

The ACTING PRESIDENT pro tempore. The Senator from Connecticut.

Mr. DODD. Mr. President, I will ask for 2 additional minutes, if I can, to respond to my colleague from Arkansas.

First of all, I agree with her totally about the value. Over the many years I have been a long-time supporter of these legal services offices and the job they do on behalf of people all across the country, particularly in rural America, and the difference they make. So I am in complete agreement with her about the value of this approach.

I would inform her that the regular order would be asking consent, after cloture has been invoked, to bring up the matter she wants to bring up. It is a tax matter and one that would require the consent of the chairman of the Finance Committee and the ranking member. So it is a matter where we are leaving it up to that jurisdiction to respond. So I want to be careful. I don't know how Senator BAUCUS feels about that. I don't want to put words in his mouth at all. I suspect he has the same sort of reaction as I do, and it is a positive one.

I am grateful for my colleague's understanding the situation we are in, trying to accommodate as many ideas as we can and to move from here to the next stage and deal with other aspects of the legislation. We couldn't have gotten here without the majority leader insisting, and really with the minority leader, to come together and allow us to bring up this package. So there are a lot of very good ideas and ones I applaud and welcome, but in the interest of trying to move forward, we are not going to be able to accommodate all of them.

I am not suggesting that will happen in this case, but I again appreciate her recognition that what we are trying to accomplish and deal with here is difficult. It is serious. As she points out, we have a lot of people suffering every single day—I have been making that case for 12 months—and we haven't been able to have a debate about this subject until last week. So to the extent that we have gotten that far along, that is some achievement.

I hope now that we are in the debate we can do some valuable and worthwhile works that will make a difference, and her suggestion contributes to that. So my hope is we will be able to accommodate this in the package as well.

Mrs. LINCOLN. I thank the chairman for his comments, and I certainly want to express this is a time-appropriate solution to the problems that exist, and I hope we will give every consideration to it.

I thank the Chair.

RECESS

There being no objection, the Senate, at 12:42 p.m., recessed until 2:16 p.m. and reassembled when called to order by the Presiding Officer (Mr. CARPER).

Mrs. FEINSTEIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

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

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

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order, pursuant to rule XXII, the clerk will report the motion to invoke cloture.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the substitute amendment No. 4387 to H.R. 3221.

Christopher J. Dodd, Harry Reid, Mark L. Pryor, Max Baucus, Charles E. Schumer, Patty Murray, Claire McCaskill, Patrick J. Leahy, Daniel K. Akaka, Ken Salazar, Sherrod Brown, Bryon L. Dorgan, Evan Bayh, Edward M. Kennedy, Jon Tester, John F. Kerry, Bill Nelson.

The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call is waived.

The question is, Is it the sense of the Senate that debate on amendment No. 4387, offered by the Senator from Connecticut, Mr. DODD, to H.R. 3221, shall be brought to a close? The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

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

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

The yeas and nays resulted—yeas 92, nays 6, as follows:

[Rollcall Vote No. 93 Leg.]

YEAS—92

Akaka	Coleman	Hutchison
Alexander	Collins	Inouye
Barrasso	Conrad	Isakson
Baucus	Corker	Johnson
Bayh	Cornyn	Kennedy
Bennett	Craig	Kerry
Biden	Crapo	Klobuchar
Bingaman	Dodd	Kohl
Bond	Domenici	Landrieu
Boxer	Dorgan	Lautenberg
Brown	Durbin	Leahy
Brownback	Ensign	Levin
Burr	Enzi	Lieberman
Byrd	Feingold	Lincoln
Cantwell	Feinstein	Lugar
Cardin	Graham	Martinez
Carper	Grassley	McCain
Casey	Gregg	McCaskill
Chambliss	Hagel	McConnell
Clinton	Harkin	Menendez
Cochran	Hatch	Mikulski

Murkowski	Salazar	Tester
Murray	Sanders	Thune
Nelson (FL)	Schumer	Vitter
Nelson (NE)	Sessions	Voinovich
Obama	Shelby	Warner
Pryor	Smith	Webb
Reed	Snowe	Whitehouse
Reid	Stabenow	Wicker
Roberts	Stevens	Wyden
Rockefeller	Sununu	

NAYS—6

Bunning	DeMint	Kyl
Coburn	Inhofe	Specter

NOT VOTING—2

Allard	Dole
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The PRESIDING OFFICER. On this vote, the yeas are 92, the nays are 6. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Who seeks recognition?

Mr. DODD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. GREGG. I ask unanimous consent to set aside the pending amendment so I may offer an amendment.

Mrs. LINCOLN. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. GREGG. Mr. President, I am most surprised to hear my colleagues on the other side object to my request to call up an amendment, to have it called up and be heard. I thought the Senate was here to do business. I think it is reasonable as part of doing that business that we should address the largest item in this bill that involves passing a cost on to our children, which is the net operating loss proposal.

Now, the way this net operating loss works is that homebuilders—that is who it is directed toward, although anybody can take advantage of it; I do not think it is limited to the homebuilders who built all of those homes and made these massive amounts of money by offering people subprime mortgages which they then took the proceeds from over the last 4 or 5 years, which subprime mortgages have now caused this Nation to go through a massive contraction and which have created one of the largest bubbles in the history of Government, in the history of commerce. Those folks, having made a huge amount of money—I mean massive amounts of money, and, in fact, in the last quarter, they were the largest earning sector in our economy—those folks are now asking that they get an additional \$20 billion bailout, \$20 billion bailout by allowing them, now that they are losing money, to go back and take a tax deduction of their losses against the gains which they had in prior years.

This is as if you said to someone in business, say somebody running a

small grocery store: OK, if you make money for 4 years, make a lot of money, and then you find you cannot compete or you have made some business error in your judgment and you lose money for a couple of years, we, the Government, are going to come in and give you insurance so you never lose money. You are able to go back during the years when you made money to recover the taxes you paid and use it today to give you profits.

My goodness, I think Adam Smith would be rolling over in his grave to hear this concept of economics. This is Komisar economics where nobody can lose, except for the taxpayer in the next generation who has to pay this bill. Remember, this \$20 billion is going to be paid by somebody because it is being spent around here in the operation of the Government. And who is going to pay it? Well, it is obviously not going to be the homebuilder, the large corporations which ran up these huge profits. They are actually going to take that money in, take it in as income. No, that is going to be paid for by John and Mary Smith, John and Mary Smith working for a living today, or their children because it will go on the Federal debt—\$20 billion on the Federal debt as a result of this little piece of chicanery.

It is unbelievable that we would claim this was a stimulus to begin with. In fact, if we are in an economic slowdown and if that economic slowdown is tied to the housing industry, none of these revenues will benefit that economic slowdown because they do not come in this year. They will be claimed this year, and they will be reimbursed next year. I think the estimate is that almost all of these recovery costs, recovery of taxes owed and paid as a result of getting this extra loss carryback, will occur in the next budget year, 2009. So, as a practical matter, it is not going to help in the next 6 months, which is when all of the major economists who have discussed this issue say we need some stimulus in the economy. No, it is not. It is simply a bonus payment from one group of people, the American taxpayers and their children, hard-working Americans, to another group of people, the speculative housing industry that ran up these huge expansions in the housing inventory over the last 3 years and then sold them in the subprime market in a way which many people have said in many instances were not appropriate, that they took advantage of the borrowers and then took those proceeds in as income, paid taxes on them, and now they want their taxes back because they are suddenly losing money.

Well, if you made money for 3 or 4 years—and a lot of money—you should not have a bonus given to you during the years when you are not making money simply because you happen to be one sector of this economy called the housing industry. In fact, just the opposite should happen, quite honestly. The market should be allowed to work

here relative to the large housing manufacturers.

There is some legitimacy for doing something about homeowners who got hit with a subprime mortgage which is resetting at a rate that is astronomical on them today and they are willing to pay and could pay for and maintain their home if they had a reasonable mortgage rate. There is some reason for arguing those folks might and should get some support, or at least some assistance so they can stay in their homes, they can continue to pay their mortgages.

But there is no practical commercial argument which justifies taking tax dollars from working Americans and paying them to homebuilders because homebuilders suddenly start to lose money—after they had great years. It is not like this has been a distressed industry over a long period of time. This is an industry which has always been cyclical.

This cycle was a creation of their excess, nothing else. They were greedy. They built a lot of homes the market did not need. They sold them to people who could not afford them. They sold them with instruments which were totally inappropriately structured: the subprime mortgages. Then they took all that profit, and they used it. But, unfortunately, they had to pay taxes on that profit. So now they want their taxes back, and they want the American people to subsidize them on it.

Well, under no color of an open market, of a capitalist system—of even a marginally capitalist system; I do not think even France would accept this as a concept—should somebody who made a huge amount of money, created a speculative bubble, benefit from the taxpayers when that bubble bursts.

Yes, the people who were harmed inappropriately, the folks who bought those subprimes and did not understand the nature of them and maybe were misled relative to the nature of them, they justifiably could have some support, as long as they are the primary owners of that home and it was not bought for speculation and they are able to support a reasonable mortgage rate. Maybe there is some way to adjust that.

But this bill does not do that in this area. This net loss carry-back is simply a gift—pure and simply a gift—to one segment of our industrial community which participated in a very lucrative few years and now is having a hard time, created the problem which we now confront, and now wants to be given a gift. Unfortunately, this gift has to be paid for, as I said before.

We are going to run, this year, it looks like, a deficit somewhere of around \$400 billion to \$420 billion. That is the deficit we are going to run. That is up from a deficit which was under \$200 billion last year. That is a huge increase in our deficit.

Now, who pays a deficit? Who pays for a deficit? Well, our children pay for it. All this goes on to our children's

backs. They are the ones who pay the cost of paying off the debt, which is borrowed in order to finance a deficit.

