I look forward to a good debate on this legislation. There will be amendments offered to take provisions out of the bill. There will be amendments offered to put provisions in the bill. That is the way it should be. I would hope that people would be willing to have relatively limited time. We wish to move forward on this bill as quickly as we can.

At this stage, I have had a number of conversations with the Republican leader as to what we hope can be accomplished in this bill. I think at this time it is far too early to talk about timelines and when, in fact, we are going to get it done. We do know there is an emergency out there and we need to do it as quickly as we can. I applaud the bipartisan work, as I have indicated. I think we need to continue this effort of bipartisanship. I think it is critical to do this, to complete this action on this important legislation, and in an expedited manner.

I have not had the chance privately to ask the Republican leader—and I normally do not do this—but I will violate my own rules today and ask the Republican leader if he could agree to a unanimous consent to provide for housing-related amendments only.

The ACTING PRESIDENT pro tempore. The Republican leader.

Mr. MCCONNELL. Mr. President, let me say my expectation is that the amendments that will be offered to the bill will be housing-related, but I am not in a position at the beginning of the bill to enter into such a consent agreement. I think there is a widespread feeling on both sides of the aisle that we need to get an accomplishment here, that we need to do it on a bipartisan basis. But I am not in a position other than to say to my good friend that is my expectation. I am not in a position to agree to such a consent here at the outset of the bill.

The ACTING PRESIDENT pro tempore. The majority leader.

Mr. REID. Mr. President, we have an extremely important hearing that is going to start at 10 o'clock or thereabouts, being conducted by the two managers of this bill. The assistant leader, Senator DURBIN, has agreed to manage this bill until these two good men can complete enough of their work at the hearing to come back and manage the bill. Senator DURBIN is experienced, and he will handle things extremely well, as well as anyone could do that. I appreciate his stepping in. He had his own schedule, and he set that aside to work on this bill. I appreciate that very much.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Republican leader is recognized.

CONGRATULATING SENATORS SHELBY AND DODD

Mr. MCCONNELL. Mr. President, let me begin this morning by congratulating my good friends Senator SHELBY and Senator DODD for their great work in getting us to the point we are today. Of course, Senator GRASSLEY and Senator BAUCUS were deeply involved in that with regard to the tax portion of the bipartisan bill we have before us. I think this is a good start to the debate.

I also say to my good friend, the majority leader, I think this is a good example of how we can work together and accomplish something on an important issue for the country. We know now we will have amendments on both sides because that is the way the Senate operates. It is my hope we can get to the end of the trail here in the very near future and have a bipartisan bill we can all feel proud of.

I want to begin the debate by again thanking Senator SHELBY and Senator DODD for getting us to this point. We look forward to moving forward as rapidly as possible.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

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

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate adopts the motion to proceed to H.R. 3221, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 3221) moving the United States toward greater energy independence and security, developing innovative new technologies, reducing carbon emissions, creating green jobs, protecting consumers, increasing clean renewable energy production, and modernizing our energy infrastructure, and to amend the Internal Revenue Code of 1986 to provide tax incentives for the production of renewable energy and energy conservation.

The ACTING PRESIDENT pro tempore. The Senator from Connecticut.

AMENDMENT NO. 4387

(Purpose: To provide a complete substitute)

Mr. DODD. Mr. President, I have an amendment at the desk.

I call up that amendment.

The ACTING PRESIDENT pro tempore. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Connecticut [Mr. DODD], for himself and Mr. SHELBY, proposes an amendment numbered 4387.

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

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

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

Mr. DODD. Mr. President, let me, first of all, begin by thanking the majority leader, Senator REID, and the Republican leader, Senator MCCONNELL. We would not be where we are at this moment without their leadership. So any discussion of where we are on this matter begins with them and their staffs for helping us organize the effort over the last number of hours, beginning earlier this week, as we returned from the 2-week Easter break, to try to fashion together a proposal, at least on matters with which there was common agreement.

As the leader has pointed out, there are many matters here with which there is significant disagreement. They are not part of the pending substitute. Senator SHELBY and I and our respective staffs, along with many others—certainly the Finance Committee, because there are portions of this that are exclusively the jurisdiction of the Finance Committee—have worked over the last 2 days to find those issues upon which there was common agreement, or at least levels of spending on which there was common agreement, to move forward on as the centerpiece, with the full understanding our colleagues will offer various other ideas either to increase amounts of money or to add additional provisions to this bill.

What is important here is we are finally working on this issue. As I pointed out earlier this week, we have close to 8,000 foreclosures a day occurring in this country, not to mention, of course, the residual effects spreading across the economy of our Nation—the contagion effect affecting students loans, car loans, people who are current in their mortgage but are watching the value of their house decline because their neighbor's house is in foreclosure, watching home sales drop. This is in the midst of an economy that is stumbling along, to put it mildly, with a fiscal situation in dire straits. The dollar has been weakened. Inflation is rising. Unemployment rates are increasing. Consumer confidence is at a low point, the lowest it has been in years.

So it has been critical, in my view, aside from the specifics which you will hear about over the coming days, that we do everything possible to remind the American people that in this body Democrats and Republicans can come together to try to take intelligent steps to move against the flow of the economy heading in the wrong direction.

This proposal we bring to you as a substitute this morning on behalf of myself and Senator SHELBY, along with the leadership, is that first major step. Is it the end game? Absolutely not. Are there ideas I would love to have had included in this bill? Absolutely. Are there matters here the Senator from Alabama would like to have included or excluded? Absolutely. But we realized we were not going to be able to do that in this discussion over the last 2

days, that we needed at least to come up with a core group of issues around which there was general agreement, and then from that move forward. That is the good news.

A month ago, we had a cloture motion on going to a housing debate. It was defeated. You could not even get to a debate on this housing crisis. That now is behind us. There are matters that occurred over the last several weeks that I think probably had a lot of influence on what has caused us to come here this morning. The Bear Stearns, JPMorgan situation, which we will be hearing about later this morning in the Banking Committee, was certainly one. I suspect the other major event was the fact that we went home for a couple weeks.

There is nothing like going home and to get a message. Members went back home—Democrats and Republicans—and they heard from their constituents. They watched what happened on Wall Street in New York when all of a sudden there was an arrangement, which I think was the right one, probably, with some minor differences, that saved a major collapse in our financial institutions.

But they asked the very legitimate question: If it was good enough for people to get together to solve a problem on Wall Street, what about the problem on Main Street? What are you doing here to see to it that I can stay in my home, that our neighborhood is not going to collapse—that our taxes and properties and neighborhoods are not going to further deteriorate? So I suspect more than anything else going home made a big difference, and we are here this morning to then talk about what we can do.

Two days ago, the majority leader and the Republican leader asked Senator SHELBY and myself to put together a consensus package to move this process forward, and I am pleased to say we have complied with the wishes of the two leaders in crafting a compromise proposal that we believe merits the full support of this body.

Again, I thank the majority leader and the Republican leader for their leadership and support in this effort.

We worked very intensely through Tuesday night until yesterday evening to put together this package that is before us. This effort built on the considerable time that we have spent in the Banking Committee over the past 15 months, I might add, in hearings, meetings, and briefings, on the causes of and remedies to the current economic crisis. Senator SHELBY and I said yesterday that at times of crisis such as this, inaction is not an option. With more than 7,000 Americans going into foreclosure every single day, true leaders cannot simply turn passively away. Our agreement takes important action to address symptoms of this crisis in a constructive and sensible manner.

I would be remiss if I did not also mention Senator BAUCUS and Senator GRASSLEY, who did very good and important work in the Finance Committee over this same period of time, the fruits of which are also reflected in the package that is now before us in the substitute. This package includes a number of important provisions:

Foreclosure mitigation fund—$4 billion for towns and cities to acquire foreclosed and abandoned properties, renovate them, and put them in the hands of qualified home buyers or turn them into rental housing as the local markets dictate. That is important because when you have a foreclosed property in the neighborhood, every other property in that neighborhood declines in value immediately. So trying to do something about foreclosed properties to put them back on the market and get them back with people living in them, either by purchase or rental, which will also benefit the neighbors in that community, not to mention property taxes, services, and the like—it is a major provision, one which I am glad is included.

