I certainly rise in opposition to this bill. I have no doubt that it is certainly good-hearted but it is certainly wrongheaded.

There is a great challenge in our housing markets today, but I come here with some interest and amusement to see how many of my friends on the Democratic side of the aisle bemoaned the Bear Stearns bailout by the Federal Reserve, only to come here and offer a bill that, ultimately, using the States and localities as a conduit, is going to bail out Wall Street. It's going to bail out the investors, the peo-

ple who own these properties in the first place, the people who made bad debts.

I wish somebody would introduce a bill to bail me out of my bad debts. Perhaps next time I invest in real estate or the stock market or the commodities, somebody will come here and say, if I failed, we will get the taxpayer to come in and bail me out.

Second of all, it misses the point of what the true challenge is. The true challenge in our housing markets is a shrinking paycheck, and I know as much as our friends on the other side of the aisle wish to come and blame all the economic woes of our Nation on us, the truth is elections have consequences. They've been in charge of the economic policy of this Nation for almost 18 months now. And what have they done in 18 months?

Number one, they passed a budget that has the largest single tax increase in American history, largest single tax increase in American history. After 3 years fully phased in, it's going to be a \$3,000 average burden on the American family. That shrinking paycheck causes people not to be able to pay their mortgage bills.

We know what's happened to gasoline prices, almost \$4 a gallon. Shrinking paycheck. Now supposedly they were going to bring the price of gas down when they were elected. The American people know differently, and it's not just gasoline that's \$4 a gallon. Milk. I've got a 6-year-old and a 4-year-old back home in Dallas, Texas. They drink a lot of milk. Milk's expensive. The cereal they like, it's expensive, all happening under their watch. A shrinking paycheck.

How are people supposed to afford their mortgage when they're having to pay historic high gasoline prices, historic high food prices and pay an extra \$3,000 in taxes? Madam Chairman, that's the real challenge that America's families are facing now.

And here's another problem with this particular piece of legislation that I find. It ignores the greater crisis in America, and that is the spending crisis, the one that is ignored on a daily basis here. Already we notice that when the new Member from Louisiana was sworn in today, we all saw that he had his baby in his arms, and, I don't know, it might have been a 1-year-old or 2-year-old child, but that child already has inherited a debt of almost \$200,000 because Congress after Congress keeps on spending money and sends the burden to future generations.

So, you know, what is it? It's \$7.5 billion for grants here and \$7.5 billion for loans there. Well, Madam Chairman, sooner or later we're talking about real money.

□ 2030

We're on the verge of being the first generation in America's history to leave the next generation with a lower standard of living. And it's not just me that's saying it, it's the Congressional

Budget Office, the Office of Management and Budget, the General Accountability Office. And yet again, the Democrat majority ignores that true crisis.

I also find it quite interesting that while the Federal Government continues to be awash in the sea of red ink in passing on unfunded obligations to future generations, that almost every State and municipality in the Nation is running a surplus.

The Acting CHAIRMAN. The gentleman's time has expired.

Mrs. CAPITO. I yield the gentleman 1 additional minute.

Mr. HENSARLING. So we're taking money away from a treasury that has none to supplement treasuries that do have some. We have a great challenge in our Nation.

And clearly predatory lending took place, I might add, so did predatory borrowing. And so we need to help people, but the way to help them when people are struggling to pay their mortgages is not to raise their taxes and force them to pay the mortgages of their neighbor, particularly a number of neighbors and Wall Street investors who speculated, who might have engaged in fraud.

But Madam Chairman, back to the States and localities. For example, the Commonwealth of Massachusetts spends \$11 million a year on their Office of Tourism. If we're having a great housing crisis, maybe they could cut back a little on the tourism budget and help the people in need for housing.

The Acting CHAIRMAN. The gentleman's time has again expired.

Mrs. CAPITO. I yield the gentleman another 2 minutes.

Mr. HENSARLING. Again, if this is such a great priority for the States and they're crying out for these loans and grants, why does the State of Massachusetts continue to spend \$760,245 for pools and spray pools under the control of the Department of Conservation and Recreation?

Michigan, \$9.4 million to enhance public boating access and dock facilities. I have no doubt, Madam Chairman, that this is important. But again, if we have a housing crisis, maybe the good people of Michigan could cut back a little on their boating access facilities.

State of Ohio. They apparently have a wonderful "Discover Ohio" tourism and marketing campaign, \$8.2 million. Maybe they could use some of that money to assist the people in their State.

How about some of the municipalities? According to the Daily News, Los Angeles spends a half a million dollars, \$550,000 to be exact, for calligraphers to decorate proclamations and honors. I'm sure that those proclamations are very handsome, but again, if we're having a housing crisis, maybe people in Los Angeles can cut back on the calligraphy to assist the people in need. And yet the Democrat majority—and the gentelady from California who perhaps

is familiar with the calligraphy—has decided instead to take the money away from the Federal Treasury, help raise taxes on hardworking American families while they're trying to fill up their cars to take their children to school, to try to go to work, so that ultimately we're subsidizing Ohio tourism, L.A. calligraphy, water boating access in Michigan, and the list goes on and on. Surely we can find something that is more fiscally responsible and more creative than yet another grant and loan program to States and localities that ultimately bail out investors and Wall Street.

This is bad legislation. It should be defeated.

Ms. WATERS. Madam Chairman, I yield 2 minutes to the gentleman from Minnesota, a member of our committee, both the subcommittee and Financial Services, Mr. KEITH ELLISON.

Mr. ELLISON. Madam Chairman, let me start by thanking Chairman FRANK and Chairwoman WATERS for bringing this critical and much-needed legislation to the floor. I'm proud to have worked with both of them on this important legislation which represents the most comprehensive response yet in the American mortgage crisis.

The package of housing measures that we will vote on today and that I proudly support will help thousands of families facing foreclosure keep their homes. This bill will ultimately help other families avoid foreclosures in the future and help recovery of communities harmed by empty homes caught in the foreclosure crisis.

This legislation comes before us at an important time in the mortgage foreclosure and housing crisis. The Pew Center has stated that between seven to eight thousand people per day are filing for foreclosure. Hennepin County alone, which is the largest county in the Fifth District of Minnesota that I represent, has experienced a 54 percent increase in foreclosures from the year before. Statewide foreclosures have risen by 39 percent.

The legislation we're considering today establishes a \$15 billion HUD-administered loan and grant program for the purpose of rehabilitation of vacant, foreclosed homes with the goal of occupying them as soon as possible.

Madam Chairman, let me just say this: The fact of the matter is that for the people who paid every single mortgage payment and were never late even one time, they are suffering because of this mortgage crisis because they live on a block with foreclosed homes.

This bill saves money. Can you imagine the cost to a city, in terms of fire, police and public works resources, just to be able to deal with a home that's foreclosed on a block? This is saving money. This is actually improving the quality of life for people all over America. And this amount of money that we will spend on this bill will pay thousand-fold in terms of quality of life for people all over this country.

And so I'm proud to be able to associate myself with this bill, proud to be

able to say that when the people of America face a serious foreclosure crisis that is affecting not just the victims of foreclosure, but others, we responded.

Mrs. CAPITO. Madam Chairman, I yield 4 minutes to the gentleman from Georgia (Mr. PRICE), who is also a member of the Financial Services Committee.

Mr. PRICE of Georgia. I thank my good friend from West Virginia for her leadership on this and for cogently bringing the debate forward and stating why this is the wrong bill at the wrong time.

I am pleased to hear from my friend, though, from Minnesota who said that this was going to save America money. If we keep saving money at this rate, our deficit ought to disappear in short order, \$15 billion chunks going out the door. I'm not sure how that math adds up, but I'm certain that it works somewhere.

I want to commend my friend from Illinois for raising the point, as I know that the chairwoman acknowledged, and that is that there was no bidding process. There is really no accountability in this bill. Yes, there are plans that have to be proposed and submitted, but there's no oversight, there is no oversight of this money. Fifteen billion dollars could go to anybody, truly, who was a friend or a crony of any official in a State or a city. And we're going to trust the cities, as the chairman said, it was important that we trusted the cities. And I believe primarily that that is important that we do trust cities. If we trusted cities so much, though, then why would we not adopt an amendment that I proposed in committee that said that we ought to let the city do with the property what they deemed appropriate? But we haven't done that. We said oh, no, even if this facility, this housing facility is public housing and is absolutely dilapidated, you couldn't demolish it. Oh, no, we wouldn't want that to happen. We wouldn't want the city to make a decision that they could do something better with that property. In fact, this bill precludes that opportunity.

I heard the chairwoman say that she wouldn't want to add an amendment that would provide for that accountability or that oversight because it might bog down getting the money to the cities. Well, Madam Chairman, I'll tell you what will bog down getting money to the cities, if people were really sincerely interested in that, and that's a veto. And this bill will be vetoed by the President of the United States for appropriate reasons because it is irresponsible and it is not appropriate to spend the kind of money that we're talking about without any oversight and without any accountability. Remember, \$15 billion.

I am constantly surprised, truly, by my friends on the other side of the aisle who don't seem to remember where this money comes from. Where does this money come from? It comes

from hardworking Americans. And I would suggest, Madam Chairman, as my friend from Texas said, that hardworking Americans have a significant challenge right now in some aspects of their life, trying to make certain that they can afford the increase in gas prices under this majority, for the increasing prices for commodities under this majority. And so it would be appropriate that we remember that, and that we allow more Americans to keep more of their hard-earned money.

Now what is the solution? Well, I would suggest, Madam Chairman, that a couple of programs that are in place right now and are working diligently to make certain that people can stay in their homes, FHA Secure is a program that is administered by the Federal Housing Authority that provides greater flexibility for refinancing homes for hundreds of thousands of Americans. The Hope Now Alliance was a program that was put into place, a private sector cooperative effort that actually makes it so that struggling homeowners can get the kind of counseling and guidance to assist them to refinance their mortgages. More than 1.4 million Americans, Madam Chairman, have been shown the opportunity to be able to stay in their home.

These are positive and productive programs that make it so that individuals can stay in their home. They aren't a bailout that is being proposed by the other side. They aren't taking \$15 billion of hard-earned taxpayer money and saying, "It's okay. We'll cover it. Don't worry about that. The American people's pocketbook is absolutely endless."

This is a bad bill, wrong bill, wrong time. I urge my colleagues to vote "no."

Ms. WATERS. I yield 1 minute to the gentleman from Ohio, a member of the Financial Services Committee, Mr. CHARLIE WILSON.

Mr. WILSON of Ohio. Madam Chairman, I rise today in support of H.R. 5818. As a Member from Ohio, one of the States that has been hardest hit by foreclosures, I know how important it is for us to pass this bill.

Thirty-six percent of all the homeowners in Ohio will feel the effects of what's going on in the subprime crisis. The pain isn't limited to just the families losing their homes, but also the neighbors and the neighborhood around. What happens is homeowners are projected to each lose as much as \$2,000 in property value during this crisis. And because of that, the State of Ohio will lose approximately \$3 billion in tax base. These are truly scary numbers.

H.R. 5818 will help Ohio and America begin to heal. The flexible bill will give loans and grants directly to the States. States will then be able to clean up the blight, help families stay in their homes, and rehabilitate long vacant and decrepit homes. States will be able to stabilize their entire neighborhoods that are hurting from foreclosures.

The Acting CHAIRMAN. The gentleman's time has expired.

Ms. WATERS. I yield the gentleman 30 additional seconds.

Mr. WILSON of Ohio. I would like to thank Congresswoman WATERS for her hard work, for working with me on this vitally important issue. And I'm proud to support H.R. 5818 and urge my colleagues to do the same.

Mrs. CAPITO. Madam Chairman, may I inquire as to how much time is remaining on each side.

The Acting CHAIRMAN. The gentleman from West Virginia controls 7½ minutes. The gentlewoman from California has 7½ minutes remaining.

Mrs. CAPITO. I would like to reserve the balance of my time.

Ms. WATERS. Madam Chairman, I yield 1 minute to the gentleman from California, Ms. BARBARA LEE.

Ms. LEE. Let me thank Chairwoman WATERS for continuing to take on the tough issues as she once again is taking on this tough issue of the foreclosure crisis with this bill. I want to thank her for her leadership and also Chairman FRANK.

This bill will give HUD the tools to work with States and local governments to identify distressed neighborhoods and purchase and rehabilitate vacant houses before they become a blight on their neighborhoods.

There are entire neighborhoods in my district in Oakland, California that are threatened, quite frankly, with complete collapse. The longer homes stay empty, the more likely they will further destabilize already fragile communities, discourage investment, depress home values, and create a spiraling cycle of foreclosures.

This bill provides \$15 billion in loans and grants to directly relieve these neighborhoods. This is just half of what this administration has already spent on bailing out Bear Stearns. Thank goodness Congresswoman WATERS has provided this plan to help stabilize communities.

I urge an "aye" vote.

Ms. WATERS. I yield 1 minute to one of our newest Members, and a member of the Financial Services Committee, Mr. ANDRÉ CARSON.

Mr. CARSON of Indiana. Madam Chairman, I rise today in strong support of H.R. 5818, the Neighborhood Stabilization Act of 2008.

This bill is extremely important to me as a representative from Indiana's Seventh Congressional District. My district has suffered with disproportionately high rates of foreclosures. In fact, Indiana has consistently rated among the top 10 States nationally for foreclosures, along with Michigan and Ohio.

We frequently hear how housing vacancies have had a negative impact on property values, but as someone who has spent their career in law enforcement, I know that vacancies can also foster violence and theft in our neighborhoods.

This bill could help communities rebuild property value and maintain sta-

bility in our neighborhoods. I want to thank Congresswoman MCCARTHY and Congressman CAPUANO for working with me on an amendment in committee to include first responders to those States that may establish preferences in their housing priorities.

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I see firsthand the dedication and passion these firefighters, emergency medical service providers, and police officers have for others. They put their lives at risk every day for the safety of those in our city.

This bill is responsible and thoughtful, and I want to thank Congressman FRANK and Chairwoman WATERS for their outstanding work on H.R. 5818.

Mrs. CAPITO. Madam Chairman, I would like to yield 3 minutes to the gentleman from New Jersey (Mr. GARRETT), a member of the Financial Services Committee.

Mr. GARRETT of New Jersey. I thank the gentlewoman for the time.

Madam Chairman, I come to the floor optimistic inasmuch as I have heard, I think, where maybe five or six Members on the other side of the aisle raised the issue of exactly what transpired with regard to Bear Stearns and that circumstance some 2 months ago. I come optimistic but at the same time somewhat perplexed because, as I say, this did occur with regard to the Federal Reserve some 2 months ago, and immediately thereafter my office contacted the full body of our committee, both Republicans and Democrats, saying should not our committee be investigating what transpired there? And we extended a hand to the other side to say let's do two things: First, let's contact the Federal Reserve and Secretary Paulson to raise the issues that are now being raised at this belated date by the other side of the aisle. We came through at that time with a list of upwards of nine pertinent questions, questions such as, the SEC states that it monitored Bear Stearns' capital and liquidity positions on a regular basis and that levels of both capital and liquidity appeared adequate right up into the week of March 11, but given the subsequent rapid deterioration in Bear Stearns' financial condition, does the SEC have the capacity and authority it needs to assess these risks? Secondly, why wasn't the loan made in a traditional manner? If, as stated in President Geithner's testimony to the Senate Banking Committee that the Federal Reserve did not have the authority to acquire interest, what authority does it have now?

These were the questions that we were posing that should have been answered several months ago. We extended the opportunity to the other side at that time to join with us in this letter to make this investigation. Oddly enough, at that time no one on the other side of the aisle found a need to do so.

Also what is odd with regard to the investigation in this matter, the com-

mittee of jurisdiction looking into what the Federal Reserve did would be the Financial Services Committee. Once again, our side of the aisle suggested to the chairman that we should be delving into the issues that the other side is raising tonight, belatedly. We extended the opportunity to send a letter to Chairman FRANK, with signatures of most Members on our side of the aisle to the chairman, saying should we not be looking at these issues, these nine issues that I just referenced before to the Federal Reserve and also Paulson? Should we not be looking into this in Financial Services? Two months ago no one from the other side of the aisle saw it as pertinent. Tonight, as we go into it here and from the rhetoric that comes to the floor, they all say that they are interested in examining what the Federal Reserve is doing.

That's why I say I come to the floor optimistic and a little bit happy because now I believe that when I leave the podium tonight, I can go to the other side of the aisle and I will be more than happy to do two things: To make an addendum to our questions to Secretary Paulson and the Federal Reserve and to make an addendum to Chairman FRANK to say that in both cases we should be investigating it and that we would ask that Chairman FRANK schedule hearings forthwith, immediately, so that we can go into the matters that you are raising and that I have raised as well to see what authority the Federal Reserve has to conduct these activities.

Ms. WATERS. Madam Chairman, I would like to yield to the gentlewoman from Cleveland, Ohio (Mrs. JONES) 1½ minutes and remind her that it was 2 years ago when I was in her city that she asked me to come to a town hall meeting where this issue was being discussed at that time and most of us really didn't understand the depth of it.

Mrs. JONES of Ohio. Chairman WATERS, I want to salute you and the work you've done in the housing area in Financial Services. Everybody knows that the Housing Subcommittee under your leadership has focused on issues important to everyday people, and I want to thank you for that leadership.

And, Madam Chairman, you know what is the most amazing thing when I sit on the floor of this House? All the superfluous stuff that is discussed when a piece of legislation that's sorely needed by the people of America comes to the floor.

Now it was a Republican administration for the past 8 years that has oversight on oil. If they wanted to do something about it, they could have done it by now. Why are they bringing it up on the housing legislation? Let's talk about oversight of all those billions of dollars that got lost in that truck in Iraq. This Republican administration.

But before I get lost, let me come to why I'm standing here. I stand here to

support the legislation because the city of Cleveland is in desperate straits around this particular problem: Housing and foreclosures. I am so pleased that I have been able to add an amendment that would simplify the Federal historic rehabilitation tax credit in the process of this so that we can use some of this historic housing to be able to make some changes in the lives of the people.

It's just an amazing thing. I know the people of America are out there listening, and they're looking at who is it that is stepping up for them when they're in trouble? Who is it that understands that they need to pay their homeowner costs, their costs for their housing? And who is it to say, no, we're going to wait to try to figure out something else, add a new law. Come on now.

Vote for this legislation.

Mrs. CAPITO. Madam Chairman, I yield to the gentleman from New Jersey (Mr. GARRETT) 1 additional minute.