So why would we want to say to them: OK, future Americans—young people coming through school today, going to college, thinking about starting a family, thinking about maybe having children and sending their kids to college—why would we want to say to them: We are going to stick you with a \$20 billion bill so we can take care of the large housing manufacturers in this country who basically created a major disruption in our economy by putting on the market a massive inventory of homes we did not need and then using practices which were at the margin to draw people into buying those homes through subprime mortgage lending?

Why would we say that to them? How can we possibly, as a government, justify doing that to the next generation? But that is what we are going to do with this bill. We are putting \$20 billion on their backs. Where is the money going? It goes into the pocket, primarily—at least that is the game plan; it is not specifically written so—it will be taken advantage of solely by manufacturers of homes. And I suspect there are going to be some other industries which will suffer losses in this economy that may take advantage of it. But it was written primarily to take advantage of the homebuilder industry, which is obviously an honorable industry, but it is also an industry which goes through cycles.

In this cycle, there is no reason we should be stepping up with this special gift to that part of our economy when we do not have any money to make the gift with, when we have to borrow the money to pay for the gift.

So that is why I have offered this amendment—or tried to offer this amendment. Now, it seems to me if everybody is so comfortable with this legislation and this idea of a net loss carry-back being extended and expanded, they should be willing to vote on this amendment. Is there no courage on the other side of the aisle? Are the sponsors of this concept afraid to vote and stand up for this bill with this proposal? It appears so.

I am not offering an alternative. I am just saying let's have an up-or-down vote on whether we should give a \$20 billion gift to one segment of our commercial society at the expense of the next generation that has to pay the debt for this bill. I am just saying, stand up and be counted, so to say, as to whether you are for or against this amendment.

So, again, I will renew my request. I ask unanimous consent that the pending amendment be set aside and that my amendment relating to net loss carry forward, which strikes the provisions of the net loss carry forward, be called up.

The PRESIDING OFFICER. Is there objection?

Mr. BAUCUS. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The Senator from New Hampshire.

Mr. GREGG. Well, I guess that makes the point. It is too bad. I would hope people would ask why. Why can't we have a vote? What is the fear out there? Are we so concerned about this segment of our industry that we are not willing to vote up or down on whether this type of a \$20 billion event should occur? I hope not. It seems to me it is reasonable that the Congress should vote on that. The Senate should vote on that.

Mr. President, \$20 billion is a lot of money. Do you know \$20 billion would run the State of New Hampshire for 5 years? This is a lot of money. This is big-time dollars. Twenty billion dollars is going to cost our children a lot because it compounds with interest. You just do not borrow it. You borrow it and have to pay interest on it. Of course, the interest gets paid to the Chinese or the Indians or the Saudis because they are the ones who probably buy the debt.

So not only do we end up with a \$20 billion bill we pass on to our kids, but we end up with our kids having to pay interest to the Saudis or the Chinese to support that debt. Also, that one segment of our society which participated in the robustness and the excitement of large economic expansion, and maybe inflated that expansion rather dramatically, does not have to bear the burden of their excesses.

Well, as I said, Adam Smith would be a little stunned to find this is the way the market has worked and the Government of the United States—which is allegedly the Government of a capitalist system—functions. So I will probably renew this request later on because it does seem to me, since this is by far the single biggest spending item in this bill, or tax item in this bill, it should have an up-or-down vote and an open debate.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, just a couple comments about the points made by the Senator from New Hampshire.

No. 1, it is not a \$20 billion bill. That is not accurate at all. It is, first of all, about \$6 billion. It is over 10 years. So it is much less than what the Senator makes it sound like it is.

Second, we all know the housing problems that occurred in this country—the subprime mortgage problems, as well as other mortgages in distress and home buyers in distress. The figure I saw was that about 10 percent of American homes are underwater, meaning the value of the homes for 10 percent of Americans is much less than the mortgage on their homes.

This is a very complicated problem. It requires a complicated solution. Senator DODD is to be commended for the Banking Committee's provisions in this housing bill. We in the Finance

Committee wrote the tax provisions in this bill, and they are designed to help lots of different areas, lots of different people, in lots of different ways.

One is the mortgage revenue bond provisions, which helps States finance new mortgages for people, homeowners. Another is the tax credit for distressed homes. That helps people. That helps home buyers. That is in this legislation.

Another is to help give a little break to people who do not itemize their income tax returns but have property taxes so they can get a break on their property taxes. So we provide in this bill that if you have property taxes, you get at least a \$500 deduction against your income taxes if you are single, \$1,000 if you are married, irrespective of whether you itemize or use the standard deduction. That helps people.

There is a business provision in here to give a break to homebuilders. Why? Because homebuilders are going out of business. This is not a typical homebuilders' housing cycle we are in now. This is atypical.

A lot of areas in our country are very distressed. A lot of homebuilders are distressed, laying off a lot of people. The number of construction jobs is down—in the hundreds of thousands. For homebuilders' jobs, it is of a similar magnitude. These are people with hammers and nails going out building houses who no longer are building any houses, and they are laid off.

So this bill—basically, in that one provision with respect to homebuilders—kind of evens things out a little bit so homebuilders do not have to lay quite so many people off and they can still keep building some homes, which helps prevent a further deterioration of the value of the homes in a certain area. This is nowhere close to solving the problem, but it helps a little bit. That is why this is in this legislation.

So we have several provisions we in the Finance Committee passed out to help individuals. This one helps businesses in the business of homebuilding and homebuilders employ people, and those are the people who have lost their jobs.

So we are trying to help that sector a little bit so those people who build homes—some of them—can get back to work and not be laid off and also so some homes that might otherwise not be built might now be built to help alleviate the problem.

Homebuilders are not the cause of the problem. The problem, frankly, is worldwide where cash was slushing around, which helped create this situation where lenders were very easily lending money. The terms were very easy. People were enticed into buying homes. Mortgage brokers, for example, were very aggressive in encouraging people to buy homes with no downpayments and whatnot.

But homebuilders—they are not the problem. They are building the homes.

Now, they are feeling the pain, as a lot of other Americans are, and I believe—and I think the Finance Committee believes—this is one of several provisions which will help address the housing crisis a little bit. That is why I think it should be in this bill, and I very much hope the Senate approves the bill if not today, by tomorrow.

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

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

The bill clerk proceeded to call the roll.

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

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

Mr. BROWNBACK. Mr. President, I ask unanimous consent to speak as in morning business for the utmost urgency of recognizing the University of Kansas basketball team's accomplishments last night.

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

RECOGNIZING THE UNIVERSITY OF KANSAS BASKETBALL TEAM

Mr. BROWNBACK. Mr. President, I am delighted my colleagues granted me this special privilege to speak as in morning business on something so important. This is a bit personal if you are a Kansan. The sport of basketball was invented in Kansas by James Naismith in 1891, and last night it was perfected by the University of Kansas basketball team.

I don't know how many people got to watch it. What a fabulous game. I was able to be there, which was a great delight. It went into an overtime game with less than 3 seconds to play and a three-point shot by Mario Chalmers sent it into overtime. It was a classic of college basketball. The whole place was in pandemonium. There were great teams on both sides—Memphis and KU—playing this game. At the end of the day, Kansas came out with a victory. It was a fantastic night.

I congratulate the NCAA on the Final Four and the tournament. I think they do a spectacular job of bringing people together and having a great venue. This game was in San Antonio last night, a fantastic celebration of amateur athletics. These players are phenomenal in all they can do. It is certainly a great day to be a Kansan, a great day to be a Jayhawk.

My law school degree is from the University of Kansas. It is a great basketball school, with four national championships, one added last night. They have a great tradition of basketball at the school. I think we have one of the best mascots in the country, the jayhawk, which most people would recognize, being at the University of Kansas, but not knowing what it is. It has a civil war legacy in the fight over slavery, where Kansas was the State that started the fight on slavery, being settled by abolitionists. One of the

things the proslavery forces were calling Kansas was jayhawkers, in a derisive way, but that then became a symbol much for the State and for the University of Kansas. I like the heritage of that symbol as well.

Twenty years ago was the last time we won a basketball championship. That one was Danny Manning and "the miracles." He was a guy who went on to play very well at the professional level. Danny Manning is now coach at the University of Kansas. I can't name anybody else on that team, but he was one who carried them forward.

Last night was a great team effort by a balanced team. I recognize as well coach Bill Self. This was his first Final Four, and he wins it. Along the way, he beat a rival school in basketball for Kansas. In North Carolina, there has been a long connection between North Carolina and Kansas. Dean Smith, a long-time coach at North Carolina, was from Kansas. Roy Williams, a long-time coach at Kansas, was from North Carolina. There were a number of people in Kansas, in my State, who were not particularly forgiving of Roy Williams going back to North Carolina even though he had given us a number of good years. I think on Saturday there was a lot of forgiveness. This was the first match between Kansas and North Carolina since he had left Kansas, and we were fortunate enough to be successful in that game. It was a great tournament overall.

As a wise sportsman famously said: "It's never over until it's over," especially if Mario Chalmers has one more shot to take. Sometimes big games are disappointments, but last night was certainly not the case, as the Nation was treated to a classic in college basketball. From James Naismith, as I mentioned, who invented the game in 1891, to the Kansas Jayhawks of 2008 that perfected the game, our school has had a great history and a great legacy of basketball. Through players like Wilt Chamberlain and Danny Manning, KU now has 13 Final Four appearances and 3 national championships. It is fantastic what they have been able to accomplish.

Again, congratulations to the University of Kansas men's basketball team for a great season, for a thrilling championship game, for writing another amazing chapter in the storied history of Jayhawk basketball. And what goes along with that rich tradition is a number of different chants, but the one that has the most lasting memory with Jayhawkers is "Rock Chalk, Jayhawk," which we don't get to say on the Senate floor very often. Congratulations to a fabulous team and a fabulous effort.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mrs. MCCASKILL). Without objection, it is so ordered.