Foreclosure prevention counseling—$100 million of additional funding in fiscal year 2008 to bring borrowers and lenders to the table to work out terms that will prevent foreclosures. This brings the budget for foreclosure prevention counseling to $280 million for this fiscal year. That is up from $42 million last year. Now, would we have liked to have done more? Absolutely, we would have liked to have done more. Senator SCHUMER and Senator MURRAY wanted $200 million. My colleague from Alabama will tell you there was not a lot of appetite for this proposal here, to put it mildly, so we compromised between $200 million and virtually zero and got it to $100 million. I am told by the nonprofits that there are adequate funds here now in the calendar year to assist in the counseling effort, which can make a huge difference.

FHA modernization. The bill also includes the FHA modernization legislation which passed this body 93 to 1 last fall, with some improvements. For example, we increased the FHA loan limits from the current $362,000 to as high as $550,000. This will make FHA more available and usable to people who live in higher cost States. It would also strengthen the solvency of the FHA fund. FHA can help an awful lot of people seeking safe, solid, affordable, fixed-rate mortgages. We think it is a very important component to our comprehensive strategy.

Better disclosure. Senator JACK REED has included a provision in the legislation that improves disclosure. It updates penalties for lenders who fail to make disclosures. These kinds of disclosures might have helped prevent some abusive lending if they had been in place in years past. I would point out that I think another Senator also had disclosure provisions in this bill, and this is a compromise between Senator REID and a Republican Senator who was also interested in disclosure language.

Tax provisions. Senator BAUCUS and Senator GRASSLEY worked out a package of tax provisions as well. I will mention them briefly and let them describe the provisions more fully themselves. They include a home buyer tax credit to incentivize the purchase of foreclosed properties, the Isakson-Stabenow-Cardin proposal. No. 2 is a property tax deduction to help people offset rising mortgage payments. We will provide a modest tax cut to middle-income families of $100 to $250 who don't already itemize their deductions. Senator BAYH and Senator BAUCUS offered that idea. Mortgage revenue bonds to help communities raise resources to invest in affordable mortgages and rental housing—it goes right to the heart of the problem we are talking about. Net operating loss carryback will help businesses ride out the current downturn.

This package is a good start. I wish to thank as well Senator KERRY, Senator AKAKA, and Senator NORM COLEMAN for talking about veterans and making sure those serving our country in Afghanistan, Iraq, and elsewhere are not going to have their properties foreclosed in the midst of all of this.

There are other provisions as well that I am not going into here, but needless to say, again, these are items upon which we could agree, both Democrats and Republicans, to serve as the core of the coming debate. Our action today does not preclude, as I have said, further legislative action by the Senate. In fact, I am committed to going forward and doing more. In fact, I will hold a hearing next week on the home preservation idea that a number of Democrats and Republicans are attracted to. Senator SHELBY, to his credit—I appreciate his willingness to be a part of that debate and discussion during the coming days. There was a reluctance, and I would have loved to have included that in this package. There is resistance to that idea at this juncture, but I am still determined to do everything I can in the coming days to have that included as well, to see to it that we really get a floor and a bottom on this issue as quickly as we can.

My colleague from Alabama is here. We are both going to be going over to chair a hearing, so I want to give him some time to discuss this.

Let me thank Senator REID and Senator DURBIN for their efforts. They will be offering ideas as well to improve and strengthen this legislation. Some of these ideas we will welcome, others we will oppose.

Senator SHELBY and I will consult with each other in that process to determine how to go forward, but we want to stick with this core idea if we can. Other ideas that come to the table we will certainly consider and may, in fact, be added to the package, but I think we want to try to keep this core package whole and together if we can, rather than having it unravel.

So with that, I thank the majority leader, the Republican leader, and I

thank my colleague from Alabama. He and I work closely together. Last year, we did 35 hearings and 17 bills in the Banking Committee, half of which became the law of the land, and some others are still pending here. Our committee is a good committee with good working members who care about these issues, and we are determined to make a difference.

With that, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Alabama is recognized.

Mr. SHELBY. Mr. President, this morning I am pleased to join my friend and colleague, the chairman of the Senate Banking Committee, Senator DODD, in supporting the pending amendment.

When a crisis such as the one we are now facing arises, I believe the American people expect us to provide effective and timely solutions. Chairman DODD and I have worked together to develop a package of targeted measures intended to help stabilize and strengthen the housing and the financial markets. We chose not to pursue partisan goals here. Instead, we are focusing our efforts on achieving the best possible results in a bipartisan fashion. I commend the chairman for his willingness to work with me in this manner.

The amendment before us provides immediate help to the marketplace by reforming the Federal Housing Administration, allowing it to provide greater liquidity and thereby enhancing the options available to America's homeowners. It also provides additional funding for foreclosure prevention counseling, which will hopefully help many homeowners stay current on their mortgages and be able to remain in their homes.

In order to prevent this situation from repeating itself, the amendment increases the disclosures—this is very important—disclosures made to consumers when they obtain mortgages and close their loans. I believe that giving consumers; that is, buyers, more information and greater ability to understand the choices they are making will help them avoid the pitfalls and bad decisions many underinformed consumers made in the recent past.

To better protect our soldiers, sailors, and airmen, the amendment extends additional consumer protections and provides those returning from combat a chance to get back on their feet before they face foreclosure. That is the least we can do.

In an effort to provide communities with the ability to clean up the damage caused by the foreclosures that have already occurred, we have included funding to allow States and communities to buy and repair foreclosed residences. Attached to this funding is a requirement that any profits from the sale of properties must be used to buy and repair additional properties, similar to a revolving fund. I believe that reuse of this funding in this manner will maximize the impact of these dollars and minimize the possibility that funds will be wasted or profits inappropriately pocketed, as has been the case in the past.

The amendment before us also contains a number of tax-related provisions prepared in a bipartisan fashion by the chairman and ranking member of the Finance Committee, Senator BAUCUS and Senator GRASSLEY.

I believe this is a focused and targeted piece of legislation that will address in an appropriate manner a number of the difficulties we are now facing in the housing market. There is no doubt that we are experiencing serious economic stress in communities across the Nation. As I said in the beginning of my remarks, the American people expect us here in the Senate to provide effective and timely solutions. But I would caution my colleagues here that while we are in agreement on the measures contained in this bill, there is a line that I believe we should not cross. That line is represented by a taxpayer-funded bailout of investors or homeowners who freely and willingly entered into mortgages that they knew or should have known they could not afford. Nor should we be using taxpayer dollars to bail out financial institutions that also contributed to this problem. Chairman DODD and I will shortly be attending a Banking Committee hearing in the Senate where we will be examining that very question in relation to the Bear Stearns situation.

While there are a large and growing number of homes entering foreclosure, I believe we must remember that the vast majority of homeowners are living within their means and are making their mortgage payments. While some would argue that we have a responsibility to aid those who find themselves underwater on their mortgages or unable to afford their increasing payments, I would argue, on the contrary, that we also have a responsibility to those who have made prudent financial decisions and those who may be looking to enter the housing market for the first time. There is a large group of Americans who see falling home prices not only as an opportunity to buy for the first time but also as an opportunity to move up. We must not forget them in our zeal to do something here.

Recently, I received a letter from an individual stationed in Japan. I think he very effectively makes the case for the other side of the housing market, and I would like to share this with my Senate colleagues. I will read it into the RECORD:

Dear Sir: While I'm not a resident of your State of Alabama, I would like to share my opinion with you on a very important issue. My wife and I are very concerned with the direction government policy seems to be taking on the debate over the ''housing crisis.'' I am an employee of the Department of Defense and I am serving overseas in Japan. Before we came here, we lived in Washington, DC, an area with a very high cost of living. From the very first paycheck I received we have been saving every month for an eventual down payment on a home. We could not afford to purchase a home in DC or anywhere near DC and were unwilling to take on an alternative mortgage with 100 percent financing. As such, we rented.

When my tour is up in Japan we will probably be going back to Washington and we hope to buy a home. We have worked hard, saved hard, and will be putting down a 20 percent down payment on the home with a 30 year fixed mortgage. An important factor in our being able to purchase a home is how much the market has softened. House prices are dropping because the market was incredibly inflated.

Yes, people are losing their homes to foreclosure, but more often than not they shouldn't have been in those homes in the first place. I have very little sympathy for someone who took out two risky mortgages to cover 100 percent of the cost of a home that they could not afford.

And the letter goes on:

In fact, I would consider it an absolute slap in the face to see my tax dollars being spent on people to allow them to stay in the home they can't afford when I have been saving for years to get into the home that I hope I can afford.