Mr. GARRETT of New Jersey. Madam Chairman, actually at this time I'd just like to put into the RECORD the letter that was signed by Members from our side of the aisle to Chairman FRANK back on April 7, which would have been a month ago now, requesting an expedited hearing with regard to the Financial Services situation with regard to the Federal Reserve and the Financial Services hearing. Also, I will put in the RECORD a letter dated April 16 to Secretary Paulson from the Department of Treasury and Chairman Bernanke of the Federal Reserve as well, itemizing the nine particular questions with regard to their authority and activity; and also the letter in response dated April 14 from Chairman BARNEY FRANK with regard to not setting forth a date for any hearing going forward.

HOUSE OF REPRESENTATIVES,  
Washington, DC, April 7, 2008.

Hon. BARNEY FRANK,  
Chairman, Committee on Financial Services,  
Washington, DC.

DEAR CHAIRMAN FRANK: We are writing to respectfully request you hold a hearing of the full Financial Services Committee regarding the recent collapse of the investment bank Bear Stearns and the subsequent actions taken by the Federal Reserve to facilitate Bear Stearns' sale to J.P. Morgan Chase. These steps have had an immediate impact on the financial markets and are also expected to have a long-term effect on our financial regulatory structure.

For the first time since the Great Depression, the Fed voted to open its discount window to primary dealers. While this authority has been available to the Fed since 1932, the decision to use it at this time has raised questions about whether and when the Fed should intervene to help a particular industry or firm in the name of market stability.

With the Fed approving the financing arrangements of the sale of Bear Stearns to J.P. Morgan Chase as well as guaranteeing \$29 billion in securities currently held by Bear Stearns, the Fed has possibly exposed the American taxpayers to unknown amounts of financial loss and established a precedent that could lead to future instances of companies in similar financial trouble expecting the same assistance.

These extraordinary actions have raised a number of complex and multifaceted questions. As members of the committee of jurisdiction over our nation's financial markets and the regulatory bodies that oversee them, we feel it is imperative to have a full and public vetting of this unique situation. Therefore, we strongly urge you to convene a hearing on this subject of the Financial Services Committee on the soonest possible date.

Thank you for your consideration of this request.

CONGRESS OF THE UNITED STATES,  
Washington, DC, April 16, 2008.

Hon. HENRY M. PAULSON,  
Secretary, Department of the Treasury,  
Washington, DC.

Hon. BEN S. BERNANKE,  
Chairman, Board of Governors of the Federal Reserve System, Washington DC.

DEAR SECRETARY PAULSON AND CHAIRMAN BERNANKE: We are writing regarding the recent collapse of Bear Stearns and the subsequent actions taken by the Federal Reserve to facilitate Bear Stearns' sale to J.P. Morgan Chase. These steps have had an immediate impact on our nation's financial markets and have the potential to drastically alter the future regulatory structure of our entire financial system.

For the first time since the Great Depression, the Federal Reserve voted to open the discount window to primary dealers. While it has been suggested that this authority has been available to the Federal Reserve since 1932, the decision to use it at this time has raised questions about whether and when the Federal Reserve should intervene to help a particular industry or firm in the name of market stability.

With the Federal Reserve approving the financing arrangements of the sale of Bear Stearns to J.P. Morgan Chase, as well as guaranteeing \$29 billion in securities currently held by Bear Stearns, the Federal Reserve has possibly exposed the American taxpayers to a tremendous amount of financial loss. We have concerns that this will establish a precedent that could lead to future instances of companies in similar financial trouble expecting the same government intervention.

We know the long-term health of our economy is of the utmost importance to you both. However, these extraordinary actions have raised a number of complex questions. Below, we have included a list of some of the specific questions that we believe highlight areas of significant importance.

#### QUESTIONS

1. In testimony before the Senate Banking Committee on April 3, 2008, it was indicated that the assets the Federal Reserve will accept as collateral for the \$29 billion loan are highly-rated, that J.P. Morgan Chase will keep the riskiest and most complex Bear Stearns assets, and that the Federal Reserve set parameters for the quality of assets that it would or would not accept. What was the minimum threshold for asset quality?

2. The Securities and Exchange Commission (SEC) states that it monitored Bear Stearns' capital and liquidity positions on a regular basis, and that levels of both capital and liquidity appeared adequate going into the week of March 11-17. Given the subsequent rapid deterioration in Bear Stearns' financial condition, does the SEC have the capability and/or authority it needs to assess risk in systemically-important broker/dealers, especially at the holding company level?

3. Now that primary dealers are granted the privilege of borrowing directly from the Federal Reserve (through the Primary Dealer Credit Facility), should they be subject to

the same oversight that commercial banks must undergo to be eligible to borrow at the discount window? What are the possible negative implications of such regulations?

4. Bear Stearns has been described by some as "too interconnected to fail," as opposed to "too big to fail." How can regulators identify which firms are too interconnected to fail? Also, some administration participants have justified federal involvement with this transaction by suggesting that one interconnected company could unilaterally bring down our country's entire financial markets system. How would that be possible in this instance?

5. Why wasn't the "loan" made as a traditional discount window loan to J.P. Morgan Chase? If, as stated in President Geithner's testimony to the Senate Banking Committee, the Federal Reserve did not have the authority to acquire an equity interest in J.P. Morgan, Chase or Bear Stearns, what authority allows it to create and finance an LLC to purchase assets?

6. If the \$29 billion is not to be made available to J.P. Morgan Chase until the merger with Bear Stearns is completed, why is the loan necessary at all? Why is J.P. Morgan Chase unwilling to hold assets that have been priced at current market value and are highly rated?

7. In 1991, the Federal Deposit Insurance Corporation Improvement Act (FDICIA, P.L. 102-242, 105 Stat. 2236) set a limit on the Federal Deposit Insurance Corporation's (FDIC) ability to borrow from Treasury at \$30 billion. The statute establishes certain standards, including rate of interest standards but leaves other terms to the Secretary of the Treasury and the FDIC. At the pertinent part it reads:

The Corporation is authorized to borrow from the Treasury, and the Secretary of the Treasury is authorized and directed to loan to the Corporation on such terms as may be fixed by the Corporation and the Secretary, such funds as in the judgment of the Board of Directors of the Corporation are from time to time required for insurance purposes, not exceeding in the aggregate \$30,000,000,000 outstanding at anyone time, subject to the approval of the Secretary of the Treasury. . . . Any such loan shall be used by the Corporation solely in carrying out its functions with respect to such insurance. . . . (12 U.S.C. §1824)

Did this \$30 billion limit have any role in the Bear Stearns negotiations? How did that figure emerge?

8. A separate provision of the FDIC Act added by FDICIA requires the FDIC to resolve failed institutions on the basis of least cost to the insurance fund but permits the suspension of that requirement when following the least cost standard "would have serious adverse effects on economic conditions or financial stability . . . and . . . any action or assistance [beyond what would be the least cost resolution] would avoid or mitigate such adverse effects." [12 U.S.C. §1823(c)(4)(G)(i).] This authority may not be invoked, however, without consultation with the President and the written recommendations from the FDIC and the Federal Reserve Board.

Was the President consulted? Were there any written findings by the Federal Reserve or the Department of the Treasury or any documents projecting the potential adverse effects without the intervention and the mitigation that would be effectuated by the intervention?

9. Is there any known information regarding any potential conflicts of interest of any of the parties involved in this transaction?

We appreciate your service to the country and look forward to working with you closely on these issues as we move forward. Thank you for attention to these concerns.

HOUSE OF REPRESENTATIVES,  
Washington, DC, April 14, 2008.

Hon. SCOTT GARRETT,  
Congressman, House of Representatives,  
Washington, DC.

DEAR MR. GARRETT: I received the letter signed by you and sixteen of your Republican colleagues on the Financial Services Committee expressing your concern that the recent actions by the top financial appointees of the Bush administration in the matter of Bear Stearns have "possibly exposed the American taxpayers to unknown amounts of financial loss and established a precedent that could lead to future instances of companies in similar financial trouble expecting the same assistance." It does occur to me as I read your letter that I have somewhat more confidence in the judgment exercised by Secretary of the Treasury Paulson and his aides and Federal Reserve Chairman Bernanke and other officials of the Federal Reserve System than you appear to have, but that is no reason for us not to give this the fullest possible airing. So I do agree that we should be thoroughly examining this matter.

Where we may disagree is the context in which this happens. That is, I agree with you that we should have a "full and public vetting of this" matter, but I do not think it is necessary that we have the hearing "on the soonest possible date." I say this for two reasons.

First, the Committee, as you know, is now engaged in serious consideration of the appropriate response to the foreclosure crisis that now confronts us. I realize that there are some who believe that we should take no action at all, but I think the recent movement by the Bush administration to expand the reach of the FHA, even though I do not agree with it in all respects—is recognition of the need for some action. I therefore believe that it is important that the Committee continue its efforts on dealing with the current crisis, in cooperation with our Senate colleagues who as you know in a bipartisan way have also moved forward on legislation, although I do not agree myself with all aspects of it. My intention is to ask that the Committee continue to focus on this for the next several weeks.

Secondly, I do believe it is important for the Committee to begin an investigation, including hearings, into the Bear Stearns issue, but not in isolation. It is important that we look at what happened with regard to Bear Stearns, not primarily as a matter of hindsight because in fact we cannot undo what was done, but rather from the standpoint of anticipating what the public response should be in similar matters going forward. This includes of course discussing whether or not these specific actions taken in the Bear Stearns case were the best ones from the public standpoint, but also beginning the very important issue of what we might do in Congress to make it less likely that situation of this sort will recur. You correctly note in your letter that what the Bush Administration did in this case did establish "a precedent that could lead to future instances of companies . . . expecting the same assistance." I think it is important that we therefore empower some federal entities to take actions that may make this less likely, and would also allow them to accompany any such intervention if it should later be decided to be necessary with appropriate remedial matters.

In summary, I agree that the Committee should be looking into this, not from the standpoint of rebuking Chairman Bernanke or Secretary Paulson, but rather as part of a serious consideration of the causes of the current crisis and more importantly, what we can do to make a recurrence of the events

that led up to the Bear Stearns response much less likely in the future.

At this time I again will extend a hand, and I will yield to the other side to identify which Members from the other side of the aisle will be willing to sign onto the letter to Chairman FRANK or to Chairman Bernanke, if there is anyone from the other side who is willing to sign onto the letters. If not, I will be waiting and I will be glad to do an addendum.

Ms. WATERS. Madam Chairman, I have no further requests for time, and I reserve the balance of my time.

Mrs. CAPITO. Madam Chairman, could I inquire of how much time we have remaining.

The Acting CHAIRMAN. The gentlewoman from West Virginia controls 3½ minutes. The gentlewoman from California controls 4 minutes.

Mrs. CAPITO. Madam Chairman, I am ready to close. I have no additional speakers as well.

I think we have heard a stark difference in opinion on this bill. I would like to make a distinction, as we have heard the discussion going back and forth, and I think the good-natured way that the debate has gone forward but also the intent of this bill is unquestionably a good intent.

But I would like to clarify to those who are listening that this bill is separate and apart from that person who can't sleep at night, that family who stays up at night trying to figure out how to meet the high cost of gas, how to meet the higher cost of food, and how to make their mortgage payment. We've been working with FHA to get people to refinance and to redo their loans so they can stay in their house, and I don't want there to be confusion concerning this bill and the next bill that we are going to be considering shortly after this.

This bill, separate and apart, is not going to help that family who can't figure out in the middle of the night how they are going to stay in their home, how they are going to pay their mortgage. These properties that we're also discussing are already foreclosed-upon properties. They're owned by investors, speculators, and financial institutions. And that's our objection. I don't believe we are in a position, and I don't think any of the speakers on our side believe we're in a position for a costly bailout for the lenders, servicers, and real estate speculators who have made risky bets on the housing market and who are now going to off-load their properties into a government program. I think that penalizes every single taxpayer, and it really penalizes that person at night who can't figure out how they're going to get up and pay their mortgage the next day, and that's the person we desperately need and we want to help and it's proper that we should help.

So I believe that H.R. 5818 is overly broad. It's a new government program that is going to end up creating a moral hazard, and it's going to end up

benefiting not individuals, not people who are having trouble making their mortgage payments, not people who find themselves upside down in their house. It's going to end up benefiting, at the cost of the taxpayers, and I repeat again, lenders, servicers, and real estate speculators.

And with that, I urge a "no" vote on H.R. 5818.

Madam Chairman, I yield back the balance of my time.

Ms. WATERS. Madam Chairman, I yield myself the balance of my time.

Madam Chairman and Members, I would like to thank all of the Members who have come to the floor today in support of this legislation because they understand the devastation to neighborhoods all over this country.

I have listened very carefully to the arguments from the opposite side of the aisle, and none of them rise to the merit of being able to oppose this bill because they're substantive arguments.

First of all, I have heard Members on the opposite side of the aisle talk about taxes. They have talked about gasoline. They have talked about everything except what we are here to talk about: the fact that there has been a subprime meltdown in this country and many neighborhoods are devastated. We have homes that are being stripped of the copper. We have homes that have been boarded up with vandals inside those homes, oftentimes living inside those homes, with the weeds growing up in many of these properties, and the value of the homes in the neighborhood where people are attempting to maintain their homes is going down every day.

We had one Member on the opposite side of the aisle talk about how flush these cities are with money. Evidently, he has not looked at what is going on in the cities and States. Many of them are in deficit situations. They're in deficit situations because we're in this recession, this nonperforming economy under the leadership of the President of the United States where the price of food has risen, gasoline prices are up, and the subprime mess is fueling the problems of our economy. And with all of this that has taken place under this President and this administration, you would think that the Members on the opposite side of the aisle would want to come to the aid of their constituents.

We have talked about the \$30 billion bailout under the Fed Chairman that was appointed by this President. And I am sure, since we did not get a call in the middle of the night to even discuss with us that the bailout was going to take place, I'm sure that the Fed Chairman called the President that appointed him. And I would give anything—I would place money on the line—to tell you that the President approved of that bailout. And so why not bail out the people who deserve to be helped? People, many of them who got into loans that were lured into these loans, lured into these mortgages by unscrupulous real estate brokers who

told them to just sign on the dotted line, by unscrupulous folks representing some of the financial institutions who said get into this ARM and when it resets, I will be there to help you refinance it, and, of course, they're not there. These people, many of them have lost these homes through no fault of their own.

But the neighborhoods are being devastated. We have information here that tells us how much crime will be fostered on the neighborhoods. As a matter of fact, what we have learned is that when there is one foreclosure, it leads to not only vandalism that affects the entire neighborhood, but it also increases the crime. This has all been documented.

I would think that the representatives who have been sent here by the people who have voted for them would want to be able to go home and say to their constituents, I understand what's going on in the neighborhoods; to say to their mayors and to say to their Governors and to say to their county commissioners, "We are here to help." Yes, we are spending a lot of money on other things. As a matter of fact, many of the Members on the opposite side of the aisle, in a matter of hours, are going to vote for over \$107 billion in supplemental funding to continue the war in Iraq.

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Many of these Members have voted to give tax increases to the richest 1 percent in America. The least they could do is vote for the citizens and for their cities.

I yield back the balance of my time.

The Acting CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute printed in the bill shall be considered as an original bill for the purpose of amendment under the 5-minute rule and shall be considered read.

The text of the committee amendment is as follows:

H.R. 5818

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

**SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

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

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

- Sec. 1. Short title and table of contents.
- Sec. 2. Congressional purposes.
- Sec. 3. Loans and grants to States.
- Sec. 4. Qualified plans.
- Sec. 5. Allocation of amounts.
- Sec. 6. Loans.
- Sec. 7. Grants.
- Sec. 8. Eligible housing stimulus activities.
- Sec. 9. Shared appreciation agreement.
- Sec. 10. Spending requirements.
- Sec. 11. Servicer contact.
- Sec. 12. Accountability.
- Sec. 13. Definitions.
- Sec. 14. Funding.
- Sec. 15. Regulations and implementation.

**SEC. 2. CONGRESSIONAL PURPOSES.**

The purposes of this Act are—

(1) to establish a loan and grant program administered by the Department of Housing and Urban Development to help States, metropolitan cities, and urban counties purchase and rehabilitate owner-vacated, foreclosed homes with the goal of stabilizing and occupying them as soon as possible, either through resale or rental to qualified families;

(2) to distribute these loans and grants to areas with the highest levels of foreclosure and delinquent subprime mortgages;

(3) to provide incentives for States, metropolitan cities, and urban counties to use the funds to stabilize as many properties as possible; and

(4) to provide housing for low- and moderate-income families, especially those that have lost homes to foreclosure.

**SEC. 3. LOANS AND GRANTS TO STATES.**

The Secretary of Housing and Urban Development shall, subject to the availability of amounts under section 14, make grants under section 5(a) to qualified States and make loans under section 6 in accordance with the approved plans of qualified States, for use to carry out eligible housing stimulus activities under section 8.

**SEC. 4. QUALIFIED PLANS.**

(a) **IN GENERAL.**—The Secretary may make a grant under this Act only to a State, and may allocate a loan authority amount under this Act only for a State, that has submitted to the Secretary a plan that meets the requirements under this section and has been approved under this section. A State shall reallocate amounts under subsection (f) or (g) of section 5 only to a qualified metropolitan city or qualified urban county, respectively, that has submitted to the Secretary a plan that meets the requirements under this section and has been approved under this section.

(b) **CONTENTS.**—A plan under this section for an allocation recipient shall—

(1) designate a housing finance agency of the allocation recipient, or other agency, department, or entity of the allocation recipient, or any other designee, as the allocation recipient administrator to act on behalf of the allocation recipient for purposes of this Act;

(2) describe the housing stimulus activities under section 8 to be carried out with assistance under this Act for the allocation recipient by the entity identified pursuant to paragraph (1) of this subsection;

(3) prioritize the allocation of funds to low- and moderate-income neighborhoods with high concentrations of foreclosures and describe how such activities will help restore or improve the viability of such neighborhoods by providing for purchase or occupancy of qualified foreclosed properties as soon as practicable and in a manner that will facilitate repayment of the loans provided under this Act for carrying out such activities;

(4) set forth the procedures that the allocation recipient will use to allocate grant and loan amounts and monitor for compliance with the requirements of section 8;

(5) provide that grant and loan amounts provided under this Act for the allocation recipient will be used only for eligible housing stimulus activities under section 8 that are eligible under such section for assistance with grant or loan amounts, as applicable;

(6) contain such assurances as the Secretary shall require that the housing stimulus activities to be carried out with assistance under this Act shall not result in a significant net loss in rental housing in an area in which such activities are undertaken;

(7) give priority emphasis and consideration to metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas, census tracts and other areas having the greatest need, including those—

(A) with the greatest percentage of home foreclosures;

(B) with the highest percentage of homes financed by subprime mortgage loans over 90 days delinquent; or

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

(8) provide preference for activities that serve the lowest income families, who otherwise meet the income requirements under section 8, for the longest period and homeowners, who otherwise meet such income requirements, whose mortgages have been foreclosed;

(9) provide preference for use of grant and loan amounts in connection with acquisition of qualified foreclosed properties that are acquired no earlier than 60 days after the owner of the property described in section 13(7)(B) acquired such ownership;

(10) describe any other preferences the allocation recipient may establish, such as housing for first responders, for veterans, for nurses serving underserved areas or homeless persons, or for homeless persons in accordance with the 10-year plan of the State to end homelessness, or providing housing for public school teachers or workforce who are employed by the city or locality in which the housing is located;

(11) provide for obligation and outlay of grant amounts, and for loan commitments and disbursement, in accordance with the requirements under section 10; and

(12) in the case of any grant or loan amounts that will be invested with the possibility of a return on investment, provide for use of any return on such investment only for one or more eligible housing stimulus activities under section 8.