Mr. CASEY. Madam President, I rise to speak about a housing matter. I have two amendments, but I am only speaking about them today, I will not be calling them up. I did want to speak very briefly and very generally about both of them.

There are two very important matters that come before us as parts of our debate on housing. The first involves appraisals. We know that one of the biggest concerns a lot of people have in attacking the problem of subprime mortgages and the aftermath of a lot of bad loans was that faulty and sometimes fraudulent appraisals were part of that. The first amendment I will speak of today deals with the question of how do we get a second independent appraisal for properties that are so-called flipped properties.

When you have a property that may go into foreclosure and then it is sold later, sometimes we have instances where property is sold at a grossly inflated price that does not reflect the true value, and then down the road another purchaser, a homeowner, would buy it, and then you have extraordinary inflation, often fraudulent inflation of the cost of a property. Our office has worked closely with Senator MARTINEZ on this as well. What this amendment does is to make it very clear that, in those instances where you have a house flipped within 180 days of the date of purchase, there will, in fact, be a second independent appraisal done.

Some of the work on this in the other body has been done by Representative PAUL KANJORSKI. He has worked on these issues for years. I commend him for his work in Congress on these and other matters that pertain to housing and to the financial questions that arise with regard to affordable housing.

First of all, we want to make sure, in those instances that a second independent appraisal is done, it would have to be by a qualified appraiser. That would mean the appraiser has to be certified in the State or somehow licensed in the State. And second, that the appraisal is performed in conformity with uniform standards of professional appraisal practice to make sure it is done the right way. We want to make sure consumers are given a copy of that appraisal, that it is done thoroughly, and that a statement is made by the creditor that any appraisal prepared for the mortgage is for the sole use of the creditor and that the consumers may choose to have a separate appraisal conducted at their own expense.

There will be heavy penalties imposed for those who violate this. It is one way to deal with one of the various problems we encounter when it comes to the difficulties so many families are confronting right now. The worst thing that can happen to a homeowner who saves money and borrows money to ful-

fill a dream of owning a home is to be presented with a situation where they buy a home that has been grossly and fraudulently inflated beyond its value and they don't find out about that until those who perpetrated the fraud are far away and have already made their money. This will hold people in the market accountable, as they should be held accountable.

We will have more time to talk about it later.

I want to make another point about a separate amendment. In the city of Philadelphia, as in many of our major urban areas, housing is a terribly difficult challenge for so many people. In the city of Philadelphia, we have more than 80,000—as HUD, Housing and Urban Development, officials would call them, clients—more than 80,000 clients in the city of Philadelphia who rely on HUD and the housing authority there to provide affordable housing in that city.

A dispute has arisen about a number of things. We don't have to go into the reasons for those disputes, but because of that dispute, now there is an agreement that was worked out between HUD and the housing authority called the Moving to Work Agreement which has allowed people not just to have the benefit of an agreement that provides them with the opportunity to live in housing that is safe and affordable, but also this agreement has allowed the Philadelphia Housing Authority to use the leverage of this agreement to borrow money and to finance other housing priorities in the city of Philadelphia.

Because of that, because of the importance of that agreement, we want to make sure the agreement stays in place at least for a year. That is what the amendment Senator SPECTER and I have been working on does. That is the reason for it, to give a 1-year extension so that the Moving to Work Agreement in the city of Philadelphia, with the U.S. Housing and Urban Development agency, stays in place for 1 year so we can continue to work out an arrangement between the housing authority and HUD.

Unfortunately, we have not been successful in working for many months on this. But I think it is critically important not to allow a bureaucratic fight between a housing authority and a Federal agency to interfere with important services that are provided to Philadelphians who benefit from this; some more than 80,000 Philadelphians.

Those are the two amendments I wish to speak about. We will have time later as we proceed to deal with them more directly. I wished to make sure we make both thorough and accurate and independent appraisals a priority as well as to make sure that when we are dealing with a local housing authority, we do not let a dispute prevent Philadelphians from getting the benefit of the services provided in this case by the Moving to Work Agreement.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. NELSON of Nebraska). Without objection, it is so ordered.

Mr. MCCONNELL. I ask unanimous consent that I be allowed to proceed as in morning business.

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

COLOMBIA FREE TRADE AGREEMENT

Mr. MCCONNELL. Mr. President, today the administration sought to strengthen America's ties with an already close ally by moving forward with the Colombia Free Trade Agreement. Now it is up to Congress to pass this very important piece of legislation.

The Colombia Free Trade Agreement is more than an act of friendship between allies. It would strengthen our security and strengthen our economy. It would send a strong and unmistakable signal to our other allies in Latin America that the United States stands with those who support strong markets and free societies, especially in the face of threats.

Colombia's support for free markets and Democratic reform under President Uribe has made it an even stronger ally of the United States in recent years, a very sharp contrast to its next-door neighbor, Venezuela. We cannot allow election-year politics in the United States to make a resurgent Colombia more vulnerable to its anti-America neighbor.

America got a closeup of Venezuela's dictator at the U.N., when he likened an American President to the devil and predicted America's demise. His anti-Americanism has not softened since that speech, nor has the threat Hugo Chavez poses to regional stability. Chavez is a corrosive influence in South America. He embraces state sponsors of terrorism such as Iran, for example, and he is aggressively courting like-minded leaders of other Latin American countries in order to draw a line in the sand between himself and his allies and America and its allies.

Now, most Latin American leaders such as President Uribe know allying themselves with Chavez is harmful in the long run. Unfortunately, Uribe's government has been severely tested by Chavez and his allies. Ecuador supports, for example, terrorist proxies in Colombia. Chavez has made it quite clear he supports Ecuador's efforts when he recently sent troops to the Colombian border.

Colombia has made tremendous progress. Not long ago, it appeared on the verge of collapse. Entire regions of the country were essentially ungoverned. Yet President Uribe, to his great credit, has pulled the country back from the brink.

The Colombia Free Trade Agreement is an important acknowledgment of the strides Colombia has made. And its passage would send a strong signal America is committed to Colombia's continued success and the success of our other allies in the region.

Now, as important, the Colombia Free Trade Agreement would strengthen the U.S. economy, our economy, at a time when Americans are searching for some economic good news. Some seem to think our economy can somehow grow without the trading partners. These people who are arguing that nonsense also say we are best served if we trade only with ourselves. How absurd is that? In fact, the opposite is true. America needs trading partners to buy the goods we are making in our country. This is especially true when there is an imbalance in market access. The imbalance between the United States and Colombia is startling indeed.

Today, more than 90 percent of Colombian exports to the United States enter our country duty free. So they are getting 90 percent of their imports into our country duty free, even as American exporters face steep barriers to selling American-made goods to Colombia.

Democrats and Republicans agree it was important for Colombian exporters to enjoy the benefits of increased access to our markets. Why would we not want to give American products made by American workers the same opportunity we are giving Colombians already in our market?

The current situation is totally unfair. Virtually all U.S. farm goods are slammed with tariffs on their way down to Colombia, while virtually all Colombian farm goods coming here enter the United States without any tariffs at all.

The beneficiary of this arrangement is abundantly clear, and it is not U.S. workers or the economy they support. We hear a lot of rhetoric about the need for fair trade. Permitting equal access to Colombian markets is the very essence of fair trade. That is what this free-trade agreement would do.

Looking at my own State, for example, more than one-sixth of all manufacturing jobs in my State rely on exports. Kentucky exports about \$15 billion in manufacturing goods every single year, including \$67 million in exports to Colombia last year—a figure that is all but certain to go up after this free-trade agreement is ratified.

In these economic times, we should be expanding overseas markets for American-made products and American-grown goods. Now, some have argued labor conditions in Colombia are reason not to support the Colombian Free Trade Agreement. That is a total red herring. How does maintaining high tariffs on goods of the United States shipped to Colombia reduce violence against union jobs down there?

How does rejecting an ally that has helped reduce homicides against union members by 79 percent improve trade

union safety? What nonsense these arguments are. I mean even the Washington Post, no bastion of conservatism, has called the issue completely bogus.

Today the L.A. Times, again not a bastion of conservatism, said the same thing, noting pressure from human rights groups and labor organizations has prompted Colombia to already do what the Democrats in Congress have urged, which is to improve the country's dismal labor record.

If Senators truly wish to help Colombia's union members, they need to vote for this agreement, reward Colombia for its improvements in this area, and encourage Colombia to draw even closer to the United States.

I would close by noting this free-trade agreement comes nearly a year, a year after an agreement was struck between the U.S. Trade Representative, the House Democratic leadership, and the House Ways and Means Committee on a plan to move forward with all the free-trade agreements this Congress.

The deal stated: In return for USTR negotiating unprecedented new labor and environmental standards, House Democrats would proceed with free-trade agreements for Peru, Panama, Korea, and Colombia. The USTR did its part. Yet the Democratic Congress has not lived up to its end of the bargain. So far only the Peru agreement has been passed.

We should reject an isolationism that limits economic growth and stunts job creation here at home. We should support this important Latin American ally. The time is long past for Congress to do what it promised and move forward on America's trade agenda.

Congress must reaffirm its commitment to an invigorated Colombia and, in the process, help our own economy at a difficult economic moment.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BUNNING. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER. The pending business is the Sanders amendment.

Mr. BUNNING. Mr. President, I ask unanimous consent that the amendment be set aside so I may speak on the bill itself for 15 minutes.

The PRESIDING OFFICER. The Senator may speak on the bill without setting aside the amendment.

Mr. BUNNING. I thank the Chair.

Mr. President, this is an unusually bad bill, and I have opposed it from the very start. The course it has followed almost guarantees that it will be filled

with the worst kind of gimmickry, and it is. The Senate may be the most deliberative body in the world, but this bill is anything but the product of deliberation. It is a jumble of disjointed ideas, unlikely to solve the crisis at hand, and it is unpopular. It turns out that the American people do not like the idea of bailing out banks and their neighbors who gambled on home prices. The voters understand what is going on in Washington better than we do.