The letter goes on:

I recognize that much of the debate centers around predatory lending practices, and people being duped into a mortgage they didn't fully understand. I feel for those people. I really do. But there must come a point when people take responsibility for their actions. If you didn't read your mortgage before you signed, you made a big mistake, and now are going to pay for it. It is not the Federal Government's job to save people from the natural consequences of their actions.

The letter reads on:

As you look for a solution to the current situation please consider the position many of us are in. We work hard, we save, and we buy a home we can afford. Do you really want to punish us by using our tax dollars in a bailout for those who got in over their heads? Do you want to reward poor fiscal discipline and encourage people once again to bite off more than they can chew knowing that Uncle Sam is going to come to the rescue? I believe that people like me are very much in the majority in this Nation. But the media attention isn't going to focus on us. It doesn't make for good TV. They are going to focus on the family that is losing their home because of ''corporate greed.'' No mention will be made of the family that simply wanted more than they can afford and now has to pay the price.

Please be an advocate not only for fiscal discipline and responsibility in the government, but in each and every American as an individual.

I think that is a good letter. I believe these are wise words, and I believe they are words that I hope we can keep in mind to encourage my colleagues as we work through this legislation.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Illinois is recognized.

AMENDMENT NO. 4388

(Purpose: To address the treatment of primary mortgages in bankruptcy, and for other purposes)

Mr. DURBIN. Mr. President, pursuant to the unanimous consent agreement, I send an amendment to the desk.

The ACTING PRESIDENT pro tempore. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Illinois [Mr. DURBIN], for himself and Mr. REID, proposes an amendment numbered 4388.

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

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

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

Mr. DURBIN. Mr. President, I am going to make a brief opening statement because I know the Senator from Oklahoma, Mr. INHOFE, would like to take the floor and has to go to a committee meeting. I am going to stay here to manage this bill while Senators DODD and SHELBY are off to a Banking Committee hearing with the head of the Federal Reserve, Mr. Bernanke.

The rules of the Senate are written so that virtually any Senator can stop the train. It is a strange way to do business around here, but it is the way we have done it historically. The so-called filibuster is where a Senator can take to the floor and say: Stop. I don't want this to go forward. Literally, that interrupts the proceedings of the Senate until that Senator yields the floor or is persuaded by an agreement to cooperate with the progress that is needed.

This bill is critically important for America. It is relating to our housing crisis—and it is a crisis. We proposed, on the Democratic side, a housing stimulus bill that had five or six component parts and that I thought was a good, fair, and important piece of legislation. It included a provision that may have been one of the major provisions of that bill I had authored related to the Bankruptcy Code. It turns out this was the most controversial part of the Democratic housing stimulus package. It drew more fire than anything else. There were other provisions even the President objected to, but it seemed like most of the opposition was directed at my amendment, which I will describe.

There came a time this week, though, where we were going to return to the bill with the controversy associated with it—this Democratic stimulus package—where an opportunity presented itself. Senator SHELBY from Alabama, the ranking Republican on the Banking Committee, approached Senator DODD, the chairman, and suggested we try to work this out. In fact, that effort was undertaken with the blessing and approval of both HARRY REID, the majority leader, and Senator MCCONNELL, the Republican leader. A lot of hard work went into the compromise. The staff, as usual, had to burn the midnight oil to get this bill ready—not just the Banking Committee but also the Finance Committee. The end result is the substitute amendment that is pending before the Senate at this moment.

I will tell you, as I walked through this substitute amendment, this compromise, this effort, I found there was a glaring omission—my amendment was gone. The bankruptcy amendment I offered on the original bill had been stripped from it. I wasn't surprised. There was a genuine effort and undertaking to find common ground between Republicans and Democrats. Clearly, there was opposition to my proposal. I had an option at that point, as a Senator—and every Senator has this option—to stop the train, to hold things up, and say that is the end of the story. I have seen it done, where some Senators have made a career by being obstinate, saying nothing will happen until I get my way. Sometimes they prevail but not always. The net result is an elongated Senate process and a lot of wasted time.

Those who follow the Senate proceedings on C–SPAN may be familiar with the so-called quorum call, which basically means nothing happens but for a clerk who, every 5 or 10 minutes, reads a name to remind people we still have a pulse in the Senate. But that is a delay, it is a lack of effort, and it is a waste of time. So I made the decision not to use my right as a Senator to stop this bill. I thought that would have been selfish, self-centered and, honestly, didn't serve the purpose we are all trying to serve. All I asked in return was to be able to offer this amendment. All I ask my colleagues, in return, is to give me a vote. I don't know if I can prevail. It has substantial opposition. I wish to give my point of view, state my case for the amendment, and I welcome those who are opposed to do the same.

In fact, I am prepared to do something that is rarely done on the floor of the Senate today. I am prepared to stand here and debate my amendment. I welcome those who oppose it, and I would debate it on the merits of what I have to offer. You don't see that much anymore in this great deliberative body. People give their speeches and leave. I will stick around and I will be prepared to debate the merits of it and then I will accept the decision of the Senate as to whether this amendment should be included in the package.

All I ask is that, in good faith, those who oppose the amendment give us a timely debate and a vote. Let's not drag this out forever. There are Members on both sides of the aisle who would like to offer their amendments. I wish to say, at the outset, I will not be unreasonable in the debate time I ask for. I hope we can reach an agreement where we can actually have a complete debate and vote on this amendment by 12:15 today. I am prepared to do that. As I said, whatever the decision of the Senate, I accept it. Let's move forward.

When I ran for the Senate—I left the House of Representatives—I did it because I respected this institution. I knew so many fine people who served here, and I looked forward to the possibility that on the floor of the Senate we could engage and debate on the issues of our time, and those following debate in the gallery or through C–SPAN would hear both sides of the debate and form their own opinions and feel like we were doing our job. Let's do that on this amendment.

On the bankruptcy amendment I have offered with Senator REID, let's have that kind of debate.

I am going to yield now to the Senator from Oklahoma at this point and ask unanimous consent to reclaim the floor after he completes his remarks.

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

Mr. DURBIN. Mr. President, I ask the Senator, would he state publicly the time he thinks he might need?

Mr. INHOFE. Yes. It is my understanding we had up to 30 minutes. It is not my intention to take that much time, but there might be someone else on our side who will want some of the time, in which case I will yield to them. So it could take that long.

Mr. DURBIN. Then, I ask unanimous consent that when 30 minutes has expired, or if the Senator has not used all that, I be allowed to reclaim the floor and describe the amendment I have laid at the desk.

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

The Senator from Oklahoma is recognized.

VICTORY IN IRAQ AND THE MIDDLE EAST

Mr. INHOFE. Mr. President, I thank the Senator from Illinois for his cooperation. As I said, if we have any other Members of our side who wish to come down and talk about this, there was that length of time set aside. So I reserve that time for anybody else who wants to speak. If anybody is listening and they wish to use some of this 30 minutes, they are welcome to do it.

I returned 2 days ago from Iraq. It is my 18th trip in the area, in the theater. Sometimes it was Afghanistan and other areas, but it was in that zone there. I wished to take this opportunity to kind of show where we are today, how we got here, and where we are going to go. Some good things are happening over there. A lot of people don't believe it, and some people don't want to believe it.

The first thing I wish to do is try to give an indication as to where we started and how this whole thing started. We keep hearing quotes from people—and misquotes—such as General Cody. He is very certain the Army—even though it is stressed—the soldiers themselves are in a position to continue as they have been. But there is a problem. I think the world needs to know how we got into this problem in the first place.

It began in the 1990s during the Clinton administration. I have a chart. When I make this statement, people tend not to believe it is true. At that time, we downgraded the military, during those 8 years in the 1990s, by approximately $412 billion. If you look at

where we were during the beginning of the Clinton administration, that would be this black line on the chart. If you merely put into this chart the inflation rate and kept the funding of the military at a constant level, it would be this black line. However, the red line down here was the Clinton budget. The budget came in—if you added up all 8 years—at $412 billion below what the static budget would have been with inflation added.

I say that, and it sounds a little bit like something people are hearing for the first time. Yet it should not be the first time. I know there wasn't one month that went by in the 1990s that I didn't come down to the Senate floor and say this euphoric attitude that the Cold War is over and we don't need a military anymore is something that is going to come back to haunt us. Well, it has come back to haunt us. This is the problem we have. It is very much like during the Carter administration in the 1970s, when President Ronald Reagan inherited a hollow force when he took office. It was.

When you are decreasing the funding of the military over 8 years, you are dropping behind in your modernization program, and it means your force strength will be dropped, and it was a downgrading of about 40 percent.

