

who did bad things and punishing people who did it right, they are exactly the opposite; the damage has already been done when the foreclosure has taken place, and the reward is to stabilize neighborhoods for those who are in their homes and paying.

I think the wisdom of the Finance Committee and the Banking Committee to incorporate this provision is an insurance policy that we in Congress can do good things to drive the market, to help solve problems. You hear all those problems about us making payments for people and doing things to take money from one American and give it to another in a time of trouble. That only postpones the inevitable. It does not solve the problem. But stimulating buyers back to the marketplace to absorb those houses that have been foreclosed upon or are pending foreclosure addresses specifically the housing crisis in this country, absorbs specifically the houses that are causing us problems, reestablishes values in our neighborhoods, and stabilizes the values of those people who are in their homes making their payments, doing what is right.

So with all due respect to those who have opined over the weekend, they are absolutely incorrect and wrong in terms of the applications of this credit. It will, in fact, be a boost to the economy, a boost to the housing market, and a stabilizing factor on home values and equities in the United States of America.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Maryland.

Ms. MIKULSKI. Will the Senator yield for a question?

Mr. ISAKSON. I will.

Ms. MIKULSKI. I have a question exactly about not only those headlines but what people have asked me over the weekend. I want the Senator to know, first of all, we value his extensive experience in the real estate field—he was a well-known realtor in his own community—and, of course, his ongoing method of civility in this body.

Here is my question: This is a \$7,000 tax credit if you buy a foreclosed home in a neighborhood; is that correct?

Mr. ISAKSON. That is right, \$3,500 a year for each of the first 2 years you occupy it as a resident.

Ms. MIKULSKI. Here is the question: There are two houses for sale. One is a foreclosed property and one is a regular homeowner ready to sell. The question I get from non-profits and people is: Is the tax credit going to depress by \$7,000 the house that is not in foreclosure? In other words, that it acts as a damper on price, and if you are in good standing, you have a good mortgage but you are ready to sell for whatever reasons, you are putting your house on the market, and next to you is a foreclosed house and that is going to get a \$7,000 tax break, they are saying: I am going to have to eat \$7,000 to sell my house.

Can the Senator answer that question for me and for all who I think are

puzzled about the possible unintended consequences of this tax break?

Mr. ISAKSON. The Senator's question is right on target. My answer to you is not an opinion, it is a statement of what actually happened in 1975. In 1975, there was no demand for housing because the plethora of houses that were on the market that had been foreclosed on that were built new were not being sold. Nobody was in the market. When the \$2,000 tax credit was established and those houses began to be absorbed, the housing values stabilized. So there was not a disadvantage to the person who was trying to sell who was in the house, it was actually an advantage.

The disadvantage you have right now is nobody knows where the bottom is. Because foreclosures are taking place, the values are going down. Those values, because of the cost-to-replace method of appraising, which is used by all lenders, decline the value of appraisals of houses that are pending on the market. It is a domino effect that affects everybody. The tax credit, by absorbing those houses that have been foreclosed upon and are vacant and are bringing down values, undergirds the market and raises those values for everyone.

Ms. MIKULSKI. Stick with me.

Mr. ISAKSON. I am here.

Ms. MIKULSKI. Real-world situation. This house is foreclosed, which means it already is going on the market at a depressed value, OK? The consequence of a foreclosure is a melancholy event, not only for the person who is losing their home, but the community feels it could lose a neighborhood. I believe that is the gentleman's point, and it is also a great concern to me. But because the foreclosed house is already depressed, then a \$7,000 tax credit comes in. The question is, for the non-foreclosed, I do not understand how the price of the non-foreclosed home is not dampened, and we, ourselves, are helping create a new bottom.

Mr. ISAKSON. Well, two or three points. The first one I made is still the valid point; that is, as those foreclosures are absorbed, values stabilize and go back up, and that supports the values that were there in the neighborhood for the people who are making their payments, not in foreclosure. That is No. 1.

Forget about the tax credit. You ride through any neighborhood where somebody is in a house that is in trouble and look at the sign. It will say "Drastic Reduction." "Reduced." "Foreclosed Property." "Fire Sale." "Thirty Percent Discount." All you have to do is open any newspaper in any urban area in American, and you can read the classifieds and see that today. That is what is doing the terrible damage. That is because those numbers are growing. So if the incentive is to absorb those that have been foreclosed on, then you lessen that downward pressure, you underwrite the house val-

ues, and the neighborhoods begin to restore.

Remember this: The tax credit is only good for a year. It is only a finite period of time to drive people to the market in hopes that they will absorb those houses because if they do not, the only way they get absorbed is through deeper discounts because regulators are going to force those lenders to dump them. The deeper the discount, the more depressed values are, and the more difficult it is for anybody to sell their house at a reasonable value.