What is more, several of the complicated tax provisions in this bill never benefited from a full review by the Senate Finance Committee. Normally, this is a critical part of the Senate's deliberation.

One example of a provision that could use more review is the new deduction for State property taxes. While it may be well intended, this new provision will complicate life for millions of American homeowners who will have to calculate their taxes twice to find out which method results in a lower tax. This complicates tax filings, and any Senator who has said the Tax Code is too complicated should be ashamed to vote for this provision.

Because the Senate has not had any serious review of this provision, colleagues also may not know that this provision also allocates more of the Nation's tax burdens to residents of States that impose an income tax, such as Kentucky.

The State with the highest income taxes faces the biggest relative tax increase, and this is illustrated in the chart that supporters of this provision hastily distributed to us. For example, the chart shows that 59 percent of Texan homeowners but only 23 percent of Maryland residents will benefit.

The chairman of the Senate Finance Committee, on which I serve, is not even managing this bill, even though tax provisions account for about two-thirds of its cost. That is kind of hard to explain to the average Senator on the Finance Committee.

Another provision that deserves far more scrutiny is the \$4 billion in community development block grants that will be allocated to the States and local governments to buy foreclosed properties. To begin with, this current program is very poorly managed. The Wall Street Journal called it among the worst run programs in Washington, and there is a lot of competition for that title. The White House called the program ineffective just 2 months ago, and when the HUD inspector general testified before Congress in 2006, he explained that his agency had recently indicted 159 individuals and recovered \$120 million of misappropriated funds. GAO also has criticized the targeting of grant recipients, which is a polite way of saying that the money is going to those with political connections and influence in local governments. Adding money to this program is risky at best.

Let's have no illusions. This extraordinarily unwise grant of taxpayers' money is really just a bailout for banks

in disguise. It goes to States, but the ultimate beneficiary will be banks that made risky loans.

Instead of selling foreclosed properties on the open market, these banks will have the luxury of selling to local officials with whom they may already have a relationship. These officials will be buying properties not with their own funds but with OPM—OPM stands for "other people's money"—and in this case, the OPM comes from you and me, the American taxpayers, and the millions of unborn Americans whom we are saddling with even more debt.

Another provision that could benefit from more thoughtful deliberation is the \$100 million spending on counseling. Yes, counseling is a good idea before a homeowner signs a loan they can't afford. But afterward, the real problem is financial. It is too late for counseling.

We also don't know all that much about the nonprofit groups that will get the money. Are some of these groups funded mostly by credit card companies? Are they? If so, will they have a clear conflict of interest? Maybe they will actually advise people to abandon their home, to foreclose, in order to pay credit card debt. That would make the foreclosure situation worse, not better. One thing is certain: no amount of counseling is going to put money that they do not have into homeowners' pockets.

Now, I have an amendment that I have tried to get a vote on that would do so—put money into homeowners' pockets—and that is why I think it is appropriate to redirect these public funds toward helping homeowners with the cost of refinancing. If we are going to give away \$4.1 billion—I will say it one more time—if we are going to give away \$4.1 billion in this bill, let's give it back to the taxpayers and do so in a way that encourages homeowners to restructure their mortgages and keep them out of bankruptcy and foreclosure. My amendment would do this. It would use the \$4 billion in funding this bill uses to bail out banks and give it back to taxpayers while simplifying the Tax Code as well.

The Joint Committee on Taxation says that this amendment would be revenue-neutral over 10 years. It is entirely paid for within the four corners of this legislation.

This change in the tax law that my amendment contains is strongly supported by the Mortgage Bankers Association because it would get to the heart of the housing crisis. Let me try to explain.

Often, when people are searching for a home, they are more concerned about qualifying for financing than getting the best possible terms on that loan. Millions of homeowners have taken out an adjustable rate mortgage that has a low interest rate for a short period of time, often 2 or 3 years. These loans adjust to a much higher rate after the initial period. The assumption of many homeowners has been that they can re-

finance later in a conventional fixed mortgage loan for 30 years. But the Tax Code creates an obstacle to this.

According to Bank of America research, published in the Wall Street Journal, more than \$510 billion worth of adjustable mortgages, including prime and subprime loans, will reach the end of their fixed rate period before December of this year. For the holders of these loans, the options are stark: Refinance or default. It is unlikely that many of them can long afford the high interest rates on these mortgages after the fixed rate period expires.

Unfortunately, our tax law has this exactly backward. It encourages homeowners to spend lavishly on first-time financing, but it exacts a penalty when homeowners find they are living beyond their means and need to refinance. My amendment would have changed all this. It would allow homeowners to currently deduct the mortgage interest points that lenders typically charge in connection with a home mortgage refinance. For example, under my amendment, if a homeowner has a \$200,000 adjustable rate mortgage and refinances into a 30-year fixed mortgage, paying 1 percent in points, the homeowner would have a \$2,000 tax deduction for home mortgage interest paid. That is under my amendment. Under present law, the homeowner would only be allowed to deduct \$66. There is no good reason to allow the deduction for home purchase mortgages and to deny it for those who need it to refinance.

My amendment would remove a significant financial obstacle to refinancing that would allow struggling borrowers to keep their homes. It would help Americans to get out of first mortgages that they have entered into without being able to shop for the best possible mortgage. Unlike some of the other provisions in this bill, it truly would help prevent foreclosures for many who are about to have their homes foreclosed.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senator from North Dakota.

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

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

IRAQ

Mr. DORGAN. Mr. President, today has been a fairly significant day here in the Congress. General Petraeus and Ambassador Crocker have flown back to the United States from the country of Iraq, and they have reported to both the Armed Services Committee and also the Foreign Affairs Committee. I have not had a chance to listen to their testimony—I don't serve on either of those committees—but I know the news will carry the testimony, and I

am sure I will see portions of it and will certainly read their testimony tomorrow morning, but I wanted to make this point.

While General Petraeus and Ambassador Crocker have come here today and I am sure have talked about the progress that results from the surge—although there has been a substantial amount of violence, and tragically, I believe 11 U.S. soldiers have lost their lives in Iraq just in the last few days—I think there is no question that the extra soldiers, the additional 30,000 or 40,000 soldiers they took to Baghdad and to the streets of Iraq, dampened down the violence some. Yet there is so much discussion about Iraq and so little discussion about something else that matters a great deal to our lives.

This is the 2,400th day since 9/11, and 2,400 days later, Osama bin Laden is still at large, the same Osama bin Laden who boasted the day after 9/11—a day when thousands of innocent Americans were killed—Osama bin Laden boasted about having engineered the murders of these Americans. Two thousand four hundred days later, he is not only at large, but he is reconstituting the leadership and the al-Qaida force, including building training camps to train additional terrorists.

Now, Mr. President, are some moments in history where I just remember where I was. I remember where I was as a very young boy when John F. Kennedy died. I remember the day. I remember the day astronauts walked on the moon. And I remember 9/11 very clearly. And it occurred to me on 9/11 that surely our country bring those who were responsible to account. When thousands of Americans were murdered and al-Qaida and its leader, Osama bin Laden, boasted about having engineered that murder, it occurred to me that Osama bin Laden is not long for this world, or at least Osama bin Laden will certainly be brought to justice and get his due rewards for murdering so many Americans. Yet, 2,400 days later, that has not happened. Now, one might ask the question: Why? And does it have to do with the detour into Iraq?

I want to point out that in July of last year, the last time a National Intelligence Estimate was given to us by all of the combined intelligence services in our Government, here is what they said:

Al-Qaida is and will remain the most serious terrorist threat to the homeland.

Let me read that again. That is the assessment of our National Intelligence Estimate in our country, the official assessment.

Al-Qaida is and will remain the most serious terrorist threat to the homeland. We assess the group has protected or regenerated key elements of its homeland attack capability, including a safe haven in the Pakistan Federally Administered Tribal Areas, operational lieutenants, and its top leadership.

Al-Qaida is the most serious threat to us, No. 1. No. 2, it has regrouped and regenerated key elements of its attack capability. No. 3, it is in a safe haven in Pakistan.

Now, who would have guessed that 2,400 days after our country was attacked, an attack that Osama bin Laden boasted about having engineered, that there would be 1 square inch of ground on this planet that would be called a safe haven for someone who murdered over 3,000 Americans? Who would have believed that to be the case? Not me. Almost certainly I would have thought he would have been brought to justice.

Here is an October 3 story from last year by Griff Witte of the Washington Post. It quotes top military officials in Pakistan talking about al-Qaida.

“They’ve had a chance to regroup and reorganize,” said a Western military official in Pakistan. “They’re well equipped. They’re clearly getting training from somewhere. And they’re using more advanced tactics.”

This is from CIA Director Hayden, a week ago, on “Meet the Press”:

It is very clear to us that al-Qaida has been able, over the past 18 months or so, to establish a safe haven along the Afghanistan-Pakistan border area that they have not enjoyed before; that they are bringing operatives into that region for training.

Now, I have flown over that Afghanistan-Pakistan area. I have been in an airplane at 20,000 feet and looked down. I understand there is no boundary. You don’t know where Afghan ends and Pakistan begins. I understand it is a tough area, tribally controlled areas. But what I don’t understand is how, 2,400 days later, we are told by our top intelligence officials that the greatest threat to our homeland here in America is al-Qaida and its leadership—the greatest threat to our homeland is al-Qaida and its leadership—and they are in a safe haven, quote-unquote. There shouldn’t be 1 acre of ground on this planet that is safe for those who murdered Americans on 9/11.

So what happened? What has caused this to happen? Well, this country took a detour. President Bush told the American people and Secretary of State Colin Powell in a presentation to the world and the United Nations told us about the alleged threat posed by the country of Iraq. He made the case for a military attack against the country of Iraq. They made the case that Saddam Hussein was a bad guy. They got no argument about that. Saddam Hussein was in many ways a brutal dictator. There were football-field-size graves that were unearthed in Iraq with thousands of people who had been murdered by Saddam Hussein. So there is no argument about Saddam Hussein.