One of the things that concerned me at that time was there is this feeling among the American people that we have the best of everything; that when our kids go into combat, they are armed and equipped with the very best equipment that is out there. Unfortunately, that is not true. It should be true. I think the American people would demand—if they knew we were having these problems—that we would give our kids the very best of everything.

I have always been very appreciative of GEN John Jumper, who, in 1998, might been the Vice Chief of the Air Force. He stood up and said Russia was making a strike vehicle—he was referring to the SU–25 and SU–30 vehicles—and selling them all over the world to countries such as China, or potential adversaries, which are better than our best strike vehicles, the F–15 and the F–16. In some areas, they were better. He talked about the stealth capabilities of what the Russians were making as opposed to what we had. At that time, there was one sale of around 240 of these vehicles to the Chinese. So they had equipment that was better than ours.

Another example is the NLOS cannon. This is the best thing we have. The Paladin is World War II technology. With the Paladin, after every shot of this cannon, you have to swab the breach. You saw pictures of this in prior wars. But this isn't acceptable because there are five countries making a better one than we are making, including South Africa.

So what we have been attempting to do, after this period of time was over, was to start upgrading, modernizing, and increasing the force strength and capability of our American military. Nonetheless, it is very significant that people realize that when this administration took over, and 9/11 came about, this was the condition of our military. It should not have been that way. The terrorist movement was active through the 1990s and during the Clinton administration.

In February of 1993, there was a car bomb planted in the underground parking garage below the World Trade Center. We knew that, and that was prior to 9/11. In June of 1996, Khobar Towers, we remember, were bombed by Hezbollah, with intelligence pointing to support by al-Qaida. The embassies in Kenya and Tanzania, in 1998, were blown up, and that was done by the terrorists. We all remember what happened in Yemen, when a small craft went into the USS *Cole* and killed a number of Americans. That was another terrorist attack.

So this terrorism was going on all during the time we were downsizing our military. The next thing we find out is we are in a position where we have a down-sized military, and 9/11 comes along and 3,000 Americans are killed by terrorists, and we found out other terrorist attacks were planned at that time. That is when this all started.

I have to say—because right now I am missing a hearing, which I will go to when my remarks are finished—in talking about this stressed situation of our Army, people need to understand how we got into this situation. After my 18th trip over there, and every time in talking to the young people over there, yes, they are stressed and their families are stressed and, yes, they have had more deployments, and they should be 12 months instead of 15 months but they understand this has to be done. We cannot compromise our victory. So we went in after 9/11 for three reasons.

First, we went in to liberate Iraq from a tyrannical leader. I remember so well in 1991, after the first Iraq war, I had an occasion to be on the first freedom flight. It was 1991. There were nine of us, Democrats and Republicans. We were the first ones, in fact, to go to Kuwait City, but the Iraqis did not even know at that time the war was over. They were burning oilfields. The day would turn into night because of the smoke. That was the environment we were in at that time.

We had a person of nobility in Kuwait who had a palace by the Persian Gulf who was with us. He had a 7-year-old daughter. They went with us. Alexander Haig, Tony Cuello was one of the party who went over. At that time, he was, I believe, the Democratic whip of the House of Representatives. So it was a mixture of people. This man of nobility and his daughter wanted to see what their house looked like, if it was torn up during the first gulf war. When we got there, we found out that Saddam Hussein had used it for a headquarters. I took the little girl up to her bedroom—she wanted to see her little animals—only to find they had used her bedroom for a torture chamber, and there were body parts just scattered around in different areas. When we saw this, we realized what an animal this man we were dealing with was.

After 1991, we went back several different times, only to find that Saddam Hussein went after everybody who he suspected had been opposed to him during that first war, and he took care of them in different ways. He tortured thousands of people to death. You have to have gone over there, as I did, and looked into the graves and seen people who had been buried alive. His sons would raid weddings that were taking place. They would rape the bride, and then they would bury her alive. People who were going to be tortured to death by Saddam Hussein were begging to be dropped into the vats of acid head first so they would die quicker, or into the grinders, or the limbs that were cut off.

We really cannot draw a distinction between al-Qaida and Saddam Hussein in terms of the fact they are terrorists and they have no regard for human life. We just recently found an al-Qaida torture manual. The very things Saddam Hussein was doing in torturing people, they are doing now. Take a look at this chart. They are using flames on the throat; cutting the feet open so if they live, they will never be able to walk again; hanging by the arms while they had electrodes going in; drills used on their hands; and, of course, chopping off their limbs. This is a manual teaching them how to do it. We watched this and saw this was happening. I would think any reasonable person would say that alone would have been enough to go in to stop that reign of tyranny that was taking place at that time. But there are other reasons too.

The second reason is there were training camps located in Iraq in places such as Sargot, Ramadi, Samarra, and one of them was in Salmon Pac. Salmon Pac is a community in Iraq where they have a fuselage of a 707 on the ground, and they were teaching people how to hijack airplanes. We will never know whether the perpetrators of 9/11 were trained in Salmon Pac. We don't know that. We never will know. Nonetheless, those are four training camps in Iraq. They are all closed now. They are not training anymore. That alone is certainly itself enough reason to have gone in there.

The third reason is to help the Iraqi people create a free and democratic country. People say: Why do we care about the Iraqis? We have problems at home. Why are we spending all this money? Why do we care about what kind of democracy they have? And they thought it was impossible to start one, anyway. One reason is, if they do not do it, it is going to be a problem area for terrorists in the Middle East until they are fighting on our soil. The troops who are over there know this.

I just got back. I talked with many troops. In fact, now we have the Oklahoma 45th over there, and we visited with most of them. They understand why they are there.

What would happen? There were a lot of surrender resolutions, a lot of cut-and-run resolutions that got a lot of attention in this body. I can remember when moveon.org had the big ad campaign portraying David Petraeus, one of our great American heroes, as ''General Betray Us.'' It was unconscionable. There were resolutions to disavow what he said. There were 25 Members of this Senate body who opposed those resolutions.

When the terrorists see this, they are hoping and praying that we, the Americans, are going to leave Iraq. On August 28, 2007, Ahmadinejad made a statement. He was referring to these resolutions that are going to draw our people out of Iraq. He said:

> Soon we will see a huge power vacuum in the region. Of course, we are prepared to fill that gap. . . .

We are talking about Ahmadinejad. That is why the Iraqis are getting so cooperative with us. They don't want that vacuum filled.

I was talking the other day with BG Jimmy Cash. He is retired. He is the former command director inside the Cheyenne Mountain complex in the late 1980s. He said: I watched Iran and Iraq shoot missiles every day, all day long for months. They killed hundreds of thousands of their own people. They were fighting for control of the Middle East.

Which reminds me, when all these people are talking about weapons of mass destruction, we knew they had weapons of mass destruction then. We knew they were killing hundreds of thousands of their own people in the north, the Kurds, and they were using weapons of mass destruction to send chemical warheads up there that have the effect of burning people to death from the inside out, the most painful thing—women, babies, everybody, thousands and thousands of them.

Anyway, if he were to fill that vacuum, we do not know how long it will take for America to be a target on our soil.

If we look at what is working, one of the things I noticed on the many trips I have taken over there—about a year ago, a little more than 13 months ago, the surge began. That was General Petraeus. What did he say? GEN David Petraeus said we have to go in there with a surge capability in certain areas. He was concerned about some of the areas around the triangle. As we went in there and positioned ourselves, we found that he was right in his analysis as to where we needed to have more troops stationed—in Fallujah and Ramadi. Remember, just about 2 years ago, they declared that Ramadi would become the terrorist capital of the world. Now Ramadi is under total security, not by the United States but by the Iraqi security forces. So we have watched what has happened since that time.

One of the reasons the surge has worked so successfully is that we have had the religious leaders realizing that if we leave, Iran will come in and fill the vacuum, and they cannot have that happen. So the religious leaders, the imams, the clerics started giving positive messages about the United States of America.

A year ago, we had our defense intelligence attending the weekly meetings of the mosques. I think they meet every Friday. At that time, 85 percent of the messages that were given in the mosques by the clerics and the imams were anti-American messages. As of April of last year, almost a year ago, there had been virtually none. They are all now positive messages. What does that mean? It means that the Iraqi citizens have now—just like, Mr. President, anyplace in your State of Arkansas or elsewhere in our communities, we have Neighborhood Watch programs. Now they have them. They have their own citizens going in with bait cans, drawing circles around the undetonated IEDs so our troops will not be killed. We watched in Anbar all the incidents. They have been down from 40 a day to 10 a day. We have seen economic growth, the markets open and crowded. The large project in the Sunni Triangle is now back on track. They are going to have the capability to help their people now.