(c) **SUBMISSION.**—

(1) **IN GENERAL.**—The Secretary shall provide for allocation recipients to submit plans under this section to the Secretary and shall establish requirements for the contents and form of such plans. Except in the case of plan resubmitted pursuant to subsection (d)(3), the Secretary may not accept or consider a plan unless the plan is submitted to the Secretary before the expiration of the 30-day period beginning upon the date of the enactment of this Act.

(2) **PUBLIC APPROVAL.**—An allocation recipient may not submit a plan to the Secretary unless the plan is approved by the chief executive officer of the allocation recipient after a public hearing on the plan held pursuant to reasonable public notice.

(d) **REVIEW AND APPROVAL.**—

(1) **TIMING.**—The Secretary shall review, and approve or disapprove, each plan submitted or resubmitted pursuant to paragraph (3) in compliance with the requirements established under this section before the expiration of the 30-day period beginning upon the submission of the plan. If the Secretary does not approve or disapprove a plan that is submitted or resubmitted in accordance with the requirements under this section before the expiration of such 30-day period and notify the allocation recipient of such approval or disapproval, the plan shall be considered approved for purposes of this section.

(2) **STANDARD FOR DISAPPROVAL.**—The Secretary may disapprove a plan only if the plan fails to comply with the requirements of this Act.

(3) **RESUBMISSION.**—If the Secretary disapproves the plan of an allocation recipient, the Secretary shall submit to the allocation recipient the reasons for the disapproval, and the allocation recipient may, during the 15-day period that begins upon notification of such disapproval and the reasons for such disapproval, submit to the Secretary a revised plan for review and approval in accordance with this subsection.

**SEC. 5. ALLOCATION OF AMOUNTS.**

(a) **GRANTS.**—From the total amount made available under section 14(a) for grants under this Act, the Secretary shall make a grant to each qualified State in the grant amount determined under subsection (c) of this section for the qualified State.

(b) **LOANS.**—From the aggregate amount of authority for the outstanding principal balance of loans made under this Act pursuant to section 14(b)(1), the Secretary shall allocate such authority for loans under this Act for each qualified State in the loan authority amount determined under subsection (c) of this section for the qualified State.

(c) **GRANT AMOUNTS AND LOAN AUTHORITY AMOUNTS.**—

(1) **IN GENERAL.**—The grant amount or loan authority amount for a qualified State shall be the foreclosure grant share or foreclosure loan share, respectively, for the State determined under subsection (d), as such share is adjusted in accordance with an index established or selected by the Secretary to account for differences between qualified States in the median price of single family housing in such States.

(2) **LIMITATION ON ADJUSTMENT.**—If such adjustment would result in a grant amount or loan authority amount for any State that exceeds 125 percent of the foreclosure grant share or foreclosure loan share, respectively, for the State, the grant amount or loan authority amount for the State shall be 125 percent of foreclosure grant share or foreclosure loan share, respectively, for the State and the Secretary shall increase the grant amounts or loan authority amounts for all other States on a pro rata basis, except as provided in paragraph (3), by the amount necessary to account for the aggregate of any such decreases in grant amounts or loan authority amounts for States to comply with the 125 percent limitation.

(3) **LIMITATION ON REALLOCATION.**—No increase in the grant amount or loan authority amount for any State from amounts reallocated pursuant to paragraph (2) shall result in the grant amount or loan authority amount for any State exceeding 125 percent of the foreclosure grant share or foreclosure loan share for the State, respectively.

(4) **PRIORITY PREFERENCE FOR UNUSED AMOUNTS.**—States which have their grant or loan amounts reduced under paragraph (2) shall be granted a priority preference for any loans or grants which may be reallocated under subsection (i) (relating to reallocation of funds).

(d) **FORECLOSURE SHARES.**—For purposes of this section:

(1) **GRANT SHARE.**—The foreclosure grant share for a qualified State shall be the amount that bears the same ratio to the total amount made available under section 14(a) as the number of foreclosures on mortgages for single family housing and subprime mortgage loans for single family housing that are over 90 days delinquent, occurring in such State during the most recently completed four calendar quarters for which such information is available, as determined by the Secretary, bears to the aggregate number of such foreclosures and such delinquent subprime mortgage loans occurring in all qualified States during such calendar quarters.

(2) **LOAN SHARE.**—The foreclosure loan share for a qualified State shall be the amount that bears the same ratio to the aggregate amount of the principal balance of loans that may be outstanding at any time under this Act pursuant to section 14(b)(1) as the number of foreclosures on mortgages for single family housing and subprime mortgage loans for single family housing that are over 90 days delinquent, occurring in such State during the most recently completed four calendar quarters for which such information is available, as determined by the Secretary, bears to the aggregate number of such foreclosures and such delinquent subprime mortgage loans occurring in all qualified States during such calendar quarters.

(e) **DISTRIBUTION OF FULL AMOUNT.**—The Secretary shall establish the index referred to in subsection (c) and the grant and loan authority amounts for the qualified States in a manner that provides that—

(1) the aggregate of the grant amounts for all qualified States is equal to the total amount made available under section 14(a); and

(2) the aggregate of the loan authority amounts for all qualified States is equal to the aggregate amount of authority for the outstanding principal balance of all loans made under this Act pursuant to section 14(b)(1).

(f) **REQUIREMENT TO ALLOCATE TO QUALIFIED METROPOLITAN CITIES.**—Of any grant amounts and loan authority amounts allocated pursuant to this section for a State, such State shall allocate for each qualified metropolitan city located in such State a portion of such grant amounts and such loan authority amounts that bears the same ratio to such grant amounts and loan authority amounts, respectively, allocated for the State as the number of foreclosures on mortgages for single family housing and subprime mortgage loans for single family housing that are over 90 days delinquent, occurring in such qualified metropolitan city during the most recently completed four calendar quarters for which such information is available, as determined by the Secretary, bears to the aggregate number of such foreclosures and such delinquent subprime mortgage loans occurring in the State during such calendar quarters. A State may adjust such allocation to account for differences between median single family housing prices in the State and in qualified metropolitan cities in the State.

(g) **REQUIREMENT TO ALLOCATE TO QUALIFIED URBAN COUNTIES.**—Of any grant amounts and loan authority amounts allocated pursuant to this section for a State, such State shall allocate for each qualified urban county located in such State a portion of such grant amounts and such loan authority amounts that bears the same ratio to such grant amounts and loan authority amounts, respectively, allocated for the State as the number of foreclosures on mortgages for single family housing and subprime mortgage loans for single family housing that are over 90 days delinquent, occurring in such qualified urban county during the most recently completed four calendar quarters for which such information is available, as determined by the Secretary, bears to the aggregate number of such foreclosures and such delinquent subprime mortgage loans occurring in the State during such calendar quarters. A State may adjust such allocation to account for differences between median single family housing prices in the State and in qualified urban counties in the State.

(h) **ALLOCATION EXCEPTION.**—If the aggregate grant and loan authority amount to be allocated pursuant to subsection (f) or (g) to a qualified metropolitan city or qualified urban county is less than \$10,000,000, a State may, but is not required to, allocate such grant and loan authority amount to such qualified metropolitan city or qualified urban county, and the allocation for such State shall be increased by the grant and loan authority amount not allocated to such qualified metropolitan city or qualified urban county.

(i) **REALLOCATION OF UNUSED AMOUNTS.**—The Secretary shall recapture any grant amounts and loan authority amounts allocated to a State that are not used in a timely fashion in accordance with section 10, as the Secretary shall prescribe, and shall reallocate such amounts among all other qualified States in accordance with the provisions of this Act for allocation of grant amounts and loan authority amounts.

#### SEC. 6. LOANS.

(a) **REQUIREMENT OF LOAN AUTHORITY AMOUNT.**—The Secretary may make a loan under this Act for use in the area of an allocation recipient only to the extent and in such amounts that loan authority amounts for such allocation recipient are available.

(b) **REVOLVING AVAILABILITY OF LOAN AUTHORITY AMOUNT.**—The loan authority amount allocated for each allocation recipient shall—

(1) upon the Secretary entering into a binding commitment to make a loan under this Act for

use in the area of such allocation recipient, be decreased by the amount of the principal obligation of such loan; and

(2) upon the repayment to the Secretary by any borrower of any principal amounts borrowed under a loan this Act for use in the area of such allocation recipient, be increased by the amount of principal repaid.

(c) **ASSISTED ENTITIES.**—The loan authority amount of an allocation recipient may be used for activities described in section 8(a) undertaken by—

(1) the allocation recipient;

(2) a unit of local government or a local governmental entity; or

(3) any other entity, as provided in the approved plan of the allocation recipient under section 4.

(d) **LOAN TERMS.**—Each loan provided under this Act from the loan authority amount of an allocation recipient shall—

(1) bear no interest;

(2) have a term to maturity of—

(A) 3 years, in the case of any loan made to purchase or finance the purchase of qualified foreclosed housing for use under section 8(a)(1) for homeownership; and

(B) 5 years, in the case of any loan made to purchase or finance the purchase of qualified foreclosed housing for use under section 8(a)(2) for rental;

(3) not provide for amortization of the principal obligation of the loan during such term;

(4) be non-recourse;

(5) require payment of the original principal obligation under the loan only upon the expiration of the term of the loan; and

(6) have such other terms and conditions as the Secretary may provide.

(e) **PROCEDURE.**—A qualified State or, upon its election, a qualified metropolitan city or qualified urban county shall—

(1) enter into a loan agreement on behalf of the Secretary on terms established under this Act and any other terms such State, qualified metropolitan city, or qualified urban county determines appropriate;

(2) disburse the loan amount in accordance with such terms, subject only to the absence of sufficient loan authority amount for such State, such qualified metropolitan city, or such qualified urban county;

(3) monitor such loans; and

(4) collect and transmit to the Secretary any loan repayments.

(f) **ELIGIBILITY FOR REPEAT LENDING.**—A loan under this Act may be made to an entity that has previously borrowed amounts under a loan under this Act only if such entity has repaid 90 percent or more of the amounts due under all previous such loans. The Secretary may waive such requirement upon a request by an allocation recipient if the borrower has demonstrated satisfactory progress in utilizing outstanding loans and sufficient capacity to utilize additional loan amounts effectively.

(g) **SUNSET.**—The Secretary may not enter into any commitment to make a loan under this Act, or make any such loan, after the expiration of the 48-month period beginning on the date of the enactment of this Act.

#### SEC. 7. GRANTS.

The grant amount of an allocation recipient may be used under section 8(b) by the allocation recipient, a unit of local government or a local governmental entity, or a nonprofit organization.

#### SEC. 8. ELIGIBLE HOUSING STIMULUS ACTIVITIES.

(a) **LOAN AMOUNTS.**—Amounts provided under a loan under this Act for an allocation recipient shall be used, in accordance with the approved plan of such allocation recipient, only for the following activities:

(1) **HOMEOWNERSHIP HOUSING PROVISION.**—To purchase or finance the purchase of qualified foreclosed housing for resale as housing for

homeownership to families having incomes that do not exceed 140 percent of the median income for the area in which the housing is located.

(2) RENTAL HOUSING PROVISION.—To purchase or finance the purchase of qualified foreclosed housing for use as rental, lease-purchase, or rent-to-own housing, subject to the following requirements:

(A) QUALIFIED TENANTS.—All dwelling units in the housing purchased or financed using any loan amounts shall be available for rental only by families whose incomes do not exceed 100 percent of the median income for the area in which the housing is located.

(B) RENTS.—Rents for each dwelling unit in the housing purchased or financed using any loan amounts shall be established at amounts that do not exceed market rents for comparable dwelling units located in the area in which the housing is located and in accordance with such requirements as the Secretary shall establish to ensure that rents are established in a fair, objective, and arms-length manner.

(3) HOUSING REHABILITATION.—To rehabilitate qualified foreclosed housing acquired with assistance provided pursuant to this subsection, to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, or to make improvements to the housing to increase the energy efficiency or conservation of the housing or provide a renewable energy source or sources for the housing, for the purpose of reselling the housing, to the extent possible, during the 3-month period that begins upon completion of rehabilitation and at a price that is as close as possible to the acquisition price of the housing.

(b) GRANT AMOUNTS.—Grant amounts provided under this Act to an allocation recipient shall be used, in accordance with the approved plan of such allocation recipient, only for the following activities:

(1) OPERATING AND HOLDING COSTS.—For costs of holding and operating qualified foreclosed housing acquired pursuant to subsection (a), including costs of management, taxes, handling, insurance, and other related costs.

(2) COSTS RELATING TO PROPERTY ACQUISITION.—For incidental costs involved in acquiring qualified foreclosed housing pursuant to subsection (a), including reasonable closing costs, except that grant amounts may not be used to pay any portion of the purchase price for the housing under section 13(7)(C).

(3) ADMINISTRATIVE COSTS.—For costs of the allocation recipient in administering loan authority amounts and grant amounts under this Act, except that the amount of grant amounts provided under this Act to an allocation recipient that may be used under this paragraph shall not exceed the amount equal to 8 percent of the sum of the grant amounts provided to the allocation recipient pursuant to subsection (a), (f), or (g) of section 5, as applicable, and the loan authority amount allocated to the allocation recipient pursuant to subsection (b), (f), or (g) of section 5, as applicable.

(4) PLANNING COSTS.—For planning costs of the State in connection with this Act, except that the amount of grant amounts provided under this Act to an allocation recipient that may be used under this paragraph shall not exceed the amount equal to 2 percent of the sum of the grant amounts provided to the allocation recipient pursuant to subsection (a), (f), or (g) of section 5, as applicable, and the loan authority amount allocated to the State pursuant to subsection (b), (f), or (g) of section 5, as applicable.

(5) HOUSING REHABILITATION.—For activities set forth in subsection (a)(3), except that an allocation recipient shall not use more than 20 percent of a grant amount allocation for such activities.

(6) DEMOLITION.—For costs of demolishing qualified foreclosed housing that is deteriorated or unsafe, but amounts may be used under this

paragraph only if the Secretary determines that the neighborhood or other area in which the housing is located has a high incidence of vacant and abandoned housing (or other vacant and abandoned structures) and is experiencing a significant decline in population.

Notwithstanding any other provision of this subsection, grant amounts provided under this Act may not be used to provide assistance of any kind (including grants, loans, and closing cost financing) to provide amounts for downpayments for any homebuyers of single family housing.

(c) PROHIBITED USES.—The Secretary shall, by regulation, set forth prohibited uses of grant or loan amounts under this Act, which shall include use for—

- (1) political activities;
- (2) advocacy;
- (3) lobbying, whether directly or through other parties;
- (4) counseling services;
- (5) travel expenses; and
- (6) preparing or providing advice on tax returns.

(d) INCOME TARGETING REQUIREMENT.—

(1) VERY LOW-INCOME FAMILIES.—Not less than 50 percent of the total grant amounts an allocation recipient makes available under this Act shall be used for activities under subsection (b) in connection with providing housing for families whose incomes do not exceed 50 percent of the median income for the area in which the housing is located.

(2) EXTREMELY LOW-INCOME FAMILIES.—Not less than 50 percent of the total grant amounts an allocation recipient makes available under paragraph (1) shall be used for activities under subsection (b) in connection with providing housing for families whose incomes do not exceed 30 percent of the median income for the area in which the housing is located.

(3) WAIVER.—

(A) IN GENERAL.—The Secretary may establish a percentage for purposes of paragraph (2) that is less than 50 percent if an allocation recipient certifies that, in addition to any other requirements the Secretary may establish—

(i) such allocation recipient has attempted to use all other federally related resources available to it in combination with the resources available under this Act to meet the requirements of paragraph (2); and

(ii) the failure to comply with paragraph (2) will not result in an overall loss of housing affordable to families whose incomes do not exceed 30 percent of area median income in the area of such allocation recipient.

(B) CONSIDERATION OF HOUSING NEEDS.—In establishing an alternative percentage for purposes of paragraph (2) for an allocation recipient that meets the certification requirements of subparagraph (A), the Secretary shall take into consideration the housing needs in the area of such allocation recipient of families whose incomes do not exceed 30 percent of area median income.

(e) USE FOR RURAL AREAS.—An allocation recipient receiving any grant or loan amounts under this Act that includes any rural areas shall use a portion of its grant and loan authority amount for eligible activities located in rural areas that is proportionate to the identified need for such activities in such rural areas.

(f) SECURITY.—A qualified State, or at its election, a qualified metropolitan city or qualified urban county, shall record a lien in the name of the Secretary on any qualified foreclosed housing purchased or financed with a loan under this section in the amount of the principal obligation under the loan and interest due under the loan.

(g) QUALIFIED HOMEOWNERS.—This Act may not be construed to prevent the resale of qualified foreclosed housing to a prior owner or occupant of such housing who meets the income requirements of this Act.

(h) VOUCHER NONDISCRIMINATION.—

(1) PROSPECTIVE TENANTS.—A recipient of amounts from a loan or grant under this Act may not refuse to lease a dwelling unit in housing assisted with any such loan or grant amounts to a holder of a voucher or certificate of eligibility under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) because of the status of the prospective tenant as such a holder.

(2) CURRENT TENANTS.—In the case of any qualified foreclosed housing for which funds made available under the Act are used and in which a recipient of assistance under section 8(o) of the U.S. Housing Act of 1937 resides at the time of acquisition or financing, the owner and any successor in interest shall be subject to the lease and to the housing assistance payments contract for the occupied unit. Vacating the property prior to sale shall not constitute good cause for termination of the tenancy unless the property is unmarketable while occupied or unless the owner or subsequent purchaser desires the unit for personal or family use. This paragraph shall not preempt any State or local law that provides more protection for tenants.