The fact is, there are a number of bad leaders in this world. That doesn’t mean we go invade their country.

After 9/11 the case was made that Iraq was a threat to the United States of America. They said Iraq was trying to get yellowcake from Niger and build a nuclear capabilities; Iraq was buying aluminum tubes for the purpose of reconstituting its nuclear capabilities; Iraq has mobile chemical weapons laboratories to produce weapons of mass destruction, which threatened this country.

That is all pretty ominous. Colin Powell, at the request of President Bush, showed all the evidence to the world. Then, of course, in the years since discovered that evidence was false. The yellowcake from Niger was from a forged document. Yet it purported to tell the world that Saddam Hussein was trying to reconstitute his nuclear capability by buying yellowcake from Niger—a forged document. No one has ever described to us where that forgery came from.

The aluminum tubes, Condoleezza Rice, Stephen Hadley, and others sat idly by while in their offices they received reports from other parts of our Government saying those aluminum tubes were not for a reconstitution of nuclear capability. That information was withheld from Congress and the American people.

Mobile chemical weapons laboratories? That came from a man named Curveball; a man named Curveball. Curveball was an informant who was being held by the Germans. Curveball used to be a taxicab driver in Baghdad, largely considered a drunk and a fabricator by the German authorities. This country, this administration, this President, and this Secretary of State used Curveball as an example and a source—a single source, mind you—to describe mobile chemical weapons laboratories that existed in Iraq and therefore threatened this country.

It turns out it was not true. It turns out that thin thread, one person held by German authorities—again, considered to be a drunk and a fabricator, a former taxicab driver from Baghdad—was cited as a source, just an unidentified source to the entire world, to support the contention that what Saddam Hussein was doing in Iraq threatened this country.

So the President, Condoleezza Rice, Colin Powell, Stephen Hadley, and especially, of course, the neocons—Vice President CHENEY, Douglas Feith—all of them. They all got what they wanted. This country went into a detour, and the detour was right into the middle of Iraq. It was going to be a very simple operation, last only a very short amount of time. The fact is, we have been there now fighting in Iraq longer than the Second World War lasted, and we have reports today by the top general in Iraq, General Petraeus, a U.S. general, and by the U.S. Ambassador, Ambassador Crocker—both good Americans—who come to us to describe progress, progress in Iraq.

I don’t know how progress is being measured. I hope we have a lot of progress. I hope we have enough progress so we can begin withdrawing American troops from Iraq.

But the fact is, Saddam Hussein is dead. He was executed. The Iraqi people had the ability to write a new constitution and then vote for it. They had the ability to vote for a new government, which they have. And they had the ability to receive two-thirds of a trillion dollars from the American taxpayers, which we have spent in Iraq

and a smaller amount in Afghanistan. We have spent \$16 billion of that training military and police capability for able-bodied Iraqis. Four hundred thousand able-bodied Iraqis have been trained for military and police work.

The question remains now, in my judgment, if 400,000 Iraqis who have been trained by using \$16 billion of our money, and been trained by our people, if they don't have the will to provide the security in the country of Iraq that is their country, not ours, then we can't stay there 2 years or 4 years or 20 years or 100 years, as some have suggested. We must begin to bring troops home and say to the Iraqis: This is your country, not ours. This is your responsibility, not ours. You have a new government. We spent the money to train able-bodied Iraqis. Now you have to have the will to take back your country.

My point about Iraq, however, is that we will not only have been detoured in terms of two-thirds of a trillion dollars-plus, we have been detoured here and bogged down in a long-term civil strife in Iraq that has been deadly for this country and deadly for the Iraqis at a time in which the greatest threat to America and greatest continuing threat to our homeland comes from al-Qaida. Don't take that from me. Take that from the top military experts in our Government.

If that in fact is the top threat to our homeland, why, 2,400 days after 9/11, is Osama bin Laden in a safe haven? Why is there a safe haven anywhere on Earth for Osama bin Laden? That ought to be the question that is asked today. That ought to be the question that is answered for the American people.

I think all of us understand that the terrorist threat exists. It remains, and likely will remain for some time, but we didn't eliminate the terrorist threat and didn't address the terrorist threat by sending soldiers to Iraq. The purpose of sending soldiers to Iraq was to respond to what we now know to have been largely untrue, the threat that Iraq represented a threat to our country. But we do know now, as a result of our National Intelligence Estimate, that Osama bin Laden is a threat to our country. We knew that on 9/11. We knew that on the day he killed 3,000-plus innocent Americans. Everybody knows that. You don't need some intoxicated former taxicab driver from Baghdad to tell us that. We know Osama bin Laden is a threat. We now know that 6 years after he engineered the 9/11 attack that our intelligence estimate says he or his al-Qaida organization is the most serious terrorist threat to our homeland.

Were there any hearings today on Capitol Hill asking questions of the people who are supposed to be doing this, What kind of progress are you making? Are you really going after him? Is this job No. 1? Or is all the spotlight on the same spot, that is Iraq, while Osama bin Laden over here

in northern Pakistan is rebuilding training camps, recruiting new terrorists, and reconstituting his al-Qaida leadership to once again remain the most serious threat to this country's homeland?

My only point is there is nothing Republican or Democrat or conservative or liberal about any of this. This is all about common sense. What is the greatest threat to this country? The National Intelligence Estimate says it is the al-Qaida leadership. So what are we doing about that? Is there any progress?

Were there any hearings today asking whether there is progress? Were there any hearings asking whether we are bringing Osama bin Laden to justice, calling in officials who ought to be working on this? It seems to me, after 2,400 days the American people have a right to expect some answers.

Again, I think it is good that we have hearings today. We will no doubt read about the hearings, the testimony of General Petraeus who, by all accounts, is a wonderful American soldier. I met Ambassador Crocker when he was Ambassador in Afghanistan. He is a good American diplomat. We will no doubt hear a lot of discussion about what they said today.

All the talk today is about Iraq. That is a very important subject. But I assume what will not be discussed today is anything about the most serious terrorist threat to our homeland, and that is the person and the leadership and the organization that engineered the attack that murdered thousands of innocent Americans on 9/11. I hope those hearings are held soon. I hope this administration gives us a report from time to time on what we can expect.

Will there be another 2,400 days? Another national intelligence report telling us that the person who engineered the 9/11 attack is in a safe or secure—by the way, that word has been used as well—safe haven or secure haven? There ought not be anyplace safe or secure on this Earth for those who engineered the 9/11 attack, but it certainly has been safe and secure for 2,400 days.

My hope is we will not be on the floor of this Senate talking about another 2,400 days. We should be focusing on bringing to justice those who perpetrated the 9/11 attack. That goal, in my judgment, has taken a back seat to the detour that took us to Iraq all these many years, and I hope that will change soon.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DORGAN. Mr. President, in just another couple of minutes, there is an amendment I believe has been filed to

the underlying housing bill. I want to make a comment on it. It is an amendment that would extend the renewable energy tax credits. It is a very important amendment. I wish we would extend the renewable energy tax credits for a lengthy period of time. I am not sure if that amendment will be considered germane. If it is, we need to pass it. But I want to make this point.

This country has a history now going back to 1992 with respect to renewable energy for wind energy through the production tax credit and things we put in place to encourage renewable energy. We have a history of kind of a pathetic and anemic response to all this.

Let me describe what we did with oil. Once we decided we wanted to encourage people to look for oil and gas, we were at it. In 1916, Congress put in place deep, aggressive tax credits and incentives for people to go drill for oil and gas. So for almost 100 years our country's policies have been for going out to drill for oil and gas. God bless you, we are going to give you some big tax breaks. We want you to do that. That has been America's policy: find more oil and gas.

In 1992, the Congress put in place a provision that said: Now we want to encourage renewable energy. With oil we put in place permanent, robust tax incentives that have lasted almost a century. What did we do with renewables? When it came to renewable energy, it was kind of a pathetic, lackluster response. It was temporary and short term. We would extend it a little bit here and then we let it expire. We have extended it five times, and let it expire three times. What a pathetic response.

What this country has an obligation to do with respect to wind and solar energy and the basic renewables is to say to this country and developers: Look, here is where America is headed. For the next decade, here is where we are going, and you can count on it because this is America's policy. We ought to do that.

We are doing 1 year, 2 years, or 3 years at a time, but the production tax credit ought to be extended for 10 years. We should say here is where we are headed, and you can count on it. We are not going to want to be 2 years, 5 years, or 10 years from now 70 percent dependent on the Saudis and Kuwaitis and Iraqis and Venezuelans for our oil. That makes no sense. Yet the only way we are going to get out of this box is to say we are going to begin providing renewable energy in a very aggressive way. But we don't do that with the incentives we put in place. We just start and stop, stutter-start, stop, and every time we stop for a year, the whole investment cycle blows off. It goes to zero. So you have all kinds of projects on the shelf that sit there and never get deployed.

In solar, for example, we are way behind in solar because you can't do solar and put a tax incentive in for 1 year. You can't do that. It takes a number of years to get a solar project up and running. You can, if you get a short-term

wind turbine up perhaps. You can have a shorter time line on that. But even with that, it seems to me that for wind or solar or any number of these renewable technologies, this country has a responsibility to get serious about becoming less dependent on Saudi Arabia and Kuwait and Iraq and all those countries.

The Lord did something really interesting: He put oil over there under the soil and put all the demand over here, with the blessings of a country that expanded and produced a great economy. You know we put little straws in this Earth every day and we suck oil out. We suck 84 to 85 million barrels of oil a day out of this Earth, and we use one-fourth of it here in the United States, 21 million barrels a day, and 60 percent of it comes from off our shores. If you don't think that is a dangerous dependency, then there is something wrong. I think that is dangerous and we have to fix it. How do you fix it? You make a commitment to renewable energy. My colleague from the State of Washington was on the floor, Senator CANTWELL, who has dedicated a lot of her time and effort to this subject, and I commend her for it.