Ms. MIKULSKI. Well, first of all, I thank the Senator for explaining this. You can understand the origin of these questions. It is not only what I feel, but those working in our communities, those trying to sell homes, they all feel pretty much the same way. But I thank the Senator for answering that question, and we thank him for the expertise he brings to this debate.

Mr. President, what is the parliamentary situation?

The ACTING PRESIDENT pro tempore. The time for morning business is about to expire.

Ms. MIKULSKI. Mr. President, I suggest the absence of a quorum.

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

The bill clerk proceeded to call the roll.

Ms. MIKULSKI. I ask unanimous consent that the order for the quorum call be rescinded.

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

Ms. MIKULSKI. Mr. President, I ask unanimous consent that morning business be extended for 10 additional minutes.

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

#### HOUSING

Ms. MIKULSKI. Mr. President, let me state that we are waiting for Senator DODD to come from the Foreign Relations Committee so that we can report the bill and continue moving on the housing bill.

I have an amendment I wish to offer. I know the Senator from Vermont has a modification. I know the Senator from California also has some things she wants to do on this bill. But while we are waiting for Senator DODD I wanted to say a few things about housing. I want to say a few things about this bill. I have an amendment I wish to offer, but I have a lot on my mind about this housing bill. First of all, I have very serious questions about the bill itself. The original bill that has been brought to the floor takes care of the sharks and the whales, but it does not take care of the little people, the minnows. The Maryland General Assembly did more in their 90 day session that just adjourned than this body has been able to accomplish all year.

When you look at that which will actually help ordinary people work their way out of the foreclosure mess, the legislation is quite Spartan. We lost the bankruptcy provision that would have allowed families to put the pieces back together. The original housing bill had \$200 million going to the nonprofit agencies that are working every day with people in those communities to be able to work out their problems. Now, this bill is being held hostage by the other party for more tax cuts we do not need, bigger bailouts for those who do not need them, and it does not help the 8,000 people a day who face foreclosure. We need to improve this bill.

Now, I am so disappointed that Senator DURBIN's amendment to amend the Bankruptcy Code to allow workouts did not occur. I know Senator MURRAY has an amendment to add more money to the front-line groups working with families. I want to thank Senator MURRAY for offering this amendment and I will have a second-degree adding legal help for the already overburdened nonprofit counselors.

I have seen what this housing crisis means, not by reading the Wall Street Journal but by getting out there and talking to my own constituents, holding roundtables on this subject. What we see is that the subprime housing crisis is a code red emergency. Thousands in my State got caught up in schemes and scams. They were not Wall Street speculators we give a bailout to, they are Main Street Americans who need a workout plan.

My State was hit hard, so at these roundtables we talk to the people who were most affected, the people who actually are facing bankruptcy, to get their stories, get a picture book of what is going on, talk to the nonprofits. But we also talked to the brokers and the Realtors and others in their community. I listened and I learned.

So while everybody here wants to talk about the big macropicture, I want to talk about the macaroni-and-cheese issues. I am on the side of the little people. I talked to a police officer who works every day, putting himself in the line of fire. Because he got into a home equity scam and scheme, he is about to lose his home. I talked to a mother, a single mother who thought she was part of the American dream, and now she is part of the American nightmare.

If you listen to the nonprofits, housing people, like St. Ambrose Housing in my own State, they are trying every day to help people work this problem out. What is it that they need? They need a plan to be able to do a workout. That is why the bankruptcy amendment was a big help. It would have enabled people to responsibly work out their problems. But at the same time, those nonprofits are being overwhelmed by the sheer magnitude of the caseload.

When you look in my own State, there are thousands and thousands of

bankruptcies. In 2006, there were 3,000 foreclosures in Maryland. But guess what. In 2007, there were 23,000—23,000 Marylanders are in the foreclosure line. The sheer magnitude of the problem these nonprofit organizations—many of whom are faith-based—have to come to grips with to help these families with advice and counseling shows that we are in great difficulty.

This is why I so support Senator MURRAY's amendment to add more financial resources to these nonprofits to bring on the staff. I salute Senator MURRAY because she brings expertise in housing. But where she is a real expert is on people and the suffering people have.

We believe in working with nonprofit organizations that are out there closest to the people to do this. Now, in listening to them, so many of my constituents were steamed and scammed. They faced predatory—predatory—lending procedures. Some people get mugged when they walk down a back alley. Here, they got mugged when they sat down to sign up for their mortgage or their home equity loan. They were mugged big time.

If you are mugged, you get a lawyer. But if you are in foreclosure, you cannot get one. Legal Services barely can help anybody because the means testing means that that for a family of four, if you have an income over \$26,500, you cannot get a legal aid lawyer. Well, if you have that kind of income, you were unlikely to be own housing at least in many areas of the country.