(i) EFFECT OF FORECLOSURE ON PREEXISTING LEASE.—

(1) IN GENERAL.—In the case of any foreclosure on any dwelling or residential real property acquired with any amounts made available under this Act, any successor in interest in such property pursuant to the foreclosure shall assume such interest subject to—

(A) the provision, by the successor in interest, of a notice to vacate to any bona fide tenant at least 90 days before the effective date of the notice to vacate; and

(B) the rights of any bona fide tenant, as of the date of such notice of foreclosure—

(i) under any bona fide lease entered into before the notice of foreclosure to occupy the premises until the end of the remaining term of the lease or the end of the 6-month period beginning on the date of the notice of foreclosure, whichever occurs first, subject to the receipt by the tenant of the 90-day notice under subparagraph (A); or

(ii) without a lease or with a lease terminable at will under State law, subject to the receipt by the tenant of the 90-day notice under subparagraph (A), except that nothing under this subparagraph shall affect the requirements for termination of any federally subsidized tenancy.

(2) BONA FIDE LEASE OR TENANCY.—For purposes of this subsection, a lease or tenancy shall be considered bona fide only if—

(A) the mortgagor under the contract is not the tenant;

(B) the lease or tenancy was the result of an arms-length transaction; or

(C) the lease or tenancy requires the receipt of rent that is not substantially less than fair market rent for the property.

(j) PROHIBITION OF DEMOLITION OF PUBLIC HOUSING.—Notwithstanding any other provision of this Act, amounts from a grant or loan under this Act may not be used to demolish any public housing (as such term is defined in section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a)).

#### SEC. 9. SHARED APPRECIATION AGREEMENT.

Notwithstanding any other provision of this Act, no amounts from a loan or grant under this Act may be used under section 8 for any qualified foreclosed housing unless such binding agreements are entered into, in accordance with such requirements as the Secretary shall establish, that ensure that the Federal Government shall, upon any sale or disposition of the qualified foreclosed housing by the owner who acquires the housing pursuant to assistance under this Act, receive an amount equal to 20 percent of the difference between the net proceeds from such sale or disposition and the cost of such acquisition of the housing pursuant to assistance under this Act, after deductions for expenditures paid or incurred after the date of such acquisition that are properly chargeable to capital

account (within the meaning of section 1016 of the Internal Revenue Code of 1986) with respect to such housing. In the case of a for-profit owner, this section shall be applied by substituting "50 percent" for "20 percent".

#### SEC. 10. SPENDING REQUIREMENTS.

(a) *IN GENERAL.*—Each allocation recipient that receives a grant under this Act or is allocated loan authority amounts under this Act pursuant to section 5(b) shall—

(1) commence obligation of such grant amounts and commitment of such loan authority amounts not later than the expiration of the 120-day period that begins upon approval of the approved plan of allocation recipient;

(2) obligate all such grant amounts and enter into commitments for all such loan authority amounts not later than the expiration of the 180-day period beginning upon such approval; and

(3) except as provided in subsection (b) of this section, outlay all such grant amounts and disburse all such loan authority amounts not later than the 24-month period that begins upon such approval.

This subsection shall not apply to loan authority amounts of an allocation recipient attributable, pursuant to section 6(b)(2), to repayment of principal amounts of loans under this Act.

(b) *EXCEPTION TO SPENDING REQUIREMENT.*—If an allocation recipient in good faith makes a request, in the plan submitted to the Secretary pursuant to section 4 or otherwise after approval of such plan, for extension of the period referred to in paragraph (1), (2), or (3) of subsection (a) of this section, the Secretary may extend the period for not more than 5 months.

#### SEC. 11. SERVICER CONTACT.

The servicer of a federally related mortgage loan (as such term is defined in section 3 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2602)) shall notify the unit of general local government in which the property securing the mortgage is located upon becoming responsible for a qualified foreclosed property and provide such unit of general local government with the name and 24-hour contact information of a representative authorized to negotiate purchases.

#### SEC. 12. ACCOUNTABILITY.

(a) *REPORTING.*—Each allocation recipient that receives a grant or allocation of loan authority amount under this Act shall submit a report to the Secretary, not later than the expiration of the 12-month period beginning upon the approval of the qualified plan by the Secretary, regarding use of such amounts which shall contain such information, including information about the location and type of assisted properties and the income of families purchasing or renting housing assisted under this Act, as the Secretary shall require.

(b) *MISUSE OF AMOUNTS.*—If the Secretary determines that any amounts from a grant or loan under this Act for an allocation recipient or other recipient of grant or loans funds has been used in a manner that is in violation of this Act, any regulations issued under this Act, or any requirements or conditions under which such amounts were provided, the Secretary shall require the allocation recipient or other recipient of grant or loans funds to reimburse the Treasury of the United States in the amount of any such misused funds.

(c) *HOLD HARMLESS.*—Notwithstanding subsection (b), a State shall not be required to reimburse the Treasury of the United States for any misused funds such State is required to allocate to a qualified metropolitan city or qualified urban county under subsection (f) or (g) of section 5, respectively.

#### SEC. 13. DEFINITIONS.

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

(1) *ALLOCATION RECIPIENT.*—The term "allocation recipient" means—

- (A) a qualified State;
- (B) a qualified metropolitan city; and
- (C) a qualified urban county.

(2) *ALLOCATION RECIPIENT ADMINISTRATOR.*—The term "allocation recipient administrator" means the entity that is designated, pursuant to section 4(b)(1), in the approved plan of the allocation recipient to act for the allocation recipient for purposes of this Act.

(3) *APPROVED PLAN.*—The term "approved plan" means a plan of an allocation recipient that has been approved pursuant to section 4.

(4) *COVERED MULTIFAMILY HOUSING.*—The term "covered multifamily housing" means a residential structure that consists of 64 or fewer dwelling units.

(5) *LOAN AUTHORITY AMOUNT.*—The term "loan authority amount" means, with respect to an allocation recipient, the amount of loan authority available pursuant to section 14(b)(1) that is allocated for the allocation recipient pursuant to subsection (b), (f), or (g) of section 5, as applicable, as such amount may be increased or decreased pursuant to section 6(b).

(6) *NONPROFIT ORGANIZATION.*—The term "nonprofit organization" has the meaning given such term in section 104 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704).

(7) *QUALIFIED FORECLOSED HOUSING.*—The term "qualified foreclosed housing" means housing that—

(A)(i) is single family housing that is not occupied by an owner, pursuant to foreclosure or assignment of the mortgage on the housing or forfeiture of the housing; or

(ii) is covered multifamily housing;

(B) is owned by a lender, mortgage company, investor, financial institution, or other such entity, or any government entity, pursuant to foreclosure or assignment of the mortgage on the housing or forfeiture of the housing; and

(C) has a purchase price—

(i) in the case of single family housing, that does not exceed 110 percent of the average purchase price for single family housing in the area in which the housing is located, as determined by the Secretary.

(ii) in the case of covered multifamily housing, that does not exceed the dollar amount limitation, for housing of the applicable size located in the area in which the housing is located, on the amount of a principal obligation of a mortgage eligible for insurance under section 207 of the National Housing Act (12 U.S.C. 1713), as in effect on the date of the enactment of this Act pursuant to such section 207(c)(3)(A) and section 206A of such Act (12 U.S.C. 1712a).

(8) *QUALIFIED METROPOLITAN CITY.*—The term "qualified metropolitan city" means an incorporated place, for which there is an improved plan, that—

(A) is among the 100 most populous incorporated places in the United States, as determined according to data from the most recent decennial census that is published before the date of the enactment of this Act; or

(B)(i) has a minimum population of 50,000, as determined according to data from the most recent decennial census that is published before the date of the enactment of this Act; and

(ii) has a foreclosure rate that exceeds 125 percent of the foreclosure rate for the entire State

(9) *QUALIFIED STATE.*—The term "qualified State" means a State for which there is an approved plan.

(10) *QUALIFIED URBAN COUNTY.*—The term "qualified urban county" means an urban county (as such term is defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302)), for which there is an approved plan, that is among the 50 most populous urban counties in the United States, as determined—

(A) according to data from the most recent decennial census; and

(B) excluding the population of any qualified metropolitan city within such urban county,

unless such metropolitan city has agreed to have its population included with the population of the county for the purposes of this Act.

(11) *SECRETARY.*—The term "Secretary" means the Secretary of Housing and Urban Development.

(12) *SINGLE FAMILY HOUSING.*—The term "single family housing" means a residential structure consisting of from one to four dwelling units.

(13) *STATE.*—The term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and other territory or possession of the United States.

#### SEC. 14. FUNDING.

(a) *GRANTS.*—There is authorized to be appropriated to the Secretary of the Treasury \$7,500,000,000 for grants under this Act.

(b) *DIRECT LOANS.*—

(1) *LOAN COMMITMENT AUTHORITY LIMITATION.*—Subject only to the availability of sufficient amounts for the costs (as such term is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) of such loans and the absence of qualified requests for loans, the Secretary shall enter into commitments to make loans under this Act, and shall make such loans, in an amount such that the aggregate outstanding principal balance of such loans does not at any time exceed \$7,500,000,000.

(2) *AUTHORIZATION OF APPROPRIATIONS FOR COSTS.*—There is authorized to be appropriated such sums as may be necessary for costs (as such term is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) of loans under this Act.

#### SEC. 15. REGULATIONS AND IMPLEMENTATION.

(a) *REGULATIONS.*—The Secretary shall issue any regulations necessary to carry out this Act.

(b) *IMPLEMENTATION.*—Pending the effectiveness of regulations issued pursuant to subsection (a), the Secretary shall take such action as may be necessary to implement this Act by notice, guidance, and interim rules.

The Acting CHAIRMAN. No amendment to the committee amendment is in order except those printed in House report 110-621. Each amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent of the amendment, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MS. WATERS

The Acting CHAIRMAN. It is now in order to consider amendment No. 1 printed in House Report 110-621.

Ms. WATERS. Madam Chairwoman, I have an amendment at the desk that has been made in order under the rule.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Ms. WATERS:  
Page 3, line 10, after "STATES" insert "**METROPOLITAN CITIES, AND URBAN COUNTIES**".

Page 3, line 13, after "States" insert "and under subsections (f) and (g) of section 5 to qualified metropolitan cities and qualified urban counties, respectively,".

Page 3, line 15, after "States" insert "qualified metropolitan cities, and qualified urban counties".

Page 3, line 19, after "State" insert ", metropolitan city, or urban county".

Page 3, line 20, after "State" insert ", metropolitan city, or urban county".

Strike "A State" in line 23 on page 3 and all that follows through page 4, line 2.

Page 12, line 16, strike ", such State" and insert "the Secretary".

Page 13, line 4, strike "A State may" and insert "The Secretary shall".

Page 13, line 23, strike "A State may" and insert "The Secretary shall".

Page 14, line 4, strike "a State" and insert "the Secretary".

Page 16, lines 18 and 19, strike "or, upon its election".

Page 16, line 19, strike "or" and insert ", and a".

Page 19, line 24, strike "costs of" and insert "expenses incurred operating housing assisted under this Act with respect to the administration, maintenance, repair, security, utilities, fuel, furnishings, equipment,".

Strike line 23 on page 32 and all that follows through page 33, line 2, and insert the following:

(i) in the case of single family housing, that does not exceed the lesser of—

(I) 110 percent of the average purchase price for single family housing in the area in which the housing is located, as determined by the Secretary; or

(II) the current appraised value of the property;

except that in the case of any such housing that has an appraised value that is less than 110 percent of the average purchase price for single family housing in the area in which the housing is located, an allocation recipient may appeal such appraisal to the Secretary and the Secretary may determine that the average purchase price shall operate as the cap on the purchase price; and

The Acting CHAIRMAN. Pursuant to House Resolution 1174, the gentlewoman from California (Ms. WATERS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California.

Ms. WATERS. Madam Chairman, I yield myself as much time as I may consume.

This manager's amendment is in the nature of a perfecting amendment that makes a few changes to the bill that I hope will be relatively uncontroversial.

First, as this bill has moved through the process, we have moved from a program that allocated all of the funds to States to administer to one that, as I described in my opening statement, distributes funds to States, certain metropolitan cities and large urban counties.

This amendment simply removes the State as the middle person in allocations to qualifying cities and counties which would instead receive direct allocations from HUD. This will expedite the distribution of funds which is critical in the context of economic stimulus.

Second, the amendment brings a definition of operating costs of housing purchased under the program, which is an eligible use under the grant component in line with similar uses in other HUD programs such as the McKinney-Vento Homeless Assistance Act. This just clarifies what is and is not an eligible expense when an entity is oper-

ating a purchase property as rental property or preparing it for resale.

Finally, to further address the concerns that this bill somehow provides a bailout to lenders, the amendment caps the purchase price of foreclosed properties at the appraised price or 110 percent of the average local single family home price, whichever is less. This guards against property owners gaming the system to obtain inflated prices under the program.

I urge my colleagues to vote for this amendment.

I reserve the balance of my time.

Mrs. CAPITO. Madam Chairman, I would like to claim time in opposition to the amendment.

The Acting CHAIRMAN. The gentlewoman from West Virginia is recognized for 5 minutes.

Mrs. CAPITO. Thank you.

While I appreciate the chairwoman's amendment, and I do believe that it does go in a direction that is much better for the bill, I still have, as I have voiced in the earlier debate, serious concerns about the bill in terms of the cost and in terms of taxpayers' dollars bailing out investors and lenders. This does not go to individual homeowners. It does not help somebody in foreclosure, an individual family in foreclosure.

And so with that, I would urge a "no" vote on the amendment.

I yield back the balance of my time.

Ms. WATERS. Madam Chairwoman, I was hopeful that the ranking member of the subcommittee would offer support for this amendment. I know that there are some differences that she has and others have on this bill.

However, the attempts that we have made to make sure that it is a bill that can operate efficiently, such as identifying those 100 cities, those 100 counties and those 50 cities of a certain size would be the kind of amendment that the ranking member and others would understand makes this a better bill and would formulate ways by which it could efficiently and effectively get that money into the communities that are needed.

Madam Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentlewoman from California (Ms. WATERS).

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

Mrs. CAPITO. Madam Chairman, I demand a recorded vote.

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

AMENDMENT NO. 2 OFFERED BY MRS. CAPITO

The Acting CHAIRMAN. It is now in order to consider amendment No. 2 printed in House Report 110-621.

Mrs. CAPITO. Madam Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mrs. CAPITO:

Page 3, line 16, after the period insert the following: "The program under this Act shall be administered through the Office of Community Planning and Development of the Department of Housing and Urban Development or any successor office responsible for administering the community development block grant program under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.)."

The Acting CHAIRMAN. Pursuant to House Resolution 1174, the gentlewoman from West Virginia (Mrs. CAPITO) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from West Virginia.

Mrs. CAPITO. Madam Chairman, my amendment is really quite simple. As we have heard myself talking and Members on my side of the aisle talking about the difficulties that we have with the bill, I realize that the odds are with it that it may pass out of this House. With that in mind, I would like to offer this amendment to what I think makes the bill better.

My amendment would very simply direct the funds to be administered through the Office of Community Planning and Development of the Department of Housing and Urban Development. This office already oversees the HOME and CDBG programs which we are very familiar with.

One of the concerns that we had with the bill was creating a whole new bureaucracy within HUD to administer this program if it were to go forward. And that is problematic any time you are creating a new bureaucracy, particularly when you are replicating some of the delivery systems that already exist within HUD. Those delivery systems exist in the Office of Community Planning and Development.

So with that, I would like to say that rather than the current language which just merely directs the Secretary to implement the program, I would prefer, and my amendment offers to direct those funds to be administered by the existing Office of Community Planning and Development within HUD which deals, as I said, with the CDBG program which we are all very familiar with working in a lot of our communities.

With that, I yield back the balance of my time.

Ms. WATERS. Madam Chairman, I rise to claim time in opposition.

The Acting CHAIRMAN. The gentlewoman from California is recognized for 5 minutes.

Ms. WATERS. Although I rise to claim time in opposition, I am not opposed to the amendment.

I think the ranking member of the Housing and Community Opportunity Subcommittee has made a sound addition to the bill here. While, as I mentioned in my opening statement, we did not want HUD to get bogged down in processing 1,200 different plans from all the entitlement jurisdictions in the

HOME and CDBG programs, there is no question that the expertise at HUD to administer this bill's loan and rent program lies in the Community Planning and Development division of the agency. So I urge my colleagues to support Mrs. CAPITO's amendment to ensure that we don't create an unnecessary new bureaucracy if H.R. 5818 is passed into law.

I yield back the balance of my time. The Acting CHAIRMAN. The question is on the amendment offered by the gentlewoman from West Virginia (Mrs. CAPITO).

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

Mrs. CAPITO. Madam Chairman, I demand a recorded vote.

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

MOTION TO RISE OFFERED BY MR. SIMPSON

Mr. SIMPSON. Madam Chairman, I move that the Committee do now rise.

The Acting CHAIRMAN. The question is on the motion to rise.

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

RECORDED VOTE

Mr. SIMPSON. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, this 15-minute vote will be followed by 5-minute votes on amendment No. 1 by Ms. WATERS and amendment No. 2 by Mrs. CAPITO.