You know, you have to focus around here on so many things. Senator CANTWELL has focused substantially on these issues. I wished to work with her. I want whatever she is proposing to succeed. We are working together in the Energy Committee. I am also the chairman of the Water and Energy Appropriations Subcommittee.

We need to do a lot. But, most importantly, we need to get this Congress on the side of policy that this country can be proud to say: We are going to make a commitment for the next decade, here is where we are headed in America. We are in support of renewable energy. You can count on us because we are going to put policies in place that will tell you we are in support of it.

We cannot keep doing what we have been doing. It is unfair, unfair to this country. So my hope is that when we consider this amendment, that we can approve it. But my hope is we will go much further this year. The minimum we should do on the production tax credit is a 5-year commitment—minimum.

I have a bill that says we ought to provide the PTC for 10 years. You know, it is one thing to talk about these things, it is another thing to be serious and enact public policies that demonstrate to the country and the world you are serious. We have not done that on renewable energy. It is time, long past time we do it. I hope perhaps we will support with the first step tomorrow.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GRASSLEY. Mr. President, I ask unanimous consent to speak as in morning business for such time as I might consume but probably in the neighborhood of 8 or 9 minutes for anybody else who might be wanting to speak.

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

COLOMBIA FREE TRADE AGREEMENT

Mr. GRASSLEY. Today, President Bush submitted the Colombia Trade Promotion Trade Agreement Implementing Act to Congress. This bill, as the title implies, would implement our pending trade agreement with Colombia, which the administration and Colombia signed in November 2006.

This is an important agreement that deserves our support. Some of the economic reasons for supporting this trade agreement are that the economic rationale is obvious. In my view, the economic rationale is undeniable. That is because Colombia is a beneficiary of two of our unilateral trade preference programs: The Andean Trade Preference Act, and the Generalized System of Preferences.

Now, all this means is Colombia already gets duty-free access to U.S. markets for the vast majority of its goods. Now, meanwhile, less than 3 percent of our exports to Colombia, and not a single U.S. agricultural export, receives duty-free treatment from Colombia. Our exporters face Colombian tariffs as high as 35 percent for non-agricultural goods and even much higher tariffs for agricultural goods.

The Colombian trade agreement would thus eliminate this disparity or, as we like to say so often, level the playing field for American exporters, thus giving American workers the same access to Colombian markets that their workers get to the U.S. markets; in other words, being fair, leveling the playing field.

Now, the U.S. International Trade Commission has found that leveling the playing field will increase our exports to Colombia by \$1.1 billion per year. That is as a result of eliminating the duty on goods. That means real benefits for American farmers, for American manufacturers, for American service suppliers.

One of the chief benefits is it will help keep good-paying jobs in the United States. So I would ask my colleagues and the American people to think about this whole proposition about the Colombian Free Trade Agreement this way: Either we maintain the status quo or we create new opportunities for American exporters.

At its heart, that is what this debate is all about. Last year, exports accounted for more than 40 percent of our total economic growth. We should be doing everything we can do to grow our exports even further. That is what we did last December when the Senate voted by this wide margin of 77 to 18 in favor of a free-trade agreement with Peru.

The Colombian trade agreement is very much like this Peru agreement, and the Colombian market is bigger than the Peru agreement. If it makes sense to approve the Peru agreement, it makes even more sense to approve the agreement with the country of Colombia.

Economic considerations are not the only reason to support the Colombian agreement. I say this because too often we measure trade entirely in economic terms. But there are a lot of ways to measure trade other than in dollars and cents. Because in this instance and in so many instances, trade agreements are about an important national security priority.

There is one very specific reason for doing this with Colombia. Because as my Senate colleagues know, Colombia is a strong Democratic ally in a very dangerous neighborhood. For many years, it has been under assault from the FARC, a group of narcoterrorists fighting to overthrow the democratically elected Government in Colombia. It is increasingly under pressure, as Colombia is, from Venezuela's President Hugo Chavez. You have seen a lot of this in the news in the last month.

President Chavez of Venezuela is using oil wealth to divide Latin America. He is trying to lure allies to his Socialist vision and, most importantly, to promote his anti-U.S. agenda. He is fiercely opposed in this process to anything that Colombia's President Uribe does in cooperating with the United States or even having a friendship with the United States.

There have been troubling reports that President Chavez may be working with the FARC. Last month, he tried to create a diplomatic crisis over a border incident that did not even involve Venezuela. He took the side of the FARC against the Colombian Government. At a challenging time such as this, the United States has a responsibility to provide strong, principled leadership. Our agreeing to the Colombian Free Trade Agreement is one way of showing strong, principled leadership in support of a friend in South America.

We must stand by our allies. We must help to promote economic stability, security and, most importantly, the rule of law, whether it is in trade or nontrade areas. President Uribe has made it clear that one of the most important steps we can take in this regard is then to help him, through our implementation of the Colombian Trade Agreement that levels the playing field for America, for America's manufacturers, service providers, so we can get our products into Colombia on the same basis as Colombian farmers or manufacturers or whatever have been able to get their products into this country without duty.

Our leaders in Latin America are watching us in this process. They see our approach to Colombia as a proxy for the overall attitude toward Latin America. If Congress rejects this trade

agreement, or if we were to refuse to vote on it, our allies in Latin America might well conclude that the word of the United States is no good. That will not help Latin America, and it surely is not good for our country.

I know some of my colleagues have concerns about this agreement. One of those concerns is the issue of violence by Colombia or within Colombia against labor leaders. Anti-union violence has been a serious problem in Colombia for years.

If the Colombian Government were ignoring this issue, that might be reason to oppose this agreement. But Colombia and President Uribe are not ignoring the issue. To the contrary, Colombia has made massive strides in its fight against anti-union violence. Moreover, I have yet to hear a convincing reason why voting down the Colombian agreement or refusing to vote on it will help to reduce violence against labor leaders.

If we want to help Colombia reduce violence, and if we want to assist in the demobilization process, we should be doing what we can to enhance economic growth and create new opportunities for a legitimate economy. One way we can advance that objective is to vote to implement the Colombian trade agreement.

Now, the one other concern I have heard is the administration should have waited to submit the agreement until it reached a procedural agreement with the congressional leadership. The fact is, we have been waiting for Congress to take up this issue for over 10 months. On May 10 of last year, there was a great, grand deal made about our bipartisan compromise on trade that would pave the way for the continuation of pending trade agreements, including the Colombian agreement, including Peru, which has been passed, and including Panama, which still is on the agenda.

Now, since May 10 of last year, there has been no action on Colombia. This inaction violates the compact between the legislative and executive branches of our Federal Government on trade. The administration negotiated the Colombian trade agreement under the Bipartisan Trade Promotion Authorization Act of 2002.

Under the trade promotion authority procedures, the administration has an obligation to consult with Congress during the course of the negotiation and to conclude an agreement that meets the negotiation objectives specified in that statute, the Bipartisan Trade Promotion Authority Act of 2002.

Now, the administration has done all those things required by that act. The administration even went further by reopening the agreement to implement the enhanced labor and environmental provisions that were demanded by the new Democratic majority after the elections of 2006, which was their right to do.

These agreements then on labor and the environment were part of the May

10 bipartisan trade deal. Colombia has agreed to accept those provisions. But the trade promotion authority places a firm responsibility on Congress as well, the responsibility to process a trade agreement for an up-or-down vote once it has been concluded.

Congress has had over 10 months to engage the administration and commence that process. In that time, we have not even had a hearing on the Colombian trade agreement. So the time for that process ran out.

Now, this is the position the administration is in. In order to preserve sufficient time under the trade promotion authority to assure a final vote this year, the President has now submitted the agreement and implementing legislation to this Congress. But that does not mean Congress must vote tomorrow.

Today's action by the President starts the 90-day legislative clock in the House and Senate under that Bipartisan Trade Promotion Authority Agreement of 2002.

So there remains plenty of time to work together on a bipartisan basis to reach consensus. For example, I am engaging in intense discussion with the chairman of the Finance Committee, Senator BAUCUS of Montana, on a consensus bill to reauthorize our trade adjustment assistance programs. We will certainly continue that effort. Trade adjustment assistance is the top priority of Senator BAUCUS on the trade agenda this year. I have agreed to work with him to advance his priority that I also have an interest in advancing. But my priority is implementation of the Colombian trade agreement. I expect to see a vote on that as well. I think Congress can address both priorities. I think Congress can meet both responsibilities. I think Congress can accomplish them in a bipartisan way.

It is time to stop playing politics with our Nation's vital economic and foreign policy interests. It is time to level the playing field between the United States and Colombia on free trade. That level playing field is going to benefit the United States. It is not going to benefit Colombia much more, although it will benefit them some. American workers deserve a fair opportunity to sell our products and services abroad. Colombia deserves recognition for the tremendous progress it has made over the past few years. It is time for Congress to demonstrate leadership and to meet our responsibility in the economic and foreign policy areas.

The United States-Colombia trade promotion agreement deserves an up-or-down vote this year. This debate will continue. I hope that before the end it becomes more of a dialog than a debate because I think dialog is what foreign trade is all about.

This issue is too important. The stakes are too high. We must find a way forward, and we need to find it together. I think we will.

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. DODD. Mr. President, I thought I might take a couple of minutes toward the close of the day and share with my colleagues where we stand on the matter of the housing proposal we have been on since the middle of last week. I wish to again thank Majority Leader REID. Without his leadership, we would not be here. We would not be in a position to actually do some things that are critically important to work our way out of this mess our country is in when it comes to the foreclosure crisis, the problems Americans are facing, not to mention the contagion effects that are moving this issue beyond housing into other aspects of our economy. It was Majority Leader REID who reached out to the Republican leader, suggesting we try to get together, Democrats and Republicans, on a compromise proposal to move to and then deal with other issues where we could, where there was some consensus, to then be able to meet with the other body to see if we couldn't resolve outstanding questions dealing with the issue of housing and foreclosure.

