

U.S. Senator Benjamin L. Cardin (D-MD)
Statement on the Floor of the U.S. Senate Regarding the
Housing and Economic Recovery Act of 2008 (H.R. 3221)
July 26, 2008

MR. CARDIN. Mr. President, I know it's unusual that we are here on a Saturday with a voting session of the United States Senate. But let me tell you, I am pleased that we are here because at last we're going to have a chance to vote on the final passage of H.R. 3221, the housing legislation that is so important to the people of this country.

I first want to thank Senator Dodd and Senator Shelby for the manner in which they have handled this legislation. It has been handled in a bipartisan manner the way it should be. Senators Dodd and Shelby have been extremely patient. This bill has been on the floor on numerous occasions. We all have had many opportunities to offer our suggestions on this legislation. It has been one of the most open bills that we've had.

I know there are some on the other side of the aisle – like my colleague from South Carolina who raised certain objections – who would like to see this matter further delayed. I understand that. In the other body, Republicans decided to vote against this legislation by a 3-1 margin. That's their prerogative.

There are some in this body who believe that the status quo is acceptable. They don't believe that we should be aggressively trying to help the people of our community through this housing crisis. I disagree with that and I think the majority of the Senate disagrees, too. It is important for us to provide the tools necessary to deal with the housing crisis in this country.

Every day that we wait, 8,500 more homes fall into foreclosure across America; 8,500 people are in danger of losing their houses every single day. So I'm sorry we didn't get this legislation done earlier, but I am pleased that we're here today in order, I hope, to complete this legislation and send it to the President for his signature.

We know the current state of our economy. We know people around this nation are having a difficult time dealing with their daily expenses – dealing with energy costs, dealing with health care costs, and, yes, dealing with their housing expenses. We know that the trigger to the current downturn in our economy was the housing market. So it's important for us to pay special attention to the housing market as we try not only to help families struggling to keep their homes and to keep communities strong, but also to help our economy. This is true in every state.

This is a crisis affecting millions of people in our nation. In Maryland, in the second quarter of 2008, we saw a 130 percent increase in foreclosures. In my own state, one out of every 243 households is in some stage of foreclosure. Maryland now ranks 16th in the nation in foreclosures. The problem is ongoing. There are subprime and adjustable rate mortgages that are out there that will be coming due during 2008 and 2009. We will see more and more foreclosures and we need to act now to try to prevent them from occurring.

I know there have been some who say, well, look, this was a free market and people made their own decisions. But in many cases, in my own state, homeowners who could have qualified for standard mortgages were steered into subprime mortgages. Because of the way that the fees were arranged, they were steered into these subprime products and now they are in danger of losing their homes. We need to do something.

I want to acknowledge that there have been many groups that have stepped forward to provide help. The nonprofit community in my state and around the nation has tried to do what it can, and I applaud them for their actions. Many people involved in the nonprofit housing sector have tried to help through counseling and through other means, and that's laudable.

In my own state, I applaud the efforts of our chief judge, Chief Judge Bell, who has called upon the lawyers in Maryland to attend training sessions on offering pro bono services to help homeowners who are in danger of losing their homes. I think that is what the Bar should be doing, what lawyers should be doing. They're stepping up to try to help.

We see state and local governments doing what they can to try to help in the housing market. Even private companies have stepped up to try to restructure loans so that people can stay in their homes. All that is what should be happening. And I really do applaud the efforts of the private sector and the local governments. But the Federal Government should be a full partner in this effort and H.R. 3221, I think, moves us closer to accepting that responsibility.

This bill will provide \$180 million for financial and legal assistance to homeowners who are in danger of losing their homes. I think that's very important. This legislation provides for increases in counseling services to bolster the work of housing counselors who are dealing every day with individuals who are in danger of going into foreclosure and losing their properties.

This bill also helps in refinancing. It's estimated that 400,000 people in this country will benefit from the provisions of this legislation that allows for the refinancing of their loans. Now, some have said this is a bailout. It's not a bailout. The loans are going to be bought at market value. Investors are going to lose part of their investment on the refinanced loans, as they should. It's not a bailout. For the homeowners who take advantage of it, it will help them stay in their homes. But if they sell their homes, part of the profit needs to be returned. It's a fair way to keep people in their homes, and it recognizes the fact that it is not only the individual homeowner who loses when a house is foreclosed, but the entire community.

I am particularly pleased at the provision in this legislation dealing with first-time homebuyers. Several months ago I talked to Senator Baucus about a housing credit for first-time homebuyers to try to get more people engaged in buying and selling homes. We know that 40 percent of homebuyers are first-time homebuyers. By helping first-time homebuyers, we help the housing market, and we help the economy. The provision that is in this bill will provide a \$7,500 credit as an interest-free loan. I think it will help. It's targeted to moderate-income families. It's temporary. It needs to be used in the next year. It is reasonable from the point of view of helping people get back into the housing market. And I thank the Finance Committee for including that provision.

This legislation also deals with the credit crunch – the availability of mortgage money for those who need to buy homes. The FHA modernization will help. For example, there are changes to reverse mortgages that seniors use. Seniors who have lived in their homes for many, many years have a lot of equity in their homes. They need the cash out of their house to be able to afford to stay. Reverse mortgages help them obtain the resources they need to deal with their health care, to deal with quality-of-life issues. And this bill modernizes the reverse mortgage provisions, providing strong consumer protection provisions for our seniors.

We all know about the Fannie Mae and Freddie Mac provisions and how we have tried to strengthen the regulatory system. I think that's what we should be doing. We also are giving the Secretary of the Treasury the flexibility and authority that he needs in order to make sure we don't have a crisis in this country because Freddie Mac and Fannie Mae cannot carry out their stated mission.

I'm also pleased that the \$11 billion for local mortgage bonding authority remains in this bill to help local governments address the availability of low-income housing.

This legislation also includes improvements to the Community Development Block grants – CDBG funds. Of the \$4 billion provided in this bill, it's expected that \$89 million will be available to the people of Maryland. These funds are for the communities that are directly affected by this crisis and have large numbers of foreclosed properties. This provision will allow the local governments to buy foreclosed properties, rehabilitate them, and make them available to moderate-income families to buy or rent.

Lastly, there is a provision in this bill to help us in the future with better mortgage disclosure rules and nationwide loan originator, licensing, and registration systems.

The bottom line is that this important legislation increases the number of tools available in our toolbox to deal with vulnerable families who are in danger of losing their homes. It provides the financial wherewithal so that we can keep credit available for people to buy and sell homes. It is a message and clear action to help our economy in these very difficult times.

I am pleased that we are able at last to vote on this legislation. I urge my colleagues to support this very important bill.

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