The Iraqi Army is starting to perform really well. This surprises a lot of people because they don't think the Iraqi security forces have the capability of being the type of soldiers they are today. We saw this the other day. In fact, I was over there the other day in Bucca in Basra when they went in and took care of the problems so we didn't have to do it. This is what we are seeing.

If you have any question that it is true, all you have to do is look at some of the people who never really wanted to be friends of the Bush administration who were opposed to the liberation of Iraq. One such person was Katie Couric. This shocked everybody when she was interviewed. That was in September 2007 by Bob Schieffer. This was live on TV. She had made a trip, after she had been criticizing the war, criticizing the Bush administration, criticizing the whole liberation effort. She went over and came back and said:

> Well, I was surprised, you know, after I went to Eastern Baghdad. I was taken to the Allawi market—

I have been there also—

> which was near Haifa Street which was the scene of that very bloody gun battle back in January, and you know this market seemed to be thriving and there were a lot of people out and about. A lot of family-owned businesses and vegetables stalls and so you do see signs of life that seem to be normal . . . the situation is improving.

That is not me talking, that is Katie Couric, whom we least expected that from.

We see these things happening. I always make a point when I visit with people in the markets, if I see someone carrying a little baby, I will go in there intentionally without any kind of armament, with an interpreter. The interpreter will tell us just what they are saying. And people with young kids love the Americans.

I have to say this too. We are going to see, and have seen already, a lot of accusations that we in the United States, in our Department of Defense, CIA, and the rest of agencies, are guilty of all kinds of torture. It is true that back in Abu Ghraib, when it first happened, there were some people there who did the wrong thing. I think there were 11 of them altogether. They were doing some things that were perhaps not the kinds of things we would endorse. That was taken care of by the U.S. Army. They took care of it. But that came out, and people started talking about what the Americans were doing. Yet look what is in their manual, the types of inhumane torture.

I went to Bucca. Bucca is where we have the most detainees in Iraq. I was wanting to find out for sure by going around and interviewing detainees. I interviewed, I would say, about 40 or 50 of them. I picked them out myself. I took an interpreter. Each one said: We never were tortured when we were captured. We have been detained. We will be going back to where we came from. They have become real supporters of the United States. They were treated right. They were treated humanely. They are teaching them to read. They are teaching them to study their Koran. They are teaching them carpentry and other trades because one of the biggest problems they have—it is easy to recruit people when there is total unemployment. The unemployment rate is so high. They have to feed their families some way. Now we have trained them, and they are able to go back and get jobs and take care of their families without having to do it through the military.

I just say to you, Mr. President, since this whole situation began—and I happened to be in Fallujah during each of the two elections that took place, and I watched the Iraqi security forces go down to vote when they knew they were risking their lives. They voted the day before so they could offer security. I watched those people risking their lives—remember the purple finger—knowing their lives were at risk when they voted. This is the democracy they have been looking for. Democracy has been working. I came back this last time thinking the surge has been progressing so well; if we just keep it up, really good things are happening over there.

Considering we started with a downgrading of some $412 million in our military, then 9/11 came and we were forced into a war as a result of that, we have done so well.

Mr. President, I was a part of the draft many years ago, and I was a believer for quite a number of years,

until the first gulf war, that we should have mandatory service because I know what a great thing it did for my life. But when you go over today and you see an all-volunteer force and see what they are capable of doing and what they have done, you come back so proud that they started out down here with very little to work with, and they have been able to sustain it.

Are they overworked right now? Are they deployed too often and too long—15 months? Yes, they are. It looks as though we are going to be able to drop that down to 12 months. But the troops themselves say: Whatever it takes, we are going to do this. They know the alternative. The alternative is the war will be waged on American soil. We don't want that to happen.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The assistant majority leader.

Mr. DURBIN. Mr. President, I yield 10 minutes to the Senator from Pennsylvania before we claim the floor to describe my amendment.

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

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

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

Mr. CASEY. Mr. President, I ask unanimous consent to have printed in the RECORD the two documents I have in front of me, one of which is a description of the life of one of our fallen soldiers, as well as a news article from the Citizens' Voice newspaper dated December 23, 2005.

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

First Lieutenant Michael J. Cleary, of Dallas, born April 4, 1981 was killed in action by hostile forces on December 20, near Samarra, Iraq. Lt. Cleary had just completed a demolitions mission when an ambush occurred. Mike was Platoon Leader of the Explosive Ordinance Disposal Team in E Company, 1st of the 15th Infantry Regiment, 3rd Brigade, 3rd Infantry Division.

Mike graduated from Dallas Senior High in June 1999. While at Dallas, he was a four-year letterman in both soccer and tennis, and captain of both teams his senior year. He was named to all star teams in both sports. He was selected to attend the National Youth Leadership Forum on law in his junior year and was involved in many school activities including National Honor Society. He received the Dr. Pepper Soccer MVP Scholarship and the History Scholarship at graduation and was offered academic scholarships at Ursinus College, Gettysburg, Dickinson, and Lafayette. He chose Hamilton College in Clinton, NY.

While at Hamilton, Mike participated in varsity soccer and lettered in varsity tennis. He joined Sigma Phi Fraternity and became the chapter president. He gave up intercollegiate sports and participated in all fraternity intramural sports, winning the Hamilton Golf Intramural Championship. He wanted to enlist in Special Forces immediately after the attacks of September 11, but chose to follow the advice of his mother and stayed in school until completing his studies. He graduated in May 2003 with honors from the Economics Program.

In his senior year, he applied to, was tested for, and was accepted into the Marine Flight Officer Program. He was notified that his class would be deferred to January and enlisted in the U.S. Army. He went to Basic Training three weeks after college graduation, earned his Airborne Wings and Sapper Tab, and graduated from the SAS Antiterrorist Course. He was a player-coach of the Ft. Leonard Wood soccer team, which won the Post Commander's Cup. His last soccer competition was as player-coach of 1st/15th Infantry Soccer Team that played a Thanksgiving Day game with the Republic of Georgia Army Team.

Mike's military decorations include the Combat Action Badge, Bronze Star Purple Heart, Army Commendation Medal, Air Force Commendation Medal, Army Achievement Medal, Good Conduct Medal, and three campaign medals. He was awarded the Overseas Military Service and Active Duty Army Ribbons, as well as Meritorious and Valorous Unit Citations.

Mike is survived by his parents, Marianne and Jack Cleary, Dallas; sisters, Erin Flanagan, her husband James and their three children, Bedford, N.H.; Shannon Cleary, Maui, HI; Kelly Cleary and Fred Tangeman, DeLand, FL; brother, Patrick Cleary, Dallas; his loving fiancée, Erin Kavanagh, Dallas, and his maternal grandfather Joseph Nemeth of Waverly, N.Y.

[From citizensvoice.com, Dec. 23, 2005]

A FAMILY MOURNS A FALLEN SOLDIER

(By Robert Kalinowski)

DALLAS.—It was at her bridal shower Sunday when Erin Kavanagh had one of her last conversations with fiancé, 1st Lt. Michael Cleary.

''Mike called during the shower and said, 'Have fun doing whatever girls do at bridal showers. I love you,'" Kavanagh recalled, her voice soft and crackling with a cup of water she was sipping in hand.

A grand wedding was set for mid-February. Cleary was ''packing up'' in Iraq, scheduled to complete his yearlong tour in 10 days. The couple was to move into an apartment near his Georgia Army base Jan. 4, she said.

''I kind of thought we were free and clear,'' Kavanagh said Thursday with Cleary's dad, Jack, by her side just two days after Cleary was killed in action.

The two spoke at length about the heroic 24-year-old Army officer from the office of Jack Cleary's Dallas-based business, Cleary Forest Products.

Cleary and another soldier from his unit, Spc. Richard Junior D. Naputi, 24, of Guam, died Tuesday in Taji, Iraq, when an improvised explosive device detonated near their Humvee during combat operations, the Department of Defense reported Thursday. They were assigned to the 1st Battalion 15th Infantry Regiment, 3rd Brigade, 3rd Infantry Division, Fort Benning, Ga.

Kavanagh sporadically cried while slowly flipping though a thick stack of pictures of Cleary.