But NeighborWorks can offer help. I will offer an amendment later on this morning that will add \$37.5 million as a second-degree amendment—\$37.5 million to the NeighborWorks effort.

This NeighborWorks will do three things.

First of all, they are going to hire more lawyers and more paralegals to help the counseling groups help people work out of these predatory schemes. Why paralegals? They will maximize the lawyers we already have. They will hire more lawyers, particularly those who are semiretired or those young lawyers eager to build their skills, and so on. NeighborWorks and the experienced lawyers will train them.

It will provide money to legal organizations to train more attorneys in foreclosure law. We have lawyers who want to come forth, but they need their training expenses taken care of.

There are paralegals who are looking to not only work for a law firm but to also work for these nonprofits.

Then for the lawyers in foreclosure law, this would allow them to train counselors in some of the basic foreclosure law.

My amendment, I will offer at a later time, is very simple and very straightforward, but wow is it needed. We need to give help to those who are trying to practice self-help to the people who are in foreclosure, to the nonprofits that are trying to help them, and to the lawyers who are trying to advise them.

Remember, if you were mugged in a back alley, you could have access to a lawyer. But if you were mugged when you sat down for a settlement on buying a home, you are going to be on your own. You know what. We cannot have that. I want to have people feel that we are on their side.

Again, we do not seek bailouts. We seek workouts. We want to be able to help those families be able to restore their financial credit, to be able to work out and stay in their home.

When you have foreclosure on a home, it is a terrible tragedy for the family. But it is also a terrible tragedy for the community. So let's all work together. Let's pass a housing bill that helps those who are in need, those who are losing their home.

I yield the floor.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. Will the Senator withhold the suggestion of an absence of a quorum?

Ms. MIKULSKI. I withdraw my suggestion.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I have sought recognition to comment about an amendment which I have to the housing bill. It is amendment No. 4392. It was discussed last week.

The essence of the amendment would provide authority to the bankruptcy court to deal with variable interest rate mortgages, where we find people have been surprised by the acceleration of obligation. It is illustrated by a mortgage where the monthly payments were \$1,079 and then raised to \$1,444—an increase which was not expected by the borrower. Another illustration of a variable interest rate mortgage is where the monthly payments were \$1,400, which were raised to \$1,900 a month.

This would give the bankruptcy courts authority to deal with these changes. Under these circumstances, the borrowers did not know how much the payment would be increased. Frequently, there is misrepresentation, and on some occasions there is even fraud.

This amendment was distinguished from the amendment offered by Senator DURBIN, which would have provided for bankruptcy courts to have authority to modify the principal. That was defeated largely because it would have created a problem for lending in the future when prospective lenders would not have confidence their contracts would be fulfilled.

I was looking for an opportunity to vote on this matter on Thursday afternoon but was called away in my capacity as ranking member on Judiciary because of the absence of any other Republican to preside at that time.

I have talked earlier today with the distinguished chairman of the committee with a request I have an opportunity to vote on this before cloture is imposed, before the cloture vote is taken. I note there are a number of

Senators who have amendments which they wish to offer, and it would be my hope and projection that these amendments would not be foreclosed. Frequently, on this side of the aisle, the point is raised that we will not agree to have cloture to cut off further amendments when our Members have not had an opportunity to present their amendments.

This is a very important bill. The bill is lopsided in favor of Wall Street over Main Street. We have seen the situation with the bailout of Bear Stearns. This bill contains provisions which will help the big guy, so to speak, with the credit for purchases of homes, with the tax credit for those who buy homes in foreclosure, and with the provisions carrying losses forward.

This bill, as noted by Senator DODD, does not adequately take care of the so-called little guy. The amendment which I wish to have voted upon would be a significant move in that direction. So I hope we will have an opportunity to vote on my amendment and to give other Senators an opportunity to present amendments to give better balance to this bill.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Montana.

Mr. BAUCUS. Mr. President, I ask to speak as in morning business. I might ask the Chair, is the Senate in morning business?

The ACTING PRESIDENT pro tempore. The time in morning business has expired, and the Senator can speak in morning business by unanimous consent.

Mr. BAUCUS. I might ask, Mr. President, if we are not in morning business, then what is the parliamentary situation?

The ACTING PRESIDENT pro tempore. To make a unanimous consent request, that you can.

Mr. BAUCUS. The Chair is assuming my intention, which I will ignore at this moment.

Mr. President, I ask unanimous consent to speak as in morning business.

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

#### HOUSING

Mr. BAUCUS. Mr. President, a Chinese proverb asks: How can one beam alone support a house?