The vote was taken by electronic device, and there were—ayes 184, noes 231, not voting 23, as follows:

[Roll No. 292]

AYES—184

Akin	Crenshaw	Heller
Alexander	Cubin	Hensarling
Bachmann	Culberson	Herger
Bachus	Davis (KY)	Hobson
Barrett (SC)	Davis, David	Hoekstra
Bartlett (MD)	Davis, Tom	Hulshof
Barton (TX)	Deal (GA)	Hunter
Biggert	Dent	Inglis (SC)
Bilbray	Diaz-Balart, L.	Issa
Bilirakis	Doolittle	Johnson (IL)
Bishop (UT)	Drake	Johnson, Sam
Blackburn	Dreier	Jones (NC)
Blunt	Duncan	Jordan
Boehner	Emerson	Keller
Bonner	English (PA)	King (IA)
Bono Mack	Everett	King (NY)
Boozman	Fallin	Kingston
Boustany	Feehey	Kirk
Brady (TX)	Ferguson	Kline (MN)
Broun (GA)	Flake	Knollenberg
Brown (SC)	Forbes	Kuhl (NY)
Brown-Waite,	Fossella	LaHood
Ginny	Fox	Lamborn
Buchanan	Franks (AZ)	Latham
Burgess	Frelinghuysen	LaTourette
Burton (IN)	Gallely	Latta
Buyer	Garrett (NJ)	Lewis (CA)
Calvert	Gilchrest	Lewis (KY)
Camp (MI)	Gingrey	Linder
Cannon	Gohmert	LoBiondo
Cantor	Goode	Lucas
Capito	Goodlatte	Lungren, Daniel
Carter	Gordon	E.
Castle	Granger	Mack
Chabot	Graves	Manzullo
Coble	Hall (TX)	Marchant
Cole (OK)	Hastings (WA)	McCarthy (CA)
Conaway	Hayes	McCaul (TX)

McCotter	Price (GA)	Smith (NJ)	Udall (NM)	Waters	Woolsey
McCrery	Putney (OH)	Smith (TX)	Van Hollen	Watson	Wu
McHenry	Prynce	Souder	Velázquez	Watt	Wynn
McHugh	Radanovich	Stearns	Viscosky	Waxman	Yarmuth
McKeon	Regula	Sullivan	Walz (MN)	Weiner	
McMorris	Rehberg	Taylor	Wasserman	Welch (VT)	
Rodgers	Reichert	Thornberry	Schultz	Wilson (OH)	
Mica	Renzi	Tiahrt			
Miller (FL)	Rogers (AL)	Tiberi			
Miller (MI)	Rogers (KY)	Upton			
Miller, Gary	Rogers (MI)	Walberg			
Murphy, Tim	Rohrabacher	Walden (OR)			
Musgrave	Roskam	Walsh (NY)			
Myrick	Ryan (WI)	Wamp			
Neugebauer	Sali	Weldon (FL)			
Nunes	Scalise	Weller			
Pearce	Schmidt	Westmoreland			
Pence	Sensenbrenner	Whitfield (KY)			
Peterson (PA)	Sessions	Wilson (NM)			
Petri	Shadegg	Wilson (SC)			
Pickering	Shays	Wittman (VA)			
Pitts	Shimkus	Wolf			
Platts	Shuster	Young (FL)			
Poe	Simpson				
Porter	Smith (NE)				

NOES—231

Abercrombie	Frank (MA)	Miller, George
Ackerman	Gerlach	Mitchell
Allen	Giffords	Mollohan
Altmire	Gillibrand	Moore (KS)
Andrews	Gonzalez	Moore (WI)
Arcuri	Green, Al	Moran (KS)
Baca	Green, Gene	Moran (VA)
Baird	Grijalva	Murphy (CT)
Baldwin	Gutierrez	Murphy, Patrick
Barrow	Hall (NY)	Murtha
Becerra	Hare	Nadler
Berkley	Harman	Napolitano
Berman	Hastings (FL)	Neal (MA)
Bishop (GA)	Hersteth Sandlin	Norton
Bishop (NY)	Higgins	Oberstar
Blumenauer	Hill	Obey
Bordallo	Hinchev	Olver
Boren	Hinojosa	Ortiz
Boswell	Hirono	Pallone
Boucher	Hodes	Pascrell
Boyd (FL)	Holden	Pastor
Boyd (KS)	Holt	Payne
Brady (PA)	Honda	Perlmutter
Bralley (IA)	Hooley	Peterson (MN)
Brown, Corrine	Hoyer	Pomeroy
Butterfield	Inslee	Price (NC)
Capps	Israel	Rahall
Capuano	Jackson (IL)	Ramstad
Cardoza	Jackson-Lee	Reyes
Carnahan	(TX)	Rodriguez
Carney	Jefferson	Ros-Lehtinen
Carson	Johnson (GA)	Ross
Castor	Johnson, E. B.	Rothman
Cazayoux	Jones (OH)	Roybal-Allard
Chandler	Kagen	Ruppersberger
Clarke	Kanjorski	Ryan (OH)
Clay	Kaptur	Salazar
Cleaver	Kennedy	Sánchez, Linda
Clyburn	Kildee	T.
Cohen	Kilpatrick	Sanchez, Loretta
Cooper	Kind	Sarbanes
Costello	Klein (FL)	Schakowsky
Courtney	Kucinich	Schiff
Cramer	Lampson	Schwartz
Crowley	Langevin	Scott (GA)
Cuellar	Larsen (WA)	Scott (VA)
Cummings	Larson (CT)	Serrano
Davis (AL)	Lee	Sestak
Davis (CA)	Levin	Shea-Porter
Davis (IL)	Lewis (GA)	Sherman
Davis, Lincoln	Lipinski	Shuler
DeGette	Loeb sack	Sires
Delahunt	Lofgren, Zoe	Skelton
DeLauro	Lowe y	Slaughter
Diaz-Balart, M.	Lynch	Smith (WA)
Dingell	Mahoney (FL)	Snyder
Doggett	Maloney (NY)	Solis
Donnelly	Markey	Space
Doyle	Matheson	Spratt
Edwards	Matsui	Stark
Ehlers	McCarthy (NY)	Stupak
Ellison	McCollum (MN)	Sutton
Ellsworth	McDermott	Tanner
Emanuel	McGovern	Tauscher
Engel	McIntyre	Terry
Eshoo	McNerney	Thompson (CA)
Etheridge	McNulty	Thompson (MS)
Faleomavaega	Meek (FL)	Tierney
Farr	Meeke (NY)	Towns
Fattah	Melancon	Tsongas
Filner	Michaud	Turner
Foster	Miller (NC)	Udall (CO)

Waters	Woolsey
Watson	Wu
Watt	Wynn
Waxman	Yarmuth
Weiner	
Welch (VT)	
Wilson (OH)	

NOT VOTING—23

Aderholt	Dicks	Royce
Bean	Fortenberry	Rush
Berry	Fortuño	Saxton
Campbell (CA)	Marshall	Speier
Christensen	Paul	Tancred o
Conyers	Rangel	Wexler
Costa	Reynolds	Young (AK)
DeFazio	Richardson	

ANNOUNCEMENT BY THE ACTING CHAIRMAN

The Acting CHAIRMAN (during the vote). Members have 2 minutes remaining in this vote.

□ 2132

Messrs. EDWARDS, SERRANO, McNERNEY, WAXMAN, Ms. WATSON, Ms. SCHAKOWSKY and Mr. SKELTON changed their vote from "aye" to "no."

Messrs. PORTER, KIRK, WALBERG, and WELLER of Illinois changed their vote from "no" to "aye."

So the motion to rise was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. ROYCE. Madam Chairman, on rollcall No. 292, I was unavoidably detained. Had I been present, I would have voted "aye."

AMENDMENT NO. 1 OFFERED BY MS. WATERS

The Acting CHAIRMAN. The unfinished business is the demand for a recorded vote on the amendment printed in House Report 110-621 offered by the gentlewoman from California (Ms. WATERS) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The Acting CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The Acting CHAIRMAN. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 256, noes 157, not voting 25, as follows:

[Roll No. 293]

AYES—256

Abercrombie	Brady (PA)	Courtney
Ackerman	Bralley (IA)	Cramer
Allen	Brown, Corrine	Crenshaw
Altmire	Buchanan	Crowley
Andrews	Butterfield	Cubin
Arcuri	Capito	Cummings
Baca	Capps	Davis (AL)
Baird	Capuano	Davis (CA)
Baldwin	Cardoza	Davis (IL)
Barrow	Carnahan	Davis, Lincoln
Bean	Carney	DeFazio
Becerra	Carson	DeGette
Berkley	Castor	Delahunt
Berman	Cazayoux	DeLauro
Biggert	Chabot	Dent
Bishop (GA)	Chandler	Diaz-Balart, L.
Bishop (NY)	Clarke	Diaz-Balart, M.
Blumenauer	Clay	Dicks
Bordallo	Cleaver	Dingell
Boren	Clyburn	Doggett
Boswell	Cohen	Donnelly
Boucher	Conyers	Doyle
Boyd (FL)	Cooper	Edwards
Boyd (KS)	Costello	Ehlers

Ellison  
Ellsworth  
Emanuel  
Engel  
English (PA)  
Eshoo  
Etheridge  
Faleomavaega  
Farr  
Ferguson  
Filner  
Fortenberry  
Fortuño  
Frank (MA)  
Gerlach  
Giffords  
Gillibrand  
Gonzalez  
Gordon  
Green, Al  
Green, Gene  
Grijalva  
Gutierrez  
Hall (NY)  
Hare  
Harman  
Hastings (FL)  
Hayes  
Herseth Sandlin  
Higgins  
Hill  
Hinchee  
Hinojosa  
Hirono  
Hodes  
Holden  
Holt  
Honda  
Hooley  
Hoyer  
Inslie  
Israel  
Jackson (IL)  
Jackson-Lee  
(TX)  
Jefferson  
Johnson (GA)  
Johnson, E. B.  
Jones (NC)  
Kagen  
Kanjorski  
Kaptur  
Kennedy  
Kildee  
Kilpatrick  
Kind  
Klein (FL)  
Kucinich  
LaHood  
Lampson  
Langevin  
Larsen (WA)  
Larson (CT)

Lee  
Levin  
Lewis (GA)  
Lipinski  
Loeb sack  
Lofgren, Zoe  
Lowe  
Lynch  
Mahoney (FL)  
Maloney (NY)  
Markey  
Marshall  
Matheson  
Matsui  
McCarthy (NY)  
McCaul (TX)  
McCollum (MN)  
McDermott  
McGovern  
McIntyre  
McNerney  
McNulty  
Meek (FL)  
Meeks (NY)  
Melancon  
Michaud  
Miller (NC)  
Miller, George  
Mitchell  
Mollohan  
Moore (KS)  
Moore (WI)  
Moran (VA)  
Murphy (CT)  
Murphy, Patrick  
Murtha  
Musgrave  
Nadler  
Napolitano  
Neal (MA)  
Norton  
Oberstar  
Obey  
Oliver  
Ortiz  
Pallone  
Pascrell  
Pastor  
Payne  
Perlmutt  
Peterson (MN)  
Platts  
Pomeroy  
Porter  
Price (NC)  
Rahall  
Ramstad  
Reichert  
Reyes  
Rodriguez  
Ros-Lehtinen  
Ross  
Rothman

Roybal-Allard  
Ruppersberger  
Ryan (OH)  
Salazar  
Sánchez, Linda  
T.  
Sanchez, Loretta  
Sarbanes  
Schakowsky  
Schiff  
Schmidt  
Scott (GA)  
Scott (VA)  
Serrano  
Sestak  
Shays  
Shea-Porter  
Sherman  
Shuler  
Sires  
Skelton  
Slaughter  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Snyder  
Solis  
Space  
Spratt  
Stark  
Stupak  
Sutton  
Tanner  
Tauscher  
Taylor  
Thompson (CA)  
Thompson (MS)  
Tierney  
Towns  
Tsongas  
Turner  
Udall (CO)  
Udall (NM)  
Van Hollen  
Velázquez  
Visclosky  
Walsh (NY)  
Walz (MN)  
Wasserman  
Schultz  
Waters  
Watson  
Watt  
Waxman  
Weiner  
Welch (VT)  
Wilson (OH)  
Woolsey  
Wu  
Wynn  
Yarmuth

McMorris  
Rodgers  
Mica  
Miller (FL)  
Miller (MI)  
Miller, Gary  
Moran (KS)  
Murphy, Tim  
Myrick  
Neugebauer  
Nunes  
Pearce  
Pence  
Peterson (PA)  
Petri  
Pickering  
Pitts  
Poe  
Price (GA)  
Pryce (OH)

Putnam  
Radanovich  
Regula  
Rehberg  
Renzi  
Rogers (AL)  
Rogers (KY)  
Rogers (MI)  
Rohrabacher  
Roskam  
Ryan (WI)  
Sali  
Scalise  
Sensenbrenner  
Sessions  
Shadegg  
Shimkus  
Shuster  
Simpson  
Smith (NE)

Souder  
Stearns  
Sullivan  
Terry  
Thornberry  
Tiahrt  
Tiberi  
Upton  
Walberg  
Walden (OR)  
Wamp  
Westmoreland  
Whitfield (KY)  
Wilson (NM)  
Wilson (SC)  
Wittman (VA)  
Wolf  
Young (FL)

Boren  
Boswell  
Boucher  
Boustany  
Boyd (FL)  
Boyda (KS)  
Brady (PA)  
Brady (TX)  
Braley (IA)  
Broun (GA)  
Brown (SC)  
Brown, Corrine  
Brown-Waite,  
Ginny  
Buchanan  
Burgess  
Burton (IN)  
Butterfield  
Buyer  
Calvert  
Camp (MI)  
Cannon  
Cantor  
Capito  
Capps  
Capuano  
Cardoza  
Carnahan  
Carney  
Carson  
Carter  
Castle  
Castor  
Cazayoux  
Chabot  
Chandler  
Clarke  
Clay  
Cleaver  
Clyburn  
Coble  
Cohen  
Cole (OK)  
Conaway  
Conyers  
Cooper  
Costa  
Costello  
Courtney  
Cramer  
Crenshaw  
Crowley  
Cubin  
Cuellar  
Culberson  
Cummings  
Davis (AL)  
Davis (CA)  
Davis (IL)  
Davis (KY)  
Davis, David  
Davis, Lincoln  
Davis, Tom  
Deal (GA)  
DeFazio  
DeGette  
Delahunt  
DeLauro  
Dent  
Diaz-Balart, L.  
Diaz-Balart, M.  
Dicks  
Dingell  
Doggett  
Donnelly  
Doolittle  
Doyle  
Drake  
Dreier  
Duncan  
Edwards  
Ehlers  
Ellison  
Ellsworth  
Emanuel  
Emerson  
Engel  
English (PA)  
Eshoo  
Etheridge  
Everett  
Faleomavaega  
Fallin  
Farr  
Fattah  
Feeney  
Ferguson  
Filner  
Flake

Forbes  
Fortenberry  
Fortuño  
Fossella  
Foster  
Foxy  
Frank (MA)  
Franks (AZ)  
Frelinghuysen  
Gallegly  
Garrett (NJ)  
Gerlach  
Giffords  
Gilchrest  
Gillibrand  
Gingrey  
Gohmert  
Gonzalez  
Goode  
Goodlatte  
Gordon  
Granger  
Graves  
Green, Al  
Green, Gene  
Grijalva  
Gutierrez  
Hall (NY)  
Hall (TX)  
Hare  
Harman  
Hastings (FL)  
Hastings (WA)  
Hayes  
Heller  
Hensarling  
Herger  
Herseth Sandlin  
Higgins  
Hill  
Hinchee  
Hinojosa  
Hirono  
Hobson  
Hodes  
Hoekstra  
Holden  
Holt  
Honda  
Hooley  
Hoyer  
Hulshof  
Hunter  
Inglis (SC)  
Inslie  
Israel  
Issa  
Jackson (IL)  
Jackson-Lee  
(TX)  
Jefferson  
Johnson (GA)  
Johnson (IL)  
Johnson, E. B.  
Johnson, Sam  
Jones (NC)  
Jones (OH)  
Jordan  
Kagen  
Kanjorski  
Kaptur  
Keller  
Kennedy  
Kildee  
Kilpatrick  
Kind  
King (IA)  
King (NY)  
Kingston  
Kirk  
Kline (MN)  
Knollenberg  
Kuhl (NY)  
LaHood  
Lamborn  
Lampson  
Langevin  
Larsen (WA)  
Larson (CT)  
Latham  
LaTourette  
Latta  
Lewis (CA)  
Lewis (KY)  
Linder  
LoBiondo  
Lucas  
Lungren, Daniel  
E.  
Mack  
Manzullo  
Marchant  
McCarthy (CA)  
McCotter  
McCrery  
McHenry  
McHugh  
McKeon

Lipinski  
LoBiondo  
Loeb sack  
Loefgren, Zoe  
Lowe  
Lucas  
Lungren, Daniel  
E.  
Lynch  
Mack  
Mahoney (FL)  
Maloney (NY)  
Manzullo  
Marchant  
Markey  
Marshall  
Matheson  
Matsui  
McCarthy (CA)  
McCarthy (NY)  
McCaul (TX)  
McCollum (MN)  
McCotter  
McCrery  
McDermott  
McGovern  
McHenry  
McHugh  
McIntyre  
McKeon  
McMorris  
Rodgers  
McNerney  
McNulty  
Meek (FL)  
Meeks (NY)  
Melancon  
Mica  
Michaud  
Miller (FL)  
Miller (MI)  
Miller (NC)  
Miller, Gary  
Miller, George  
Mitchell  
Mollohan  
Moore (KS)  
Moore (WI)  
Moran (KS)  
Moran (VA)  
Murphy (CT)  
Murphy, Patrick  
Murphy, Tim  
Murtha  
Musgrave  
Myrick  
Nadler  
Napolitano  
Neal (MA)  
Neugebauer  
Norton  
Nunes  
Oberstar  
Obey  
Oliver  
Ortiz  
Pallone  
Pascrell  
Pastor  
Payne  
Pearce  
Pence  
Perlmutt  
Peterson (MN)  
Peterson (PA)  
Petri  
Pickering  
Pitts  
Platts  
Poe  
Pomeroy  
Porter  
Price (GA)  
Price (NC)  
Pryce (OH)  
Putnam  
Radanovich  
Rahall  
Ramstad  
Rangel  
Regula  
Rehberg  
Reichert  
Renzi  
Reyes  
Rodriguez  
Rogers (AL)  
Rogers (KY)  
Rogers (MI)

NOT VOTING—25

Aderholt  
Berry  
Campbell (CA)  
Christensen  
Costa  
Cuellar  
Culberson  
Davis (KY)  
Fattah  
Foster  
Jones (OH)  
Paul  
Rangel  
Reynolds  
Richardson  
Royce  
Rush  
Saxton  
Schwartz  
Speier  
Tancredo  
Weldon (FL)  
Weller  
Wexler  
Young (AK)

ANNOUNCEMENT BY THE ACTING CHAIRMAN

The Acting CHAIRMAN (during the vote). Members have less than 2 minutes remaining in this vote.

□ 2140

So the amendment was agreed to.  
The result of the vote was announced as above recorded.

Stated for:  
Ms. SCHWARTZ. Madam Chairman, on rollcall No. 293, the Waters/Frank amendment, I was unavoidably detained. Had I been present, I would have voted “aye.”

Stated against:  
Mr. ROYCE. Madam Chairman, on rollcall No. 293, I was unavoidably detained. Had I been present, I would have voted “no.”