There were photos of him fishing and hunting. Some were of him with family and some with fellow soldiers in Iraq. She cracked a small laugh at one of him chopping down a Christmas tree last year.

The 25-year-old then paused when she came across one of the couple and their parents, immediately recalling the date it was taken: May 19, 2005.

That was the day her lifelong friend and then-boyfriend asked her to be his wife.

It was the last full day they spent together. The next day, Cleary shipped off to finish his tour after a two-week leave at home, she said.

Behind Kavanagh was a laptop computer, on which she had just checked her e-mail. The subject line of one of Cleary's final messages to her, sent Dec. 17, read: ''So good to hear your voice today, Love.''

After Kavanagh's bridal shower—attended by 50 people at Apple Tree Terrace, Newberry Estates, Dallas, where the wedding reception was to be—she traveled to Virginia, where she was living.

She was packing her belongings for the move to an apartment at Cleary's military base in Georgia, where they planned to live until Cleary's enlistment was complete in December 2006.

It was there on Tuesday night when she learned the devastating news her soon-to-be husband had been killed.

Her mother, brother and close friend drove the 250 miles to tell her face-to-face, she said.

Kavanagh struggled but couldn't describe her initial reaction Thursday before a family member walked into the office, approached her crying and offered condolences. The two sustained a lengthy embrace as they whispered to each other and sobbed.

Several minutes later, Kavanagh discussed how she's coping with the tragedy.

''I've just been with family. I'll have to take it one day at a time,'' she said.

''And, I have a new family, right Jack?'' she innocently asked Cleary's father, who said yes without delay.

Cleary tried to, and usually did, call every other day, Kavanagh and Jack Cleary said.

He last called each of them Monday, they said.

Toward the end, he focused on talking about a Dodge Ram pickup truck he bought and was waiting for him and where he and Kavanagh should go on their honeymoon, they said.

The honeymoon location was still being finalized.

''Erin said she didn't care (where they were going), but he said, 'Dad, I think that means she really does,'" Jack Cleary recalled.

Cleary and Kavanagh began dating on Nov. 25, 2004, which was Kavanagh's 24th birthday, while Cleary was home before deploying to Iraq.

The two knew each other since they were children and graduated together from Dallas High School in 1999. After high school, Cleary decided to follow in his dad's footsteps to Hamilton College in New York state.

Pursuing an economics degree, Cleary was in his junior year when he first considered the military. He was troubled by the Sept. 11, 2001, attacks, his dad said.

''He came home for Thanksgiving in November and told us he all but signed the final papers to join the Army special forces,'' said Jack Cleary, a decorated Army veteran of the Vietnam War.

His parents convinced him to finish college first. While doing so, he applied for the Marine Corps officer flight school. When told his entry would be delayed, he ''said 'I'm not waiting'" and decided to enlist in the regular Army.

After completing basic training, Cleary was quickly promoted several ranks and entered the Army's Officer Candidate School. He was commissioned first lieutenant in December 2003 and trained extensively for his eventual deployment to Iraq, where he was a platoon leader and champion for his soldiers, his dad said.

''He loved the guys he was with. They were doing their job,'' Jack Cleary said.

The military has offered Cleary's family a full honors burial in Arlington National Cemetery.

Jack Cleary said the family is honored by the request, but will likely decline.

''Our feeling is home,'' he said with a pause. ''We want Mike home.''

HONORING OUR ARMED FORCES

FIRST LIEUTENANT MICHAEL CLEARY

Mr. CASEY. Mr. President, I rise this morning to speak about a young man from my home region of northeastern Pennsylvania who lost his life in the war in Iraq, 1LT Michael J. Cleary of Dallas, PA. He was born April 4, 1981, and we are thinking of him today for so many reasons, not the least of which is a birthday tomorrow. I want to provide somewhat of a biographical sketch, and then talk a little bit about his life.

Michael Cleary was a graduate of Dallas High School in Luzerne County, PA, in June of 1999. He was captain of two teams there, both soccer and tennis. He was an active member of so many organizations, including a proud member of the National Honor Society. He had opportunities at several colleges, but he chose Hamilton College in the State of New York. While at Hamilton, he participated in varsity soccer and received letters in varsity tennis. He was the chapter president of the Sigma Phi fraternity. And despite all of his college and academic interests, he also had a feeling in his heart for his country, and he wanted to serve. He wanted to enlist in special forces immediately after the attacks of September 11 but chose to follow the advice of his mother—which for all of us is the right thing to do—and she urged him to stay in school and to complete his studies.

He did that, and he graduated in May of 2003 with honors from the economics program. Ultimately, his dream was fulfilled when he joined the military. Unfortunately, he lost his life in December of 2005. His military decorations include the following: the Combat Action Badge, the Bronze Star, the Purple Heart, the Army Commendation Medal, the Air Force Commendation Medal, the Army Achievement Medal, the Good Conduct Medal, and three campaign medals.

It is hard to describe in a short amount of time, even in a writeup in the newspaper, as local papers did at that time, but probably the best way to encapsulate what Michael Cleary's life has meant to this country is to remember the words of Abraham Lincoln when he talked about the sacrifice of our soldiers. When he spoke about the battle of Gettysburg, he spoke of those who gave the last full measure of devotion to their country. We now can say that about so many of our young men and women who fought in Iraq, and one of them was Michael Cleary. He indeed gave the last full measure of devotion to the country he loved.

He didn't have to do it. He had a great career ahead of him because of his academic achievements and because of his leadership qualities. He could have pursued another path, but he chose to give back. He chose to sacrifice for his country, knowing full well that he could be asked by God to give the last full measure of devotion, and he did.

We are thinking of his family today for so many reasons, not the least of which is that First Lieutenant Cleary was the fourth generation of that family to serve his country. His father, Jack Cleary, was a decorated Army veteran from the Vietnam war, and then two generations before that. So this is a family who has sacrificed in generation after generation, and we are thinking of them today. Tomorrow, they should have been able to celebrate Michael's birthday, which would have been his 27th birthday, but they cannot. They are strong people. They understand the sacrifice he made, and we are thinking about them this morning and tomorrow and on so many other days.

I think sometimes it is very difficult for us to fully comprehend—those of us who have not had a close family member lost in combat—what this means to a family, what it means to a community such as northeastern Pennsylvania, in Luzerne County, even years later now. It is difficult because in so many parts of our State, as is true of the whole country, when we lose one soldier, especially in a small town, in a smaller community, the impact is devastating. And not only the initial impact of that, but months and years later.

I think it is important we don't just look back and remember and pay tribute to the day they died and to the sacrifice they made, as important as that is, but we should be remembering, as well, their life, their life of achievement and triumph, and their life of service because when these families look back on these young people, they are not just going to remember their service in the military. Family members know our fighting men and women weren't born into divisions and platoons. They weren't born with a uniform on; they were born into families—families of mothers and fathers and brothers and sisters and aunts and uncles and cousins and friends and so many others we all know are part of all of our families. So I think it is important to remember these young men and women, to the extent that we can, on their birthday or some other significant moment in their life.

Finally, let me say this: The news article I cited from December of 2005 talked about the plans Michael Cleary had to be married to Erin Kavanagh. I will not review the whole article, but suffice it to say that it is a powerful story of what one soldier's hopes and dreams were—to serve his country but to come home and then start a new life and to be married. So we are remembering her as well today and remembering they graduated together from Dallas High School in that year of 1999.

We are grateful this day in so many ways, but it is difficult to fully explain how grateful we are for his life of service and sacrifice, his life of courage and commitment, and his life which was focused on the future, his own future but also the future of our country. So tomorrow, as his family celebrates his birthday, we are remembering Michael J. Cleary at this time, and we wish for him and for his family all of God's blessings.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The assistant majority leader.

Mr. DURBIN. Mr. President, pending before the Senate is an amendment to the housing bill, which I offered earlier and on which I have asked the Republican side to consider a unanimous consent request so that we can debate and vote on it still this morning. I hope they will consider that in a timely manner. I am prepared to offer an equal amount of time to both sides of the aisle on the substance of this amendment and then accept a vote at 12:15.

We have proffered this unanimous consent request, and I hope, in the interest of time and fairness, that the Republican minority will accede to this request, or if they wish to modify it, let us know as quickly as possible.