The same can be asked about the housing market. The housing market includes homeowners, home buyers, and homebuilders alike. To support the entire housing market, one does best to support each of its several parts.

That is why I worked with my colleague, Senator CHUCK GRASSLEY, and other members of the Finance Committee to craft the housing tax provisions in the pending substitute amendment. These provisions address the several parts of the housing market. Our legislation would help homeowners, home buyers, and homebuilders. In so

doing, our legislation would provide sounder support for the market as a whole. In today's economy, many homeowners are having difficulty paying the mortgage. About 4 percent of first-mortgage debt is delinquent. Another 1 percent is in default.

Last year, nearly 1.5 million homeowners defaulted on their first mortgages. That is up from 900,000 in the year before and 800,000 in the year before that. Defaults and foreclosures have contributed to the decline in housing prices. They have destroyed more than \$2.5 trillion in household net worth in the space of a year.

Our legislation would help homeowners with a property tax deduction available for people who do not itemize their tax deductions. This new deduction would alleviate some of the burden of local property taxes, at a time when homeowners are struggling to pay their mortgages.

This new property tax deduction would provide a standard deduction for up to \$500 for single filers and \$1,000 for joint filers. It would be available to the more than 28 million families who pay property taxes but who do not itemize their deductions. These are middle- and low-income households. These are some of the same families in the housing market who most need relief.

For home buyers, our legislation includes a home buyer credit and mortgage revenue bonds. The home buyer tax credit provides a \$7,000 tax credit for the purchase of a home upon which foreclosure has been filed. The tax credit rightfully excludes second-home purchases and rental investments. It focuses on the principal residences of struggling families.

By targeting foreclosed properties, our provision would get families into vacant homes. By targeting homes that are near foreclosure, our credit may steer home buyers to those homes. That may make enough difference to help some families to get out of foreclosure and out of harsh eviction proceedings.

Our legislation also includes mortgage revenue bonds. We would provide an additional \$10 billion of tax-exempt private activity bond authority. States could use these bonds to refinance subprime loans, to provide mortgages for first-time home buyers, and to provide multifamily rental housing.

This substantial increase for the States comes at a critical time. States are directly experiencing the effects of the economic downturn. With the financial crisis tightening up lending, this cash can provide much needed financing. That financing will once again help low- to middle-income households.

The subprime mortgage crisis and declining housing sales have forced many homebuilders to lose money. According to the most recent Labor Department report, construction and manufacturing are the hardest hit sectors of the economy. Construction shed 51,000 jobs so far this year, and manufacturing shed 48,000 jobs so far this year.

Construction employment alone is down 182,000 jobs since November. It is down by 356,000 jobs over last year. Overall, the private sector has lost 296,000 jobs over the last 3 months. That is a loss of 97,000 jobs a month.

For homebuilders, our package would allow businesses to carry back losses to profitable tax years. That would help the homebuilders hit the hardest by the housing market crisis. The pending amendment would allow troubled businesses to carry back net operating losses for 4 years, for tax years 2008 and 2009. That would allow them to receive quick tax refunds.

This tax relief would slow losses. These businesses would then have a quick cash infusion to meet payroll and other current expense obligations. We hope this relief would encourage these businesses to rehire some of those workers who have lost their jobs. This provision benefits both employers and employees.

As well, the net operating loss provisions in the pending amendment would allow homebuilders and other distressed businesses to take the book benefit of a net operating loss before claiming the amount on their tax return. This would help distressed businesses to obtain additional financing.

Now, these provisions alone would clearly not solve the housing market woes facing this Nation, but by helping homeowners, home buyers and homebuilders, we would take a significant step in the right direction. No one piece of legislation can solve all of our problems but inaction most certainly will solve none of our problems. That is why we must act. We should bring debate to a close. We should invoke cloture this afternoon. We should pass this much needed tax relief.

Let's not rely on one beam alone to support an entire structure. Let's pass this help for home buyers, homebuilders, and homeowners, and let's provide this much needed support for the housing market.

#### UNITED STATES-COLOMBIA TRADE PROMOTION AGREEMENT

Mr. BAUCUS. Mr. President, John F. Kennedy once said: "Let us not seek the Republican answer or the Democratic answer, but the right answer."

President Bush has said that he intends to submit the implementing legislation for the United States-Colombia Trade Promotion Agreement. He did so against the will of Congress, and he thus did not seek the right answer. He did not even bother with the Republican or the Democratic answer. The administration simply chose the easy answer. The administration's easy answer is also the wrong answer. It is the wrong answer for American workers. It is the wrong answer for the administration's relationship with Congress. It is the wrong answer for Colombian workers.

The Colombia Trade Promotion Agreement is a good trade agreement