As I have said over and over for the last week since Senator SHELBY and I spent that 24 hours we were given—not a great deal of time, considering the number of issues involved in this question—to come back with a package that represented Democrats' and Republicans' common points on this question, there were a lot of issues Democrats wanted, that I wanted, there were issues Republicans wanted that the other side was not willing to agree to, and that was the charge we were to avoid, to come back with a package on matters we could agree on, which is not always easy in a Senate that is divided 51 to 49, where the margins are narrow and the differences are significant. But nonetheless, we did that.

This package includes positive provisions. One, we are going to get an FHA modernization bill. That has been kicking around for a long time. We took those loan limits from, I think it is \$362,000 up to \$550,000. There were some 19 States that would have been excluded from the FHA program or at least parts of States that would have been excluded, such as California, my own State of Connecticut, candidly, Massachusetts, New Jersey, many States, New York. There are pockets in these States where even the average cost of a home is higher. So the loan limits went up. FHA modernization does other good as well, an important point.

The issue of counseling, last year we appropriated \$42 million nationwide for counseling services to deal with the housing crisis—hardly enough to deal

with the demands people had on counseling. Senator BOND and I offered an amendment last year and got \$180 million for counseling services which we thought contributed, and it did, to assisting groups across the country, non-profits to work with those facing foreclosure or in highly distressed mortgages to work out those differences.

I would have liked to have added \$200 million more to the counseling program. That is a proposal Senator MURRAY, who cares deeply about this issue, Senator SCHUMER, who cares about the issue, and others wanted to bring up. When we sat down to negotiate that issue, there was little or no appetite for any additional money in the counseling area. So we compromised between the 200 and zero and came up with \$100 million. I would have liked more. But again, we were directed and asked by the leadership to try to develop a set of consensus ideas. Again, there may be other amendments—there was on this—to add additional funds to it.

We provided money for community development block grants to assist communities that have a lot of distressed properties or foreclosed properties. I have made the case over and over what this can do to a community and neighborhood. When you have a single foreclosed property, the value of every other home in that neighborhood or the surrounding area can decline in value immediately. What you don't need is more supply out there. Right now we are overloaded with supply. It is one of the reasons why the market is not doing as much in correcting this problem, because of the oversupply of housing. So when we do what we can to clean up housing, to get it back on the market and hopefully get people into that housing, it not only benefits the people who get to purchase a home, but it also does a lot to increase the value of the surrounding homes, not to mention, of course, stabilizing a declining property tax base, which supports police, fire, social services, all the other issues that are adversely affected when you have a foreclosed property or properties in your neighborhood or community. So that was a major achievement in this bill.

I would have liked some additional funds for community development block grants. It is a very good program. It works very well. To target these resources into that area is something we can applaud in this legislation.

We also have offered some tax credits for people who move into foreclosed properties. It is a 2-year deal. It involves about \$3,500 a year in tax credits. The idea is to get this property back on the tax rolls, to get people into the property so, again, you stabilize neighborhoods before you end up with further declining values and erosion in these areas, blight, all the other problems that happen.

How big a problem can that be? Let me tell you how big that can be. I have

one community in my State that I have talked about where there are 6,000 foreclosures in a city of 100,000 people. Let me tell you what that looks like in a city. Imagine if you end up with 6,000 boarded-up properties in a city of 100,000 people or less. Obviously, the value of every other home in that city is going to be adversely affected. So while people said: I don't think you ought to be providing a tax credit to get owner-occupied people into these homes, well, you can make a case for that, but I think we all benefit if we can get someone into that property, clean it up. That is taxes coming into the community. The value of surrounding homes I think are benefited from it. So again, I think that is a good provision. It was offered here. It has to be foreclosed property. You have to live in the house for a period of time. It doesn't invite speculation or involve new properties. It is foreclosed properties.

We also had a number of provisions to deal with veterans. Again, I thank Senator JOHN KERRY, Senator DAN AKAKA of Hawaii, Senator COLEMAN, among others, Senator SANDERS of Vermont. All had ideas on how we could assist our men and women in uniform who are facing not only the difficulty of being in the military service today, potentially serving in Afghanistan and Iraq, but also facing potential foreclosures. We have done a lot in this bill to make sure they are not going to be adversely affected.

It may not seem like much or a lot of people, but the fact that we could do something to help mayors and local governments with foreclosed properties, as well as providing some way for people to get into these homes, is a positive step, not to mention the FHA modernization, the mortgage revenue bonds, \$1.6 billion, not exactly a small amount of money, designed specifically to get people into fixed rate affordable mortgages that they can work out. That is going to be a tremendous asset to people.

There are some related matters we probably have to deal with in the Tax Code so it could be even more potent, but it is a major accomplishment in this bill that is something we can applaud again and celebrate as being very helpful. In fact, this is the \$10 billion in mortgage revenue bond authority included in this proposal.

There are other provisions in the bill. Frankly, there are some that go too far. I am the first to admit it. But I was asked to try to put something together. In doing so, I wished to have a provision in here that I cared deeply about and that is the home preservation idea, where we could forestall the ability of people. In the ultimate situation, where you provide money to mayors to clean up, why not stop foreclosure in the first place. I have talked about it since January. There is, I think, sort of a growing constituency that understands this and has offered some ideas on how to be supportive.

But I couldn't get my own idea in this bill as the negotiator. I tried to convince my good friend from Alabama and others this was a provision I thought we ought to have in this bill.

He has some very legitimate questions about it. A good set of hearings probably will accomplish it. This Thursday, we are going to have a hearing on this idea and other ideas in the Banking Committee and a hearing the following week as well because we would like to have a couple hearings on it. My hope is that at the conclusion, we can have a markup and, along with some other provisions the Presiding Officer is aware of, as a member of the committee, we can bring back as a package, hopefully, in a bipartisan way, that we can move through this Chamber that will contribute some answers to this economic crisis that has as its center the foreclosure crisis.

My own provision is not part of this package as much as I wanted it and argued for it. But I couldn't get it included at all. So there are things I would have liked to have had in this bill that are not here.

There are some things in this bill that I think go too far. I will be the first to admit it. But I have learned over the years that if you wait for the perfect, you don't get much. In this body with 100 Members, with very different views on a lot of these matters, you do your best. Particularly when you are divided 51 to 49, it is hard to develop that kind of consensus. But that is what it is, and that is how you get legislation passed. You begin to have to move on it. That is why I am urging my colleagues and I am grateful for the vote on cloture. I don't like to cut off debate for anyone on matters where certain amendments may not then survive a postcloture motion. But we need to come to some closure on this.

I would say to the Presiding Officer as well that there are about 15 or 20 amendments that are going to be worked out, I think, that various people have offered in addition to what is in the core provisions here that we are working hard on, the adjoining staff, to try to accommodate where we can. So in addition to the core provisions, there are other ideas that have come forward that we hope to have included in this final product that we can produce, hopefully, by tomorrow.

But we are pretty much done with the debate. We have debated this a lot. People know or can find out whether their amendments are germane or survive postcloture or would avoid an objection being filed against them. If that is the case and they want to come over and let Senator SHELBY and me talk about them and listen to people's ideas, it is still possible some additional ideas can be included.

I have been told there are some people who are just going to object to anything that comes up. I would wish that would not be the case, but that is a right Members have. They have the

right to object to anything because it takes unanimous consent to bring up these matters. If you do not get the consent, it does not come up. So I know the Democratic leader, working with the Republican leader, is trying to convince those Members who have blanket objections to anything to remove those objections and to allow some of these ideas to come up to be considered as part of this package.

We then have to go through the process of meeting with the other body. Congressman BARNEY FRANK, the chairman of the Financial Services Committee of the House, is working on a similar package or related package. I am never going to get there to work out some differences, some of the different ideas that may become a part of this legislation, if I do not leave here. We cannot solve this problem by talking to ourselves. We are going to have to sit down and talk with people who have different points of view on this if we are going to come up with some common answers.

So that is sort of the status of play here at 6:30 this evening. There is no reason why we need to exhaust 30 hours. There is a lot of other work to be done in this body on other matters. This is not the only issue that is before this Congress.

So my hope would be that tomorrow morning, for those who have additional ideas who want to come over, for those who are waiting to see if we can get some answers, that we do that. I am prepared to spend the time to try to work things out where we can and to say to those where we cannot work it out: I am sorry, I cannot accommodate every Member who has an idea on this bill. Beyond that, we need to come to closure and move on. My hope would be we would not have to wait until 9 p.m. tomorrow night to arrive at that point.

I am more than happy to yield back time under the 30 hours, as I am confident Senator SHELBY would be, but we do not want to do that without giving our colleagues an opportunity to be heard on these matters.

So I will urge colleagues in the morning, if they would come over and bring their ideas or at least if they have amendments to bring them up. We can vote on some of these. Some may carry, some may not, but allow us to move forward and have a final vote on this package and then go back to work in the committee to bring out these additional ideas we have been talking about, as well as to get to a conference with the other body to try to resolve what is in this bill and what they will offer themselves.

With that, Mr. President, I ask unanimous consent to add Senators KOHL and CARPER as cosponsors to amendment No. 4489, as submitted by Senator MCCASKILL.

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

Mr. MARTINEZ. Mr. President, I would like to commend the hard work of Chairman DODD and Ranking Mem-

ber SHELBY for putting together a bipartisan package of housing provisions.

If we have learned anything from the current economic situation, it is the need for improved oversight of the lending industry. There is a need to restore investor and consumer confidence in the housing market. Although this bill goes a long way to helping families and communities deal with issues related to foreclosure, there's still a critical component missing—regulatory reform of government-sponsored enterprises.