Here is what this amendment is all about. We have 2 million people about to lose their homes. These are people who bought a home with a subprime mortgage. A subprime mortgage usually meant some exotic brew of terms for a mortgage which didn't exist traditionally or historically. It might be an adjusted rate mortgage where you pay a low interest rate on the front end and then, after 1 year, 3 years, or 5 years that interest rate would go up. There were even mortgages offered that were interest only, so that people were paying low monthly payments of interest but not retiring the debt on the house. The principal debt remained the same. The theory was that as long as the value of real estate was going up in America, you couldn't go wrong. No matter what deal you signed up for to get into a house, if the house was going to appreciate in value, don't worry about it.

There were also people who took that mortgage on their home and consolidated a lot of other debts they had on cars and other things, home improvements, and put it all in that mortgage so that they had a mortgage debt that was actually greater than the current value of the home.

These so-called subprime mortgages were being written right and left. In the old days, going back to when I first bought a home, there used to be pretty close scrutiny of your credit record. They used to require 10 percent of the value of the home as a downpayment, or 5 percent. You had to pay points; in other words, thousands of dollars at the closing. It was pretty tough in those days.

Well, the whole climate of home lending changed with the subprime mortgages. More and more people moved into homes. The values of homes were mushrooming, and it looked as though we were just riding the crest of a wave. Well, guess what happened. The wave crested and started to fall. And when it fell with the subprime mortgages, a lot of people were hurt. The

so-called adjustment of the mortgage took place and an affordable monthly payment became unaffordable. All of a sudden, the low interest rate blossomed into a much larger interest rate. Or perhaps a family stumbled—somebody lost a job, a divorce, a serious illness in the family—and with that stumble, they missed a few payments.

Well, now, add this up into a nation of 300 million people, and we end up with 2 million folks who face the prospect of losing their homes. Now, a lot of people say, well, isn't it a darned shame. But why did they sign up for those crazy things to start with? They should have used better judgment. They should accept their medicine at this point and maybe they will be a little smarter the next time around.

If it were that easy, we could write it off as the moral hazard of making a bad decision, of irresponsible borrowing. But it turns out to be more significant. Two million people losing their home in a nation of 300 million doesn't sound like much, but 2 million people losing their home will affect the value of homes around them.

What is the value of my home in Springfield, IL? Well, if you ask an appraiser or realtor, they will say: I don't know, but I will tell you what I will do. I will look at other homes in the neighborhood that have gone for sale—comparable sales, comparable values. So they look up and down the block and around the block, in the neighborhood, and look at what homes are selling for, comparing them to my home, and they come up with a valuation on my home.

Well, if down the block and around the corner a home was foreclosed upon—in other words, the people were forced out of the home, there was a forced sale of the home, and it was sold for less than fair market value—that value will be calculated into the appraisal of my home. The experts tell us that 2 million people losing their homes in America will drag down the value of 44 million homes. It is a ripple effect.

As the value of homes declines, more people face the reality that the mortgage principal, the amount they owe on the mortgage, is greater than the value of their home. The shorthand term they use is, you are ''underwater.'' Your mortgage value, your mortgage principal is greater than the value of your home, so you can't borrow against the value of your home anymore. You are already in debt over the value of your home. That is the third ripple.

Then there is the fourth, the mentality of buyers across America. This is the one that troubles me the most. For over 70 percent of people in America, if you ask them are they going to buy a home, and they say no, when you say: Can't you get a mortgage, they say: Yes, we can get a mortgage. Why won't you buy a home? They say: I don't think it is a good investment.

Seventy percent of people in America today say buying a home, real estate, is not a good investment. Why? They are afraid the $500,000 home today will be worth $450,000 next year—not a smart deal.

As long as this mentality is out there, the housing industry is flat. That doesn't hurt just your realtors and your developers, it hurts homebuilders, skilled craftsmen, people who supply homes—from those who are gardeners and do the landscaping, to furniture—you name it. All of these related industries are slowing down into this recession which Mr. Bernanke finally conceded yesterday may be on the horizon. That is why addressing this home crisis is important—not just for 2 million people who had the mortgages, but if we do not deal with those 2 million people losing their homes, it is going to have a dampening effect on our entire economy. It is going to hurt all of us.

A recession is a period of time in which businesses fail, jobs are lost, consumer confidence is low, the economy slows down. It happens in a free market economy. But you do not want it to go on too long because it can have a long-term negative impact.

What we are trying to do today is to pass a bill to breathe some life back into the housing industry and housing market in America. The bill is good, and it has a lot of good provisions. I am happy to support it. I think there are things in this bill which will be of value to us as a nation. I think virtually every one of them has some impact, some positive impact. But there is not a single one of them that will have the positive impact of the amendment I offer. Here is what the amendment says.

Currently—now—if you find you cannot pay your bills and you still have a job, you can go into chapter 13 in bankruptcy. You go to the bankruptcy court and say: I am in a mess. I am in over my head. I have more debt than I can take care of. Will the bankruptcy court work with my creditors so I can have an arrangement to pay off my debts? I would have to change the terms of some of the debts, but at the end of the day I will get out of this mess.

The bankruptcy court takes a look at it and decides whether it is going to work. You may be dreaming. You may not even have a chance. Your creditors may not want to cooperate. So this chapter 13 is just an effort to try to help people get out of this mess.

We think about 600,000 people facing mortgage foreclosure will take this option and go to bankruptcy court. If they go into the bankruptcy court and try to work out their debts and keep their homes, they have a problem. Under current bankruptcy law, you cannot modify the terms of the mortgage on your home. In other words, at the end of the day, you are still stuck with that same subprime mortgage that may have toppled you in the first place. The reason I offer this amendment and the reason I want to change that one provision is because it is fundamentally unfair.

If I walk into a bankruptcy court and I own a farm and I say I cannot make my farm payments, my mortgage on my farm, the bankruptcy court has the legal authority to change the mortgage terms on my farm or on my ranch or on my vacation condo—I don't own one—or on the big boat I just bought and on which I can't make the payments. The bankruptcy court can change every single one of those, but it cannot change or modify the mortgage on your home. Why? Of all of the things in the world they can change, why not that?

It turns out that by tradition it has never happened. So I bring the amendment and propose the court be given that authority.

The group that is opposed to this, screaming bloody murder, is none other than the mortgage bankers, the same people who brought us the subprime mortgage mess. They do not want to see the terms of their subprime mortgages changed in court. And they say: If you change them, interest rates will go up.

What I did, working with that industry, is say: I will apply this to a narrow group of people, the most limited group I can find that still has some impact on this issue, and I will narrow the discretion of the bankruptcy court. So listen to where this amendment takes us.

First, you have to qualify to go into court. We changed the law sometime a few years ago. To qualify to go into bankruptcy court you have to have a certain income; you have to go through certain processes and disclosures—even credit counseling. All that is required before you can walk into the court.

Second, this only applies to your home. I don't want a person walking in saying: I bought 100 acres down in southern California and I need help—no way. Just your home.

Third, it only applies to existing mortgages as of the date of the enactment of this bill. A mortgage you enter into after the day this bill is enacted would not apply.

Fourth, the court can only reduce the principal on the mortgage—the amount that you owe—no lower than the fair market value of the home. You protect the lender. If you go through foreclosure and have an auction, it can sell for a lot less than fair market value. So fair market value is the bottom line.

Fifth, the interest rate the bankruptcy court can impose can be no lower than the prime rate plus a premium for risk.

Sixth, the term of the mortgage can be no more than 30 years.

And then, seventh—and we did this saying to the banking industry: What more can you ask? If in the next 5 years you sell that home and it has appreciated in value, any increase in value over the fair market value as of the date of the bankruptcy goes to the lender, not to the owner. What more can we do to protect these bankers—fair market value on one end, any appreciation in value on the other end. And they still oppose it.

I hope my colleagues in the Senate will take a look at this. The credit unions support this because they don't get into the crazy loan business that some of these mortgages did. A group that includes the AARP, groups all across America, consumer groups, they understand this is only reasonable. The New York Times has editorialized in favor of it. I think this is an approach which will help a number of people. It is narrow and focused. It is limited in its scope, and it is really directed toward giving people another chance to stay in their homes. They still have to pay the mortgage. They don't get off the hook, but they can stay in their homes.

Stabilizing the housing market, stabilizing your neighborhood and my neighborhood, breathing some life back into this housing industry, that is the way to turn this recession around. This amendment I offer on the Bankruptcy Code will help more people than all of the provisions combined in the rest of this housing act. This reaches a lot of people. Hundreds of thousands could qualify. I urge my colleagues on both sides of the aisle to please consider this amendment.