AMENDMENT NO. 2 OFFERED BY MRS. CAPITO

The Acting CHAIRMAN. The unfinished business is the demand for a recorded vote on the amendment printed in House Report 110-621 offered by the gentlewoman from West Virginia (Mrs. CAPITO) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The Acting CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The Acting CHAIRMAN. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 425, noes 0, not voting 13, as follows:

[Roll No. 294]

AYES—425

NOES—157  
Akin  
Alexander  
Bachmann  
Bachus  
Barrett (SC)  
Bartlett (MD)  
Barton (TX)  
Bilbray  
Bilirakis  
Bishop (UT)  
Blackburn  
Blunt  
Boehner  
Bonner  
Bono Mack  
Boozman  
Boustany  
Brady (TX)  
Broun (GA)  
Brown (SC)  
Brown-Waite,  
Ginny  
Burgess  
Burton (IN)  
Buyer  
Calvert  
Camp (MI)  
Cannon  
Cantor  
Carter  
Castle  
Coble  
Cole (OK)  
Conaway

Hunter  
Inglis (SC)  
Issa  
Johnson (IL)  
Johnson, Sam  
Jordan  
Keller  
King (IA)  
King (NY)  
Kingston  
Kirk  
Kline (MN)  
Knollenberg  
Kuhl (NY)  
Lamborn  
Latham  
LaTourette  
Latta  
Lewis (CA)  
Lewis (KY)  
Linder  
LoBiondo  
Lucas  
Lungren, Daniel  
E.  
Mack  
Manzullo  
Marchant  
McCarthy (CA)  
McCotter  
McCrery  
McHenry  
McHugh  
McKeon

Abercrombie  
Ackerman  
Aderholt  
Akin  
Alexander  
Allen  
Altmire  
Andrews  
Arcuri  
Baca  
Bachmann  
Bachus

Baird  
Baldwin  
Barrett (SC)  
Barrow  
Bartlett (MD)  
Barton (TX)  
Bean  
Becerra  
Berkley  
Berman  
Biggert  
Bilbray

Bilirakis  
Bishop (GA)  
Bishop (NY)  
Bishop (UT)  
Blackburn  
Blumenauer  
Blunt  
Boehner  
Bonner  
Bono Mack  
Boozman  
Bordallo

Bilbray  
Bishop (GA)  
Bishop (NY)  
Bishop (UT)  
Blackburn  
Blumenauer  
Blunt  
Boehner  
Bonner  
Bono Mack  
Boozman  
Bordallo

Bilbray  
Bishop (GA)  
Bishop (NY)  
Bishop (UT)  
Blackburn  
Blumenauer  
Blunt  
Boehner  
Bonner  
Bono Mack  
Boozman  
Bordallo

Bilbray  
Bishop (GA)  
Bishop (NY)  
Bishop (UT)  
Blackburn  
Blumenauer  
Blunt  
Boehner  
Bonner  
Bono Mack  
Boozman  
Bordallo

Rohrabacher	Shuster	Udall (NM)
Ros-Lehtinen	Simpson	Upton
Roskam	Sires	Van Hollen
Ross	Skelton	Velázquez
Rothman	Slaughter	Visclosky
Roybal-Allard	Smith (NE)	Walberg
Royce	Smith (NJ)	Walden (OR)
Ruppersberger	Smith (TX)	Walsh (NY)
Ryan (OH)	Smith (WA)	Walz (MN)
Ryan (WI)	Snyder	Wamp
Salazar	Solis	Wasserman
Sali	Souder	Schultz
Sánchez, Linda T.	Space	Waters
Sánchez, Loretta	Spratt	Watson
Sarbanes	Stark	Watt
Scalise	Stearns	Waxman
Schakowsky	Stupak	Weiner
Schiff	Sullivan	Weldon (FL)
Schmidt	Sutton	Weller
Schwartz	Tanner	Westmoreland
Scott (GA)	Tauscher	Wexler
Scott (VA)	Taylor	Whitfield (KY)
Sensenbrenner	Terry	Wilson (NM)
Serrano	Thompson (CA)	Wilson (OH)
Sessions	Thompson (MS)	Wilson (SC)
Sestak	Thornberry	Wittman (VA)
Shadegg	Tiahrt	Wolf
Shays	Tiberi	Woolsey
Shea-Porter	Tierney	Wu
Sherman	Towns	Wynn
Shimkus	Tsongas	Yarmuth
Shuler	Turner	Young (FL)
	Udall (CO)	

NOT VOTING—13

Berry	Reynolds	Tancredo
Campbell (CA)	Richardson	Welch (VT)
Christensen	Rush	Young (AK)
Klein (FL)	Saxton	
Paul	Speier	

ANNOUNCEMENT BY THE ACTING CHAIRMAN

The Acting CHAIRMAN (during the vote). Members are advised there are less than 2 minutes remaining in this vote.

□ 2150

Mr. BERMAN changed his vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

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

LEGISLATIVE PROGRAM

Mr. HOYER. Ladies and gentlemen, after consultation with the minority leadership, we will not be having any more votes tonight, it is my understanding. That's a happier announcement, I know, so I thought I would make it, trying to even things out here.

We will have a suspension vote at the end of the consideration of the Waters bill. The votes will be rolled until tomorrow, and so that there will be no more votes tonight. There will be a suspension vote, but the minority has indicated that there will not be a vote on that suspension bill.

We will then, tomorrow, finish the votes on the Waters bill, and then go to the Franks housing bill and complete that tomorrow. My expectation is we are probably talking somewhere in the neighborhood of 4 o'clock tomorrow, assuming that things are nice and pleasant and peaceful.

Have a good night's sleep.

AMENDMENT NO. 3 OFFERED BY MR. MAHONEY OF FLORIDA

The Acting CHAIRMAN. It is now in order to consider amendment No. 3 printed in House Report 110-621.

Mr. MAHONEY of Florida. Madam Chairman, I have an amendment at the desk made in order under the rule.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. MAHONEY of Florida:

Page 36, after line 2, insert the following:

SEC. 15. PROTECTION OF RIGHT TO BEAR ARMS. Nothing in this Act shall affect the right to bear arms under the Second Amendment to the Constitution of the United States.

Page 36, line 3, strike "15" and insert "16".

The Acting CHAIRMAN. Pursuant to House Resolution 1174, the gentleman from Florida (Mr. MAHONEY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Florida.

Mr. MAHONEY of Florida. Madam Chairman, I yield myself such time as I may consume.

I rise today to offer an amendment to H.R. 5818, the Neighborhood Stabilization Act of 2008. During the past few months, Americans have woken up every morning and encountered headlines in their local newspapers similar to those in my hometown papers. Home sales hit low in February. Late loan payments highest since 1992; and foreclosures skyrocket.

I'd like to thank Chairwoman WATERS and Chairman FRANK for their commitment to address the housing market crisis gripping our Nation and of my beloved Florida. With their leadership, the legislation we're going to pass in the coming days brings hope to millions at home who are being hit especially hard, as much of Florida's economy is dependent on home construction and property development.

Right now, thousands of Floridians are out of work and unable to pay their mortgage, turning an economic downturn into a crisis for working families and their communities.

Florida homeowners are being hit especially hard because of the staggering cost of property taxes, skyrocketing insurance premiums and increased mortgage payments. This toxic cocktail has forced many home owners to make difficult decisions. Our seniors are being forced to decide between paying their mortgages and purchasing lifesaving medications.

Likewise, working families are confronted with the challenges of putting food on the table, supporting their children's education, and paying their mortgage.

In the eight counties I represent, there are approximately 13,500 homes in pre-foreclosure, meaning that homeowners have missed at least one of their mortgage payments. To give you a better perspective, Madam Chairman, how deep the problem is in my district, there are approximately 245,000 single family homes in the area that I represent.

□ 2200

That means about 5½ percent of the homes in my district are in foreclosure.

Every foreclosure serves to further drive down the values of every homeowner in the neighborhood. In addition to the personal tragedies faced by families confronting foreclosure or falling home values are States, counties, and towns that are facing another crisis.

According to the Department of Commerce, approximately 200,000 new homes are sitting empty throughout the United States. Harvard University's Joint Center for Housing Studies found that partially completed or vacant developments reduce tax revenue for cities and towns and hurt businesses. Likewise, a report authored by the U.S. Conference of Mayors found that the rising foreclosures and falling property values may cut tax revenues by more than \$6.6 billion for the ten States, including my home State of Florida. This means fewer police, firemen, and teachers. It means fewer parks and after school programs.

The crisis has already pushed Florida into a recession, and the State already has to deal with a decrease in tax revenue. The State, which just finished its budget, had to make difficult decisions. Nursing homes in the State charged with taking care of our seniors will face a \$163.7 million reduction in what they're paid to take care of residents on Medicaid.

The legislature voted to increase taxes by imposing \$200 million in user fees on our State citizens. Likewise, spending on education in Florida will drop by \$131 per student. These cuts come at a time when it is more important than ever to invest in our children who will have to compete in the global economy.

H.R. 5818 will establish a \$15 billion HUD administered grant program for the purchase and rehabilitation of owner-vacated foreclosed homes with the goal of stabilizing and occupying them as soon as possible. By doing so, we will ensure that the value of the properties and those surrounding them will not continue to free fall.

Madam Chairman, my amendment today is very straightforward. It clarifies that nothing in the underlying bill before us today restricts anyone's right to bear arms under the second amendment. This language ensures that those States, localities, and organizations receiving loans and grants under this law cannot, let me repeat, cannot place any restrictions on the properties they purchase or maintain that would infringe upon a person's second amendment rights.

I ask my colleagues to support this commonsense amendment, and I reserve the balance of my time.

Mr. BACHUS. Madam Chairman, I rise to claim the time in opposition. I am not in opposition, but I plan to speak in the allotted 5 minutes.

The Acting CHAIRMAN. Without objection, the gentleman from Alabama is recognized for 5 minutes.

There was no objection.

Mr. BACHUS. Madam Chairman, throughout this debate, the Bear

Stearns matter has been invoked by Members of the majority who have called forth the bailout of the Bear Stearns counterparties, not of Bear Stearns but of the counterparties, as a reason to bail out lenders in this case. And basically, what they said time and time again, my colleagues, many of them my friends in the majority, they have said, You Republicans had no problem when the Federal Reserve bailed out Bear Stearns. Now, although you had no problem with that \$30 billion, you've got a big problem with the \$15 billion under the gentlewoman, the chairman of the subcommittee from California. You have got a big problem with this \$15 billion. In fact, that's not the case. I would like to clarify what I think is a misconception.

Immediately following the Bear Stearns, whether you call it a bailout or intervention, it was a \$30 billion potential loss to the American taxpayers, I agree with the gentlewoman from California. One of our Members, and I think it shows the importance that one Member can make a difference, and that Member was Representative SCOTT GARRETT from New Jersey. Representative GARRETT immediately penned a letter to Chairman FRANK, and I commend Chairman FRANK; he gave a very prompt response to that letter. But in that letter, SCOTT GARRETT raised some questions.

One of the questions was, Should we use taxpayers' money or expose taxpayers to laws to intervene in these situations. He wrote a very carefully crafted letter. He said, I have serious concerns about this, serious concerns about the taxpayer standing behind a \$29 billion guarantee. I think these are extraordinary actions that we're taking, and we ought to have a full investigation.

Now, that letter was signed by 17 Members of this body. Now, who were those Members? Were they the Democratic Members who are expressing concerns tonight? Let's see.

There was SCOTT GARRETT; there was SPENCER BACHUS, yours truly; there was DON MANZULLO from Illinois, I believe he is a Republican; WALTER JONES from North Carolina. I congratulate WALTER on his fine victory last night. MICHELE BACHMANN, she is a Minnesota Republican; GINNY BROWN-WAITE, she's from Florida, she's a Republican; RANDY NEUGEBAUER, vice chairman of our side, or vice ranking member; TOM FEENEY, last time I checked he was a Republican unless he switched parties. TOM PRICE. Is there any debate among any of us that he's a very conservative Republican? RON PAUL. Now there's a debate. There's a debate. He may not be a Republican; he may be a Libertarian; certainly not a Democrat. Mr. PUTNAM, member of the Republican leadership. THAD McCOTTER. He signed his name. We had to do some investigation. He really used his chicken scratch here, but we've identified him as THAD McCOTTER after some investigation. Mr. HENSARLING. Boy, that's a conserv-

ative Republican. Mr. PEARCE from New Mexico; JEFF DAVIS, Kentucky; JUDY BIGGERT, esteemed subcommittee ranking member, and DEAN HELLER.

Seventeen Members, all Republicans, who express real concerns. And I do want to congratulate the chairman of the full committee, because he almost responded yes, we need to look into this; we need to have hearings. He did say, I don't think it's necessary to do it at this time. I think we can postpone it because we need to talk about something that's quite different, and that's the foreclosure prices.

But tonight on this floor, the Democrats have linked the two as bailouts.

Let me tell you what the chairman said. The chairman of the full committee, and I agree with him, I think he's absolutely right. He said we should check into this matter because when you use taxpayer money to guarantee something, here is what he said, "It sets a precedent that could lead to future instances of companies . . . expecting the same assistance." A precedent that could lead to future instances of companies expecting the same assistance. And we shouldn't obligate the taxpayers to make those sort of expenditures because people will begin to think that they will be bailed out.

Absolutely what we face tonight. Madam Chairman, Members of this body, we are creating an expectation tonight on this floor by bailing out irresponsible speculators and lenders.

I thank the Chairman.

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, DC, April 7, 2008.

Hon. BARNEY FRANK,  
Chairman, Committee on Financial Services,  
Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN FRANK: We are writing to respectfully request you hold a hearing of the full Financial Services Committee regarding the recent collapse of the investment bank Bear Stearns and the subsequent actions taken by the Federal Reserve to facilitate Bear Stearns' sale to J.P. Morgan Chase. These steps have had an immediate impact on the financial markets and are also expected to have a long-term effect on our financial regulatory structure.

For the first time since the Great Depression, the Fed voted to open its discount window to primary dealers. While this authority has been available to the Fed since 1932, the decision to use it at this time has raised questions about whether and when the Fed should intervene to help a particular industry or firm in the name of market stability.

With the Fed approving the financing arrangements of the sale of Bear Stearns to J.P. Morgan Chase as well as guaranteeing \$29 billion in securities currently held by Bear Stearns, the Fed has possibly exposed the American taxpayers to unknown amounts of financial loss and established a precedent that could lead to future instances of companies in similar financial trouble expecting the same assistance.

These extraordinary actions have raised a number of complex and multifaceted questions. As members of the committee of jurisdiction over our nations' financial markets and the regulatory bodies that oversee them, we feel it is imperative to have a full and

public vetting of this unique situation. Therefore, we strongly urge you to convene a hearing on this subject of the Financial Services Committee on the soonest possible date.

Thank you for your consideration of this request.

Sincerely,

Scott Garrett, Spencer Bachus, Donald Manzullo, Walter B. Jones, Michele Bachmann, Ginny Brown-Waite, Randy Neugebauer, Tom Feeney, Thomas Price, Ron Paul, Adam H. Putnam, T. McCotter, Jeb Hensarling, Steven Pearce, Geoff Davis, Judy Biggert, Dean Heller.

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, DC, April 14, 2008.

Hon. SCOTT GARRETT,  
Congressman, House of Representatives, Longworth House Office Building, Washington, DC.

DEAR MR. GARRETT, I received the letter signed by you and sixteen of your Republican colleagues on the Financial Services Committee expressing your concern that the recent actions by the top financial appointees of the Bush administration in the matter of Bear Stearns have "possibly exposed the American taxpayers to unknown amounts of financial loss and established a precedent that could lead to future instances of companies in similar financial trouble expecting the same assistance." It does occur to me as I read your letter that I have somewhat more confidence in the judgment exercised by Secretary of the Treasury Paulson and his aides and Federal Reserve Chairman Bernanke and other officials of the Federal Reserve System than you appear to have, but that is no reason for us not to give this the fullest possible airing. So I do agree that we should be thoroughly examining this matter.

Where we may disagree is the context in which this happens. That is, I agree with you that we should have a "full and public vetting of this" matter, but I do not think it is necessary that we have the hearing "on the soonest possible date." I say this for two reasons.

First, the Committee, as you know, is now engaged in serious consideration of the appropriate response to the foreclosure crisis that now confronts us. I realize that there are some who believe that we should take no action at all, but I think the recent movement by the Bush administration to expand the reach of the FHA, even though I do not agree with it in all respects—is recognition of the need for some action. I therefore believe that it is important that the Committee continue its efforts on dealing with the current crisis, in cooperation with our Senate colleagues who as you know in a bipartisan way have also moved forward on legislation, although I do not agree myself with all aspects of it. My intention is to ask that the Committee continue to focus on this for the next several weeks.

Secondly, I do believe it is important for the Committee to begin an investigation, including hearings, into the Bear Stearns issue, but not in isolation. It is important that we look at what happened with regard to Bear Stearns, not primarily as a matter of hindsight because in fact we cannot undo what was done, but rather from the standpoint of anticipating what the public response should be in similar matters going forward. This includes of course discussing whether or not these specific actions taken in the Bear Stearns case were the best ones from the public standpoint, but also beginning the very important issue of what we might do in Congress to make it less likely that situation of this sort will recur. You

correctly note in your letter that what the Bush Administration did in this case did establish "a precedent that could lead to future instances of companies . . . expecting the same assistance." I think it is important that we therefore empower some federal entities to take actions that may make this less likely, and would also allow them to accompany any such intervention if it should later be decided to be necessary with appropriate remedial matters.

In summary, I agree that the Committee should be looking into this, not from the standpoint of rebuking Chairman Bernanke or Secretary Paulson, but rather as part of a serious consideration of the causes of the current crisis and more importantly, what we can do to make a recurrence of the events that led up to the Bear Stearns response much less likely in the future.

BARNEY FRANK

The Acting CHAIRMAN. The time of the gentleman has expired.

Mr. MAHONEY of Florida. Madam Chairman, how much time do I have left?

The Acting CHAIRMAN. Thirty seconds.

Mr. MAHONEY of Florida. I will yield that to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I will respond at great length later, but I would say this.

I said I did not oppose, myself, what they did. I was talking primarily about the Bush administration.

Now the ranking member said 17 Republicans out of almost 200 signed this letter. I don't think that's the majority of Republicans. They didn't oppose it. They raised questions about it.

But it was the two highest ranking economic officials appointed by the Bush administration, Chairman Bernanke and Secretary Paulson, who did this; and it's the Bush administration that seems to me to be totally inconsistent here. So yes, I did point to an inconsistency between the Bush administration doing the bailout and their opposing this. I'm setting a precedent. I hope the citizens will think we are setting the precedent of coming to their aid from time to time.

The Acting CHAIRMAN. All time for debate on the amendment has expired.

The question is on the amendment offered by the gentleman from Florida (Mr. MAHONEY).

The amendment was agreed to.

AMENDMENT NO. 4 OFFERED BY MR. HENSARLING

The Acting CHAIRMAN. It is now in order to consider amendment No. 4 printed in House Report 110-621.