I would like to take a moment to remind my colleagues what precipitated the need for Congress to consider GSE regulatory reform.

In May 2006, OFHEO published a special report detailing egregious management and accounting scandals that highlighted a corporate culture of greed and corruption. I would like to read a few excerpts from the summary of that report:

Fannie Mae senior management promoted an image of the Enterprise as one of the lowest-risk financial institutions in the world and as "best in class" in terms of risk management, financial reporting, internal control, and corporate governance. The findings in the report show that risks at Fannie Mae were greatly understated and that the image was false.

During the period covered by the report—1998 to mid-2004—Fannie Mae reported extremely smooth profit growth and hit announced targets for earnings per share precisely each quarter. Those achievements were illusions deliberately and systematically created by the Enterprise's senior management with the aid of inappropriate accounting and improper earnings management. A large number of Fannie Mae's accounting policies and practices did not comply with Generally Accepted Accounting Principles, GAAP.

The Enterprise also had serious problems of internal control, financial reporting, and corporate governance. Those errors resulted in Fannie Mae overstating reported income and capital by a currently estimated \$10.6 billion. By deliberately and intentionally manipulating accounting to hit earnings targets, senior management maximized the bonuses and other executive compensation they received, at the expense of shareholders.

Earnings management made a significant contribution to the compensation of Fannie Mae chairman and CEO Franklin Raines, which totaled over \$90 million from 1998 through 2003. Of that total, over \$52 million was directly tied to achieving earnings per share targets. Fannie Mae consistently took a significant amount of interest rate risk and, when interest rates fell in 2002, incurred billions of dollars in economic losses.

The Enterprise also had huge operational and reputational risk exposures.

Fannie Mae's Board of Directors contributed to those problems by failing to

be sufficiently informed and to act independently of its chairman, Franklin Raines, and other senior executives; by failing to exercise the requisite oversight over the Enterprise's operations; and by failing to discover or ensure the correction of a wide variety of unsafe and unsound practices.

The board's failures continued in the wake of revelations of accounting problems and improper earnings management at Freddie Mac and other high profile firms, the initiation of OFHEO's special examination and credible allegations of improper earnings management made by an employee of the Enterprise's Office of the Controller.

Senior management did not make investments in accounting systems, computer systems, other infrastructure, and staffing needed to support a sound internal control system, proper accounting and GAAP-consistent financial reporting. Those failures came at a time when Fannie Mae faced many operational challenges related to its rapid growth and changing accounting and legal requirements. Fannie Mae senior management sought to interfere with OFHEO's special examination by directing the Enterprise's lobbyist to use their ties to Congressional staff to generate a congressional request for the inspector general of the Department of Housing and Urban Development, HUD, to investigate OFHEO's conduct of that examination; and insert into an appropriations bill language that would reduce the agency's appropriations until the Director of OFHEO was replaced.

While I will concede that the Enterprises have made great strides in cleaning up their acts, Congress must enact regulatory reform to ensure that such deliberate and egregious practices can never happen again. This legislation achieves that objective and it is high time we take action to pass it.

If we really want to assist our fragile markets, we cannot forego the opportunity to include meaningful and comprehensive GSE reform in this housing package. I have spent the past five years advocating for GSE reform, first as Secretary of HUD and now here in the Senate. There has been a great deal of talk about reforming GSEs, but we haven't closed the deal.

The junior Senator from Delaware and I are offering this amendment because we believe the housing legislation before us represents the best opportunity for Congress to pass GSE reform.

There has been a great deal of uncertainty lately in the housing market, and as one of the most reliable resources for homeowners, we cannot afford to let the future of GSEs like Fannie Mae and Freddie Mac to remain equally as uncertain.

The combined obligations of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks exceed \$6 trillion. The Fed's bailout of Bear Sterns last month would look like a drop in the bucket compared to what would happen

if one of these institutions were to fail. This is a risk we simply can't afford to take without giving the U.S. taxpayer every opportunity to ensure safety and soundness—a world-class regulator gives us that.

Last year, the House passed a bipartisan GSE reform bill, and our amendment mirrors that legislation. This amendment is broadly supported by those within the financial sector as well as the Treasury Department and OFHEO. It contains the essential components necessary for overhauling GSE oversight and for providing stability and strength to our housing finance system.

And given Congress's recent action raising conforming loan limits and OFHEO's decision to lower Fannie and Freddie's capital requirements, GSE reform is more critical than ever. We passed an economic stimulus package that increased the maximum size of a mortgage that Fannie and Freddie can purchase this year to almost \$730,000 in high-cost areas, and recently OFHEO lowered their capital surplus requirements from 30 to 20 percent.

While I agree that these were necessary steps given the current market conditions, I am very concerned about the additional risk Fannie and Freddie will assume given these changes.

I am committed to ensuring the long-term sustainability of the GSEs and regulatory reform is critical to that effort. In terms of current regulation, OFHEO has done a great job with the tools at its disposal, but the problem is the regulator needs greater powers—like those of other Federal banking regulators. We need a world-class regulator to ensure the GSEs continue to operate in a safe and sound manner and that they remain focused on their affordable housing mission.

One of the most important elements of this proposal is the creation of a new regulator that is both politically independent and funded outside of the appropriations process. In order for this regulator to be credible, they cannot be subject to the annual budget machinations of a committee or the political influence inherent in Washington.

Part of its broad responsibility would be to ensure a more coherent regulatory framework, better enforcement, and a more consistent and aggressive effort on affordable housing. The regulator would have the ability to monitor the agency's portfolios—and direct the enterprises to acquire or sell any asset in order to maintain risk consistent with their missions. The regulator would also have the ability to set both minimum and risk-based capital levels for the GSEs—in other words, the amount of capital an enterprise would be required to hold would be directly related to the amount of risk they have undertaken.

The regulator would possess enhanced enforcement powers and be able to provide prompt corrective action, including the authority to set and enforce prudential management and internal

control standards. It would also have the ability to put a GSE into receivership, and exercise a role in the authority over safety, soundness and mission. Finally, it would have a say in new product review and approval.

I know many of my colleagues have concerns that this legislation does not go far enough in its regulation of the enterprises or that the inclusion of an affordable housing fund is nothing more than a "political slush fund." Funds would be allocated to and distributed by the states, rather than the GSEs, under a formula to be developed by HUD.

The most important component of reform legislation is the establishment of a stronger, more credible regulator—which is greatly needed. Homeowners are frustrated and consumers are worried about what lies ahead for our housing market.

We have an opportunity to inject some much-needed confidence into a sagging portion of our economy, and I believe it would be irresponsible to further delay addressing this important issue. Ensuring the soundness of Fannie and Freddie will give market participants the confidence they need to continue investing in mortgage products. That confidence is critical for the proper functioning of our financial markets. In the same bipartisan spirit that helped us come to an agreement on the housing bill, I would urge my colleagues to follow the same course of action in passing this necessary bill.

Ms. SNOWE. Mr. President, I am not only deeply concerned that increasing foreclosures threaten the dream of home ownership, but it is also critical to understand that the housing crisis that the Senate is currently grappling with affects every corner of this country, including both small and large States.

Therefore, I have introduced an amendment that would ensure that States with low populations receive their fair share of the increase in mortgage revenue bond allocations provided for within the Dodd-Shelby substitute amendment.

Under current law, there is a small State floor that sets a minimum level of allocations of mortgage revenue bonds that any one State will receive. These bonds provide State housing finance agencies, like the Maine Housing Authority, that provided \$134.4 million of loans to first-time homebuyers in 2006, a financing source for low-cost loans to first-time homebuyers.

It is imperative that we understand the magnitude of mortgage difficulties facing our Nation. By 2009, more than a trillion dollars of mortgages originated during the subprime lending boom will reset to higher interest rates. Currently, according to the Mortgage Bankers Association, 43 percent of subprime ARMs are already in foreclosure. This exceptionally high number is expected to skyrocket over the next year once the next wave of ARM

loans reset and borrowers' mortgage payments increase by 30 to 50 percent. In December, the Center for Responsible Lending predicted that 2.2 million families with subprime loans will lose their homes to foreclosure.

High foreclosure rates harm communities, create blighted areas, and stunt local and national economic potential. Consequently, it is in the best interest of all of the parties involved in the subprime crisis that Congress act to preserve home ownership, and minimize foreclosures.

Appropriately, the housing stimulus legislation currently before the Senate extends for 2008 the availability of these low-cost mortgages to refinancings in addition to first-time homebuyers. This proposal, based from legislation, S. 2517, introduced by Senator SMITH, and of which, I have joined as a cosponsor, will help provide a low-cost refinancing alternative to those struggling to meet their payment obligations as their subprime loans begin to reset. It only makes sense to offer such an alternative to foreclosures.

Additionally, the proposal increases the authorization level of the tax-exempt mortgage revenue bonds by \$10 billion for 2008. But, however, the proposal failed to apply the floor provided for under the current authorization levels to the increase for this year. My amendment addresses this inequity by providing an additional \$930 million of authorization that ensures that more populous States will receive no less than what they are receiving under the Dodd-Shelby compromise while at the same time increases the allocation for smaller States to levels that they should receive if the floor were applied to the \$10 billion authorization increase. So no State will be worse off by my amendment while making sure that smaller States are treated fairly.

According to the Mortgage Bankers Association, Maine, with a population of only 1.3 million, has a foreclosure rate of 2.4 percent while the national average is 2 percent. As you can see, Maine's foreclosure rate is well above the national average and goes to show that homeowners are struggling in small States as well as large States, and my amendment simply addresses the current housing crisis in a way that is fair to all States, both large and small.

Mr. President, I am committed to this issue, and urge my colleagues to join me in supporting this critical amendment that is a matter of equity and fairness.

MORNING BUSINESS

Mr. DODD. Mr. President, I ask unanimous consent that the Senate proceed to a period of morning business, with Senators permitted to speak for up to 10 minutes each.

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