Mr. HENSARLING. Madam Chairman, I have an amendment at the desk.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Mr. HENSARLING:

Page 2, line 10, strike "and grant".  
Page 3, line 1, strike "and grants".  
Page 3, line 10, strike "AND GRANTS".  
Page 3, line 13, strike "make grants under section 5(a) to qualified States and".

Page 3, lines 18 and 19, strike "make a grant under this Act only to a State, and may".

Page 4, line 25, strike "grant and".

Page 5, line 3, strike "grant and".

Page 5, line 7, strike "grant or".

Page 6, line 8, strike "grant and".

Page 6, lines 21 and 22, strike "grant amounts, and for".

Page 7, line 1, strike "grant or".

Strike line 22 on page 8 and all that follows through page 9, line 2.

Page 9, line 9, strike "GRANT AMOUNTS AND".

Page 9, line 11, strike "grant amount or".

Page 9, lines 12 and 13, strike "foreclosure grant share".

Page 9, line 13, strike "or".

Page 9, lines 13 and 14, strike ", respectively,".

Page 9, line 20, strike "grant amount or".

Page 9, line 22, strike "foreclosure grant share or".

Page 9, line 23, strike ", respectively," and "the grant amount or".

Page 9, line 25, strike "foreclosure grant share or".

Page 10, line 1, strike ", respectively,".

Page 10, line 2, strike "grant amounts or".

Page 10, line 6, strike "grant amounts or".

Page 10, line 9, strike "grant amount or".

Page 10, line 11, strike "grant amount or".

Page 10, line 13, strike "foreclosure grant share or".

Page 10, line 14, strike ", respectively,".

Page 10, line 16, strike "grant or".

Page 10, line 18, strike "or grants".

Strike line 23 on page 10 and all that follows through page 11, line 10.

Page 12, line 3, strike "grant and".

Page 12, strike lines 5 through 7.

Page 12, line 14, strike "grant amounts and".

Page 12, lines 17 and 18, strike "such grant amounts and".

Page 12, line 19, strike "grant amounts and".

Page 12, line 20, strike ", respectively,".

Page 13, line 8, strike "grant amounts and".

Page 13, lines 11 and 12, strike "grant amounts and".

Page 13, line 13, strike "grant amounts and".

Page 13, line 14, strike ", respectively,".

Page 14, lines 1 and 2, strike "grant and".

Page 14, line 5, strike "grant and".

Page 14, line 8, strike "grant and".

Page 14, line 12, strike "grant amounts and".

Page 14, line 17, strike "grant amounts and".

Page 17, strike lines 21 through 25.

Strike line 18 on page 19 and all that follows through page 21, line 24.

Page 22, line 2, strike "grant or".

Strike line 12 on page 22 and all that follows through page 24, line 4.

Page 24, line 6, strike "grant or".

Page 24, lines 7 and 8, strike "grant and".

Page 24, line 23, strike "or grant".

Page 24, line 25, strike "or grant".

Page 27, line 13, strike "grant or".

Page 27, line 19, strike "or grant".

Page 28, lines 12 and 13, strike "receives a grant under this Act or".

Page 28, lines 15 and 16, strike "obligation of such grant amounts and".

Page 28, line 20, strike "obligate all such grant amounts and".

Page 28, lines 24 and 25, strike "outlay all such grant amounts and".

Page 30, line 3, strike "a grant or" and insert "an".

Page 30, line 13, strike "grant or".

Page 30, lines 14 and 15, strike "grant or".

Page 30, line 19, strike "grant or".

Page 35, strike lines 8 through 10.

Page 35, line 21, strike "\$7,500,000,000" and insert "\$15,000,000,000".

The Acting CHAIRMAN. Pursuant to House Resolution 1174, Mr. HENSARLING

and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Texas.

Mr. HENSARLING. Thank you, Madam Chairman.

First, I would like to yield 30 seconds to the ranking member, the gentleman from Alabama.

Mr. BACHUS. I thank the gentleman from Texas.

And responding to the chairman, first of all, I would say the letter that came back to Mr. GARRETT from the chairman expressed the chairman's opinion that he had much more confidence in this bailout than the Republican Members.

But secondly, he pointed out only 17 Members. In fact, that is the majority of the Financial Services Committee, and as Mr. GARRETT asked earlier of the majority party, how many Democrats signed a letter demanding an investigation into the Bear Stearns matter? The response was none. All Members that have publicly in writing demanded an investigation were Republican Members, the majority of the Financial Services Committee.

Mr. HENSARLING. Madam Chairman, I will yield myself as much time as I may consume.

Madam Chairman, I thank the ranking member for his comments and again bringing up what is a very important issue here. And that is fundamentally what we have before us is a Wall Street bailout bill. Now we all know there are some very significant challenges in our housing markets. But the answer is not to be bailing out lenders. They may be good lenders who made bad bets, and maybe they are the predatory lenders that we hear so much about. This bill doesn't make any particular distinction.

The people who can stay in their homes, if they just get a little help, we need disclosure. We need to enforce the law against fraud. There has been a lot of mortgage fraud on the borrowers' side, on the lenders' side.

Most importantly now, Madam Chairman, we need to prevent the single largest tax increase in American history passed by the Democrat majority in their budget which means that people who are struggling to pay their mortgages are going to have to pay more taxes.

The rising fuel cost, that's happened under the watch of the Democrat majority; the rising cost of food happened under the watch of the Democrat majority. They've been in charge of the economic policy of America for almost a year and a half now. It is the shrinking paycheck of the hardworking American homeowner and taxpayer that's at the crux of this problem.

And so what this underlying bill does is take \$15 billion of money away from the school teacher in Mesquite, Texas, struggling to pay his mortgage; the guy who works at the Pepsi bottling plant in Mesquite; the rancher out in Athens, Texas; takes money away from

them to bail out all of these bad investors who made these bad bets.

So you can't say that you were concerned about Bear Stearns and then all of a sudden turn right around and have this humongous Wall Street bailout bill.

My amendment is simple. Presently, you have a \$15 billion bill, half of which are loans and half of which are grants. The purpose of the amendment is to turn this into strictly a loan program. Now, I don't believe in the purpose of the underlying bill. But, if you're going to bail out Wall Street and use taxpayer money, let's at least, at least try to make it a loan so that there is at least some chance, some chance that the taxpayer who's facing a \$3,000-a-year increase in their taxes for a family of four over the next 3 years under the majority budget, that maybe, maybe they have some small chance of recouping some of that money from all of these cities and localities. And by the way, again, the last I looked, almost every single State and municipality in America is running a surplus.

□ 2215

Yet the Federal Government isn't, and so what does the underlying bill do? Hands out more grant money, more grant money on top of the \$57 trillion of unfunded obligations that every man, woman and child in America already owes. Well, let's add some more grant money.

Well, if it's that important to States and municipalities, maybe they would want to fund it or maybe they could take the loan money and eventually pay it back so maybe the Democrat majority wouldn't have to raise taxes on the Federal taxpayers quite as much.

So, Madam Chairman, it's a very commonsense amendment. If you're going to do it, at least do loans and don't do grants.

With that, I reserve the balance of my time.

Mr. SCOTT of Georgia. Madam Chairman, I rise to claim the time in opposition.

The Acting CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. SCOTT of Georgia. What we see here, Madam Chairman, is a fundamental difference between the Republicans and the Democrats when it comes to responding to the pressing needs of the American people. Let us look at really where we are.

We are in a depressed, recessed economy, which means liquidity is drying up, which means there is a slowing supply and circulation of money, which has been caused chiefly by a meltdown of the subprime mortgage market, and it has had a ricocheting effect throughout every fiber of our economy.

The American people are hanging on by their fingernails. Between 7,000 and 8,000 American families are foreclosing every day, according to the Federal Reserve, not David Scott, not our Financial Services Committee, but according

to the Federal Reserve, between 7,000 and 8,000 individuals are declaring foreclosure.

That means communities all across this Nation are impacted. Not only is this a burden upon individuals, homeowners and families, it's devastating enough, but many of these foreclosures, when the property's foreclosed, that means folks are out of them. That means they are left vacant. That means they become fire hazards. That means they become havens to criminals. That means police services, that means fire services, that means a tremendous pressure being placed on already depressed city and county and State budgets.

And Madam Chairman, in every State in this Nation, there's been a 20 percent, at least, increase in foreclosures. So this is a problem of soaring magnitude, and the cities and the counties are already, many of them, moving ahead, but they are overwhelmed with the scale of this problem. And that's where the government comes in.

There is a role for government. We need to respond to the needs of the American people, and nowhere is it more important than in this bill that has been very brilliantly designed by the gentlelady from California and our chairman of this committee.

Now let's speak very briefly about this Hensarling amendment. And, I might add, the gentleman from Texas is a fine person. I consider him a good friend, but he is terribly, terribly wrong with this amendment. This is a terrible amendment because it does what we refer to in the South as, hold still, little fishy, and let me gut you. That's what this amendment does.

It goes at the heart of this bill, because what he wants to do is take away the stimulus package for the local communities, and what he wants to do is to deny a way and a requirement in the bill so that we can help the poor elements where this bill says that you must serve those that meet at least 50 percent of the level of poverty. In order to do that, we must have the grant feature in the bill.

The other point, as I mentioned earlier, a part of our whole concern in this whole economic issue is liquidity, which means we must have a stimulative nature in terms of what we do here in Washington, to stimulate the economy and put money into the economy. That's why we've got this week and leading on starting in next week \$600, \$300 and \$1,200 checks. To do what? To stimulate.

I take great offense from the other side when they constantly want the American people to think we're taking their tax money away and putting it in our pockets or hoarding it. This money is going right back to taxpayers to help to defray the costs of servicing these depressed communities.

The grants are needed, Madam Chairman, in order for us to serve those that are at the lower end of the economic

level, which we must do and can only be done through grants. If his amendment is adopted, we won't be able to do that which hurts and almost kills this bill.

The other thing that it does, it does not allow us to apply the stimulus factor to the bill to provide needed input into this. I urge a defeat of this. It might be intentioned, I won't say well, but it is a terrible amendment from the gentleman from Texas.

The Acting CHAIRMAN. The gentleman's time has expired.

Mr. HENSARLING. I yield myself the balance of my time.

Well, first, I would say to my friend from Georgia and other friends on that side of the aisle, if loans are so bad, why are they in the bill in the first place?

Second of all, this bill does nothing to stop foreclosures, not a thing. Quite the opposite. Instead, it will increase foreclosures.

What you have is an incentive for these investors to no longer do a workout with the struggling family, but instead, I can get bailed out. I can get bailed out by the Federal taxpayer. This is a bill that will help banks, Wall Street and States and does nothing for foreclosed families. It certainly does nothing for the taxpayer, and if we have a liquidity problem, which we do, let's cut the capital gains tax rate and you will see capital come into this market. I urge adoption.

The Acting CHAIRMAN. All time for debate on the amendment has expired.

The question is on the amendment offered by the gentleman from Texas (Mr. HENSARLING).

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

Mr. HENSARLING. Madam Chairman, I demand a recorded vote.

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

AMENDMENT NO. 5 OFFERED BY MR. KUCINICH

The Acting CHAIRMAN. It is now in order to consider amendment No. 5 printed in House Report 110-621.

Mr. KUCINICH. Madam Chairman, I have an amendment at the desk.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Mr. KUCINICH: Page 2, line 13, strike "purchase and rehabilitate" and insert "preserve the equity and ensure the safety of the neighbors of homes made vacant by the predatory lending and foreclosure crises, to prevent and reduce the incidence of such vacancies through various means, including purchasing and rehabilitating".

Page 3, line 3, before the semicolon insert ", and largest increases in the rate of vacant and abandoned single family homes".

Page 4, line 17, strike "foreclosures" and insert "vacancies, according to the number of census tracts, as determined by the Secretary, to have large increases in the rate of

vacancy during the past eight quarters and significant levels of loans determined to be at risk of foreclosure.”

The Acting CHAIRMAN. Pursuant to House Resolution 1174, the gentleman from Ohio (Mr. KUCINICH) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Ohio.

Mr. KUCINICH. Madam Chairman, I yield myself such time as I may consume.

The primary beneficiaries of H.R. 5818 are the neighborhoods and neighbors of high concentrations of houses made vacant by the foreclosure and predatory lending crises. Helping those neighborhoods should be a nonpartisan and noncontroversial act. Such neighborhoods are the totally innocent bystanders of the predatory lending and foreclosure crises. Neighbors and neighborhoods are victims of the meltdown of subprime loans that preceded this wave of foreclosures, and there's no moral hazard in helping the neighbors. The Kucinich amendment ensures that the funds authorized by H.R. 5818 are targeted to help the most needy neighborhoods.

When a foreclosure leads to a vacant and abandoned property, this is what happens to the neighborhood: Crime goes up, as the vacant property can become home to criminal activity, drug places, and fire hazards; local government costs for police, fire and building inspections go up; vacancies go up, abandoned properties initiate a chain of events that begets more abandoned properties; neighbors lose equity in their homes, because vacant properties have a strong negative effect on the value of neighboring properties.

My amendment clarifies that the purpose of this legislation is to help State and local governments “preserve the equity and ensure the safety of neighbors of homes made vacant” by the foreclosure and predatory lending crises.

My amendment also ensures that the neediest neighborhoods receive priority in the plans developed by States, metropolitan cities and urban counties. The neediest neighborhoods are defined with “high concentrations of vacancies,” “large increases in the rate of vacancy” in the last 2 years, and “significant levels of loans determined to be at risk of foreclosure.” These vacant property statistics have been gathered by the United States Postal Service and analyzed by the Department of Housing and Urban Development, and their use will better target the funds authorized by H.R. 5818.

My amendment is the product of a collaborative effort between my subcommittee, the Domestic Policy Subcommittee, and the Subcommittee on Housing and Community Opportunity and the Financial Services Committee. The amendment draws upon the academic research and input from practitioners in this area.

My amendment is supported by community development professionals and

advocates, such as Local Initiatives Support Corporation, the National Vacant Properties Campaign, and Smart Growth America.

I will place their letters of support in the RECORD at this point.

MAY 6, 2008.

Hon. DENNIS KUCINICH,  
*Rayburn House Office Building,*  
*Washington, DC.*

DEAR CONGRESSMAN KUCINICH: We are writing to support your amendment to the Neighborhood Stabilization Act of 2008 that recognizes the important role vacant and abandoned properties play in the foreclosure crisis and the threat they can pose to communities across the country.

By including the rate of vacancy in the fund distribution formula, this proposal helps to ensure that neighborhoods struggling with high rates of vacant and abandoned homes will receive priority in the plans developed by states, metropolitan areas, and urban counties. High rates of vacant properties put communities at a greater risk for crime, arson, destabilized housing prices, and other neighborhood problems. For many communities, dealing with the foreclosure crisis will mean taking steps to recover and secure growing numbers of vacant homes, as well as figuring out the best ways to prevent these properties from having negative community impacts.

Thank you for your leadership on this issue and we look forward to working with you on this important legislation.

Sincerely,

GEOFF ANDERSON,  
*President & CEO,*  
*Smart Growth America.*

JENNIFER LEONARD,  
*Director, National Vacant Properties Campaign.*

LOCAL INITIATIVES  
SUPPORT CORPORATION,  
*Washington, DC, May 6, 2008.*

Rep. DENNIS KUCINICH,  
*Rayburn House Office Building,*  
*Washington, DC.*

DEAR REPRESENTATIVE KUCINICH: Regarding H.R. 5818, the Neighborhood Stabilization Act of 2008, Local Initiatives Support Corporation (LISC) supports your amendment to focus the bill's resources on communities with rising vacancies.

A primary purpose of H.R. 5818, which LISC also supports more broadly, is to help communities hurt by concentrations of home mortgage foreclosures. A principal indicator of this problem is the number and growth of vacant properties. Concentrations of vacant and abandoned properties have a corrosive effect on neighborhoods. Vacant properties depress the value of nearby properties, reduce the tax base on which states and localities depend, are a magnet for crime, and often undermine promising but fragile progress toward revitalization.

Your amendment is an important refinement to H.R. 5818 because it would direct states to prioritize the allocation of funds under the bill to low- and moderate-income neighborhoods with the highest concentration of vacant properties.

We greatly appreciate your leadership on this most important issue for vulnerable communities and the people who live there.

Sincerely,

BENSON F. ROBERTS,  
*Senior Vice President for Policy*  
*and Program Development.*

I urge adoption of the Kucinich amendment which targets funds to the most needy neighborhoods.

I reserve the balance of my time.

Ms. WATERS. Madam Chairman, I rise in support of Mr. KUCINICH's amendment.

The Acting CHAIRMAN. Without objection, the gentlewoman from California is recognized for 5 minutes.

There was no objection.

Ms. WATERS. Madam Chairman, I rise in strong support of Representative KUCINICH's amendment.

His subcommittee has done an enormous amount of valuable work examining this targeting issue, and I want to thank him for focusing attention on the issue of neighborhoods where there are large and growing concentrations of vacancies resulting from the foreclosure crisis. They're exactly the neighborhoods I mentioned in my opening statement, ones that face the prospect of reaching the tipping point of deterioration from which they may never recover. Stabilizing such neighborhoods is an especially daunting task for community leaders and organizations.

So I think it is entirely appropriate, as this amendment does, to require States, counties and cities in their plans to prioritize these foreclosures and vacancy hotspots.

Finally, I know that this is no academic exercise for Representative KUCINICH in his role as subcommittee Chair. He's bringing hard experience to the table from the neighborhoods within his district in Cleveland.

I urge my colleagues to support this amendment.

I yield back the balance of my time.

Mr. KUCINICH. Madam Chairman, I yield to the gentlewoman from Texas (Ms. JACKSON-LEE) for a unanimous consent request.

Ms. JACKSON-LEE of Texas. I ask unanimous consent to support this very important amendment by the gentleman from Ohio and as well to enthusiastically support the \$15 billion for reclaiming our homes.

With that, I offer to submit my statement for the RECORD.

The Acting CHAIRMAN. Is there objection to the request of the gentlewoman from Texas?

There was no objection.

Ms. JACKSON-LEE of Texas. Madam Chairman, I rise in support of H.R. 5818, the “Neighborhood Stabilization Act of 2008,” introduced by Congresswoman MAXINE WATERS, of California. I would also like to thank Chairman BARNEY FRANK for his leadership on the Financial Services Committee. I also support the Kucinich amendment to ensure accurate vacancy statistics.

I find it interesting that we are okay with a bailout of Bear Stearns, the fifth largest investment firm in the amount of 42 million dollars; however we cannot support assistance to the American Homeowners who are struggling to pay their mortgage, fill up at the pump, and get quality healthcare.

GENERAL INTRODUCTION

As evidenced by the numerous housing and financial services bills introduced this Congress, we are in economic turmoil. I have been concerned over recent developments in

the housing and mortgage markets and worked with my colleagues to ensure that all Americans are able to get assistance.

Legislation such as H.R. 3019, the Expand and Preserve Home Ownership through Counseling Act and H.R. 3666, the Foreclosure Prevention and Home Ownership Protection Act, include sections that speak specifically about foreclosures. They authorize studies on current defaults and foreclosures, as well as possible causes.

However, H.R. 5818 provides for action. H.R. 5818 establishes a 15 billion dollar loan and grant program for the purchase and rehabilitation of owner-vacated, foreclosed homes. The Department of Housing and Urban Development (HUD) will make the allocations to the States; 7.5 billion of the funds would be for loans, and 7.5 billion for grants.

Beyond negotiating with the mortgage company, Americans need to know they have options. Sometimes it is the mortgage company who has given them a bad loan; H.R. 5818 offers some relief to individuals and families who need help, beyond their personal lender.

#### TEXAS

Nationwide, the number of home foreclosures rose nearly 60 percent from February 2007 to February 2008, while foreclosures in Texas actually decreased 1 percent during the same period. In fact, state-wide foreclosure filings in Texas dropped 17 percent from January to February.

Despite being such a large state, Texas ranks only 17th in foreclosures, below the national average. One reason is that Texas homeowners enjoy strong constitutional protections under the state's home-equity lending law.

These consumer protections include a 3 percent cap on lender's fees, 80 percent loan-to-value ratio (compared to many other states that allow borrowers to obtain 125 percent of their home's value), and mandatory judicial sign-off on any foreclosure proceeding involving a defaulted home-equity loan.

Even though the rate of increase has showed slowing in the first two months of the year, uncertainties remain. Foreclosures are high and could still beat last year's numbers. Harris County, for example, racked up 2,219 foreclosures during the first two months of the year. That's compared with 1,915 during the same period last year.

#### AMENDMENT LANGUAGE AND PURPOSE

I had offered an amendment to H.R. 5818 that would provide for those who have been struggling to keep up with the rising prices of gas, the downturn of the housing market, and the incredible cost of health care. My amendment would not exclude from eligibility, individuals and families based solely on credit ratings or their credit histories.

Many individuals and families have credit ratings and histories that are less than required for the most-advantageous lending terms. These individuals should not be faulted for their struggle to make ends meet in these troubling economic times.

They have less than stellar credit due to the financial stress they have experienced trying to save their home from foreclosure. As a result, they have marred their credit. Families who have struggled to decide between paying their mortgage or paying for healthcare, families who have struggled to balance their need for shelter with their need for food are rarely able to maintain a credit score that qualifies

them for a basic credit card, let alone a home or rental property.

At least 50 percent of the grant money must be targeted to house families at or below 50 percent of AML, and not less than half of this money must target families at or below 30 percent of AML. Most of the people covered under this bill and at these income levels will not qualify if it is not clearly stated that they can be considered even with less than stellar credit.

#### CONCLUSION

Americans are hurting and they need help. H.R. 5818, provides much needed help to the states and to the families who are facing a housing downtown. Thank you, Madam Chairman, and thank you, Congressman FRANK and Congresswoman WATERS, for this timely housing legislation. I urge my colleagues to support this legislation and give some relief to American families.

Mr. KUCINICH. Madam Chairman, I yield back the balance of my time.

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

The amendment was agreed to.

#### AMENDMENT NO. 6 OFFERED BY MR. MCCOTTER

The Acting CHAIRMAN. It is now in order to consider amendment No. 6 printed in House Report 110-621.

Mr. MCCOTTER. Madam Chairman, I have an amendment at the desk.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. MCCOTTER:

Page 6, after line 2, insert the following:

(8) notwithstanding any other preferences established or authorized under this subsection, provide first priority, in use of amounts from grants or loans under this Act for rehabilitating housing, for providing housing for veterans, members of the Armed Forces on active duty, members of the National Guard or Armed Forces reserves, school teachers, and emergency responders;

Page 6, line 3, strike "(8)" and insert "(9)".

Page 6, line 8, strike "(9)" and insert "(10)".

Page 6, line 13, strike "(10)" and insert "(11)".

Page 6, line 21, strike "(11)" and insert "(12)".

Page 7, line 1, strike "(12)" and insert "(13)".

The Acting CHAIRMAN. Pursuant to House Resolution 1174, the gentleman from Michigan (Mr. MCCOTTER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Michigan.

Mr. MCCOTTER. Madam Chairman, I yield myself as much time as I may consume.

Just a brief description of the amendment which I hope will prove non-controversial. What I would like to do under the bill, though I'm not particularly a fan of the bill itself and its particulars, I would like to try to help to make it better.

My amendment would, under the bill, require States to give first priority to veterans, active duty military per-

sonnel, National Guard, Armed Forces Reserves, schoolteachers and emergency response personnel when selling rehabilitated housing with funds authorized under H.R. 5818.

□ 2230

Importantly, this amendment will not exclude those individuals who are low income, and does not change the underlying low-income eligibility requirements established under the bill.

Madam Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Madam Chairman, I rise in as close to opposition as this noncontroversial amendment is likely to engender.

The Acting CHAIRMAN. Without objection, the gentleman is recognized for 5 minutes.

There was no objection.

Mr. FRANK of Massachusetts. I did note, and I welcome the gentleman from Michigan's affirmation, that this is not simply for banks, investment houses, pirates, lechers and other ill of sordid folk. He is seeking to give preference to veterans, members of the Armed Forces on active duty, members of the National Guard or Armed Forces Reserve, school teachers and emergency responders.

I agree with these priorities. It is, of course, an affirmation that this bill will benefit these people, unless we are to assume that they will be given a preference which is of no benefit to them. But if this bill is of no benefit to anybody but speculators, lenders and ruffraff, then why give preference to these people? I agree with the amendment to that extent, and so I would just say that this underlines the point that there are very worthy beneficiaries.

But now I also want to return to the matter of the Bear Stearns issue. I will acknowledge, I did receive a letter from 17 Republicans, which is, by my math, not a huge percentage of 199 or 200 or whatever the declining number of Republican Members of the House is these days, but it is still not a very large number. And even in that letter, while it was not thrilled by the Chairman Bernanke-Secretary Paulson collaboration, it does not have one word in strict opposition to it. Nor does the letter that 24 Republicans—a slightly larger number, but still not even 15 percent—sent to Mr. Bernanke again raising questions.

So, yes, 24 Republicans have raised questions, Members of the House, about this bill. I will repeat that my accusation of inconsistency goes to the Bush administration primarily. They are the ones who engineered the \$29 billion. They are the ones who are vehemently opposed to this.

Now some Republican Members did raise a question that said we should look into it and we're skeptical of it. I agreed with that. As I said in the letter, I think we should study it. I did think we should study it a little later for two reasons; first of all, I do believe

the subprime crisis is a crisis, some Members on the other side do not. There are, among the signers of this letter, some of those who, from their very conservative ideology, oppose any action by this Congress regarding the subprime. I mean that quite literally, they oppose any action to deal with this. That's their right. But I would put dealing with the subprime crisis ahead of a backward look, as important as that ultimately will be, at what happened with Bear Stearns.

Secondly, I want to look at what the Fed did there in the context of how can we make it less likely that it will happen again? I wasn't happy that it happened. I think there was a necessity in those circumstances. So what I said in the letter that I sent back to the authors was, yes, we should look at this in the context of the broader question: What powers do we need to give either the Federal Reserve or somebody else to make it less likely that this happens again?

So, yes, I should, we should, look into it, but I think we should look into it not simply from a kind of retroactive bawling them out, but how do we prevent it or diminish the likelihood of it happening? But the inconsistency remains. Twenty-four Republicans said they had questions. On the whole, I haven't heard any Republican opposition to it. I haven't seen any resolution opposing it.

It was the Bush administration, and this is my point: I thought it was unfortunately necessary. The Bush Administration, this is Secretary Paulson and Chairman Bernanke, they were the ones who did this. And I think they have been responsible in trying to deal with this crisis. But for the President who appointed those people to now denounce this because it's going to help, among others—and by the way, let's be clear, if this amendment passes, as I hope it will, we will be giving preference under this bill to veterans, members of the Armed Forces on active duty, members of the National Guard or Armed Forces Reserve, school teachers and emergency responders. So we have a Republican affirmation that these are among the beneficiaries.

And when you talk about bailing out investors and speculators, yes, that's what happened in the Bear Stearns situation. These were precisely the people who had done business with Bear Stearns. Now I believe that years of inadequate supervision of the economy, flawed legislation adopted when we repealed Glass-Steigal and didn't put in regulations to deal with it at the time, that was supported by the Clinton administration and I voted against it. But when that happened, we invited the kind of problems that the leaders of the economic policy of the Bush administration had to implement. And it is that administration which is therefore being totally inconsistent in this regard.

Madam Chairman, I reserve the balance of my time.

Mr. McCOTTER. Madam Chairman, I would like to yield 1 minute to the author of one of the letters in question, the distinguished gentleman from New Jersey (Mr. GARRETT).

Mr. GARRETT of New Jersey. I find it amazing and amusing that the chairman raises how many Republicans signed onto the two letters when, in fact, it evidences the fact that zero Democrats signed onto that letter and zero Democrats have done anything with regard to Bear Stearns for the last 2 months since this occurred. If there was even one Member from the other side of the aisle from the committee, when we invited the entire committee to sign onto it, I think the chairman would be in a stronger position, but he is not because none of them signed on then. And even earlier this evening, when I invited them to sign onto an addition to it, none of them have come across to sign onto it.

Secondly, I find it amusing when the chairman's response in the letter was that he has more confidence in Bernanke and the Fed than we do. So if your question is that we did not point out that there were problems with it, your response points out that—as I've said, I'm not quoting because I cannot get a copy of the letter back here—you had more confidence in the decisions and in the actions of the Fed and the administration. So if you had more confidence, maybe that explains why 2 months after the action we are still asking for the chairman to hold a hearing on the matter, and here it is, 2 months later, all we are getting is rhetoric from this side of the aisle.

Mr. FRANK of Massachusetts. May I inquire of the Chairman how much time I have remaining.

The Acting CHAIRMAN. Fifteen seconds for the gentleman from Massachusetts.

Mr. McCOTTER. Madam Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. I have said repeatedly that I did not oppose the action. And I am pointing to the hypocrisy on the part of the Bush administration. The gentleman from New Jersey, like Sherlock Holmes, unearthed the fact that I wasn't opposed to it. I said that. I think they were forced into it. So, yes, I did not sign it.

As to not having a hearing right away, that is a done deal. I'm trying to prevent foreclosures now, then we will get back to looking in the rearview mirror.

Mr. McCOTTER. May I inquire as to how much time I have remaining.

The Acting CHAIRMAN. The gentleman has 3 minutes remaining.

Mr. McCOTTER. I yield myself such time as I may consume.

First, I would like to reemphasize the point made by the gentleman from New Jersey. The distinguished chairman of the committee is right, the Republican numbers are declining, and this painful experience with arithmetic has taught us that 17 is still a greater number than zero.

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. McCOTTER. The gentleman may potentially yield, but not at this point.

I would also like to point out that the distinguished chairman is right, the bill, if this amendment is adopted, would not be for speculators, simply for Bear Stearns, for Wall Street, would not be a big, bloated government golden parachute, but again, I think in this town, I think I'm being thanked for adding deserving people to something that may or may not help.

You see, it's not the intent that we are debating, it is how we get to where we all want to go. Do we believe that this is the best way to go? I highly doubt that on our side that we would concur with that. And the reason that we cannot concur with that is, as I believe the gentleman from Georgia pointed out, there are fundamental principles at stake here that we simply differ on. That's all right. We agree on some things, sometimes we don't, but they're a matter of principle. And in the end, the fundamental principle at stake is that our side believes that Americans' prosperity does not come from government, it comes from their own hard work and entrepreneurial investment. And what we want to see with this bill is an appropriate balance for the people that we truly are trying to help, for them who have made no mistakes, for them who have managed to hang on by their fingernails, for them to be able to say that we were compassionate towards our fellow Americans, our tax dollars were wisely used, and yet they were appropriately used. We believe in better government, not necessarily bigger government. And that is the crux of what we are debating today.

All good people on both sides. And as for the chairman, I do believe he is a very honorable man. One of the places we do agree is on the Bear Stearns bailout. A lot of our colleagues on this side of the aisle screwed up their jobs and didn't get to walk away with \$61 million. They walked away with far worse. And I think that the Bear Stearns issue, which is being conducted by Bernanke over at the Federal Reserve and the Secretary of the Treasury, both of whom work for the Bush administration—well, one technically does—and who both were, I think on a bipartisan basis, confirmed by the United States Senate. So at least there's one thing we have in common, we aren't to blame for that. So I would look forward to working with him on that.

But again, I appreciate the support for the amendment, and I will yield to the chairman.

Mr. FRANK of Massachusetts. I just want to repeat, Members seem to think they're scoring points by saying, oh, they discovered we weren't opposed to it. I've said a dozen times, I thought they did what was necessary. I am not critical of them.

I do want to go back and see how we can prevent this from happening again.

But there is no inconsistency on our part. We didn't say that was the wrong thing to do. The inconsistency is the administration that says yes to \$30 billion to Bear Stearns and no to \$15 billion here.

The Acting CHAIRMAN. All time for debate on the amendment has expired.

The question is on the amendment offered by the gentleman from Michigan (Mr. MCCOTTER).

The amendment was agreed to.

AMENDMENT NO. 7 OFFERED BY MR. ALTMIRE

The Acting CHAIRMAN. It is now in order to consider amendment No. 7 printed in House Report 110-621.

Mr. ALTMIRE. Madam Chairman, I have an amendment at the desk.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mr. ALTMIRE:

Page 36, after line 2, insert the following new section:

**SEC. 15. INELIGIBILITY OF ILLEGAL ALIENS FOR ASSISTANCE.**

Aliens who are not lawfully present in the United States shall be ineligible for financial assistance under this Act, as provided and defined by section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a). Nothing in this Act shall be construed to alter the restrictions or definitions in such section 214.

Page 36, line 3, strike "15" and insert "16".

The Acting CHAIRMAN. Pursuant to House Resolution 1174, the gentleman from Pennsylvania (Mr. ALTMIRE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Pennsylvania.

Mr. ALTMIRE. I yield myself such time as I may consume.

Madam Chairman, I offer this amendment to the Neighborhood Stabilization Act to ensure that illegal immigrants are not eligible for the financial assistance we're providing today to individuals adversely affected by the housing crisis.

Section 214 of the Housing and Community Development Act governs the participation of noncitizens in certain HUD programs. It requires valid documentation from the beneficiary, verification of that documentation by the appropriate entity, and outlines who may and may not be eligible for financial assistance.

Under section 214, illegal immigrants are not eligible for financial assistance. Let me repeat that: Under section 214, illegal immigrants are not eligible for financial assistance. And my amendment makes certain that section 214 rules apply to the new programs authorized by the Neighborhood Stabilization Act that we are debating tonight.

With the housing crisis and economic downturn impacting the lives of hard-working Americans throughout the country, we need to make sure that targeted, fiscally responsible assistance that we are providing goes only to law-abiding citizens.

As responsible stewards of taxpayer dollars, it is our responsibility to en-

sure that every penny is spent wisely and is not used to benefit any illegal immigrants in any way.

I urge all of my colleagues to support this amendment.

Madam Chairman, I reserve the balance of my time.

Mrs. CAPITO. Madam Chairman, I seek time in opposition, although I am not opposed to the gentleman's amendment.

The Acting CHAIRMAN. Without objection, the gentlewoman from West Virginia is recognized for 5 minutes.

There was no objection.

Mrs. CAPITO. I would just like to express my support for his amendment. I think we have had this debate on the floor many times. And I want to say that we want to assure the American public, I think it's always good to reassure the American public that taxpayer funds are not going to help people here who have entered our country illegally and remain here illegally.

I would like to see, as we move forward in this debate on this and other bills, that we tighten down the types of identification that are full proof, that can be used to certify the legality of whoever the resident is residing, whether it's in public housing or in other taxpayer-funded opportunities.

I yield back the balance of my time.

Mr. ALTMIRE. Madam Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. All time for debate on the amendment has expired.

The question is on the amendment offered by the gentleman from Pennsylvania (Mr. ALTMIRE).

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

Mr. ALTMIRE. Madam Chairman, I demand a recorded vote.

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

Ms. WATERS. Madam Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. ALTMIRE) having assumed the chair, Ms. BALDWIN, Acting Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 5818) had come to no resolution thereon.

□ 2245

CHARLTON HESTON

The SPEAKER pro tempore. The unfinished business is the question on suspending the rules and agreeing to the resolution, H. Res. 1091, as amended.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri (Mr.

CLAY) that the House suspend the rules and agree to the resolution, H. Res. 1091, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

**MOTION TO INSTRUCT CONFEREES ON H.R. 2419, FOOD AND ENERGY SECURITY ACT OF 2007**

Mr. CANTOR. Mr. Speaker, I have a motion to instruct at the desk.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. Cantor moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill H.R. 2419 be instructed not to agree to the provisions contained in section 12808 of the Senate amendment (relating to qualified forestry conservation bonds).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Virginia (Mr. CANTOR) and the gentleman from North Dakota (Mr. POMEROY) each will control 30 minutes.

The Chair recognizes the gentleman from Virginia.

Mr. CANTOR. Mr. Speaker, I yield myself such time as I may consume.

I rise around this motion to instruct, which is centered on an objection that I have in the Senate-passed farm bill around one particular provision that certainly raises a lot of questions in my mind and should raise a lot of questions in the minds of my colleagues.

In the bill there is, without question, a \$200 million earmark that benefits one wealthy landowner. Section 12808 in H.R. 2419, as passed by the Senate, provides for a tax credit bond program. There is a scheme in this bill that was so narrowly crafted that the bonds authorized thereunder can only be used for the acquisition of one, just one, piece of land in the entire country. This piece of land happens to lie predominantly in the State of Montana and is owned by timber giant Plum Creek. According to press reports, the Nature Conservancy would be allowed to issue \$500 million in bonds under this bill and then use the proceeds to purchase the land from the timber giant. Even more egregious is that the provision does not even appear to require the protection of a single additional tree or a single additional fish. If this isn't a tax earmark, I don't know what is. Mr. Speaker, this is the "bridge to nowhere" of the farm bill.

Now, I know my colleagues on the other side of the aisle will argue that the Montana bond provision does not fit the definition of an earmark under House rules. Their reasoning will be that many taxpayers will potentially own the Montana bonds and then get tax credits from the Federal Government. But make no mistake. This provision is designed to facilitate one land sale by one landowner.