Mr. President, at this point I see two of my colleagues on the Senate floor, Senator SMITH of Oregon and Senator KERRY of Massachusetts, and I would like to yield to them for whatever periods they would like to speak and then reclaim the floor on my amendment.

Mr. President, let me make a unanimous consent request that when the two Senators have completed their remarks I be recognized again on my amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from Massachusetts is recognized.

Mr. KERRY. Mr. President, I thank the distinguished assistant leader for his comments and his leadership in this area. As he may recall, we were together at a meeting at the White House a month and a half, 2 months ago now with the President, with Secretary Paulson, Vice President CHENEY, and a small group of Senators there to talk about the stimulus package. As I know he may recall, I raised at that time the housing crisis, saying to the President that the entire cause of everything that was bringing us there to discuss the stimulus was in fact the subprime crisis and that no stimulus package should be passed that didn't in effect stem the tide of foreclosures and address the uncertainties in the marketplace and the lack of confidence. So I know he joins me in expressing regret that not withstanding the nodding heads and comments of affirmation, absolutely nothing happened. Nothing happened.

Sadly, it is not until the Federal Government puts up $400 billion to bail out Bear Stearns and other investment banks that you really get some kind of response from the Federal Government. I am not complaining that they should not have done what they did with respect to Bear Stearns and other investment banks because the implications of their failure could have had a profound impact, spilling down into our economy. But when the pain is trickling up to a Bear Stearns, and finally the administration notices—that very same pain has been felt for over a year now by people being foreclosed on in the economy—it really is an underscoring of the degree to which an administration is out of touch with the real concerns and realities in the life of the American people.

We need to show that commitment, here and now, in passing this foreclosure act to deal with the problem nationally. We need to do it now. It is long overdue. As many as 8,000 foreclosures are occurring daily. Some of these loans we know were absolutely predatory; almost, I believe, criminal. People knowingly went out, knowingly made loans to people they knew were not capable, ultimately, of meeting the adjusted rate mortgages, but because of the benefit to them and the immediate take in terms of the points they would make and the commissions and returns on those transactions, they went ahead and did it. Frankly, some of those came from the very same people who have just been bailed out by the Federal Government.

I commend our majority leader for his efforts to bring this to the Senate floor now and his efforts, together with Senator DODD, to try to work through this particular legislation. Let me share with my colleagues, last weekend—things have gotten so bad in Boston that Mayor Tom Merino recently opened a war room where city officials are working together on a day-by-day basis to fight the wave of foreclosures that we have seen in recent days.

A few months ago I was in the city of Brockton in Massachusetts and met with the mayor. He said: You have to take a moment and come upstairs and meet with me with these folks who are here, and impromptu we went upstairs and there was a group of people from the community who came together in desperation to try to figure out how they were going to deal with the foreclosures in Brockton. This mayor had already processed some 400 foreclosures in Brockton, and he was staring at an additional 800 or so that were going to come at them.

What happens to a community already struggling to get their economy back on track when they face that kind of wave of foreclosures is, street by street, house by house, as they get boarded up and people leave the homes, the rest of the property values start to go down—the local gas station, the local 7–Eleven, the pharmacy—everybody begins to feel the impact.

But most important, from the mayor's point of view and from the Government's point of view, they begin to see a decline in revenues. The only place mayors can go in any kind of wholesale fashion to deal with a decline of revenues is to cut fire, police, and schools.

There are plenty of communities in America where we have already seen those kinds of reductions, all of which run completely counter to how we build a community and to what we are trying to do in order to restore economic strength in the country.

Just this last weekend I attended, with Mayor Menino, at a high school in Roxbury, in Massachusetts, in Boston, a homeowner foreclosure prevention workshop. I was literally stunned at the numbers of people who had come into this high school on a Sunday afternoon, bringing all their financial records because they had been unable to get hold of a real human being to talk to in order to try to work out a reasonable agreement for what they could pay and be able to stay in their homes.

Rather than face one of those endless phone calls where you press 2 to talk to somebody who will tell you to press 4 who will give you an automated response to press 7 or whatever it is—we have the lenders there. We brought the various lenders there and people were able to go through a screening process and then go back to a room, sit down with the lenders, tell them their predicament, and actually negotiate a refinancing.

I met people that afternoon who were smiling, who said to me: Thank you for getting us together. Now I can stay in my home.

That is all it takes, that kind of effort. I talked to one woman who, together with her husband, is paying $5,000 a month for their home, for their mortgage. They have two mortgages now. They are both working, both of them are working.

But I asked her what her rate was. What are you paying for a rate? She said: Well, I am paying 7.25 percent on one, and I am paying 9.25 percent on the other. Nobody, with the current discount rates in America, is paying those kinds of rates. It is absurd.

I also had the woman next to that particular one who was waiting in line, who, when she heard the 7.25 and 9.25 said: That is nothing. I am paying 13.25 percent on mine. So if we were to renegotiate, according to a fair standard of what the rate is, with what the national interest rates are today, and fixed rates that are available to people, a lot of those folks could stay in their homes, and they can afford to service their mortgage.

What we need do is stop the greed and unbelievable sort of arrogance of some of these companies, some of those people who asked literally to be able to renegotiate: We were told no. I will tell you in a moment about a woman I met in Lawrence, MA, where this predicament is also going on.

The fact is that nationwide, by last year, we all knew that 2.5 million mortgages were already in default. That was 40 percent more than 2 years earlier. And despite a 40-percent increase, there was no response from this administration. Communities across

the country are being hit hard. Last year the mortgage foreclosures in Massachusetts alone were up 128 percent, and the foreclosure rates of five Massachusetts metro areas were in the top 100 in this country.

How did we get here? Well, we got here because lenders lowered their standards for lending but did not appropriately plan for the increased risk they incurred when they lowered the standards. They flooded the market with mortgage loans, ignoring the risks to borrowers and to their own bottom line.

As usual, most of these people turn around and expect us to bail them out; in most cases to bail them out first. For some time, some of us here in Congress have been screaming about predatory lending practices. I happen to think it is usury to allow 30 percent rates. A whole bunch of Americans do not know they are actually paying 30 percent rates after a group of penalties on their credit cards.

There are even more Americans, millions of them, who are paying 18 percent. I urge any American to go back and look at what their rate is at the bottom in the fine print on their credit card or ATM statements and they will be shocked by the levels of interest they are paying.

I think these are excessive. These are wrong. Many people I know, all those of us who went to law school, learned about ''buyer beware,'' ''caveat emptor.'' That is one of the first things you learn in law school.

But the fact is, we put standards in place through the years as to what is an unfair practice. We have unfair trade practice laws in many States, and they are simply not being applied. But legislators in this case have backed up and turned a blind eye to what are unfair practices in the marketplace. Now, were there abuses on the other side of the ledger? The answer is: Yes, there were. Some homeowners inflated their income. Some misrepresented themselves to get a bigger home than they could afford, and obviously we are not talking about bailing out people from those kinds of situations. But there is blame enough to go around.

I will tell you what has not been enough to go around, and that is a rapid and appropriate response from the Federal Government in order to deal with this problem. Lenders are now getting help. But homeowners are still struggling. The fact is there are a lot of homeowners out there who have the ability to pay for a mortgage. They cannot carry the increased rates and they cannot necessarily carry the inflated levels that some of them have been put into because of these predatory practices.

Let me give you an example. This week I went to Lawrence, MA and met with homeowners who are facing foreclosure. Approximately 700 homes were foreclosed in Lawrence last year alone. I am told that number is going to rise for this year.

I talked with a woman by the name of Rosa Hernandez, who has four children, works two jobs, one as a nursing assistant at the local nursing home, in order to support her family and to be able to earn enough to own her home. She did everything she could in order to make her house a home. She fixed the roof, she bought a new boiler, she updated the electrical system of her new house, and she did it with this increase in value that the company came and loaned her. After she was hospitalized twice last year she could no longer afford to work two jobs. At the same time her subprime mortgage interest rates went up from 4.5 percent 5 years ago to 7.5 percent. She told me, through a translator, that when she could not make the payments, she went to her lender. Her lender refused to make loan modifications that would allow her to stay in her home. Her lender told her they were going to devalue her home down to about $99,000. I think she had a total of $220,000 in the home. They are going to devalue it to $99,000 and put it on the market and sell it. She said: I can afford to pay $99,000. Let me stay in it for that. They refused to let her stay in, even though she could service that payment with the job she has with a family of four, stay in her home. They are prepared to kick her out and then put it on the market and sell it to someone else for the same price. That is disgraceful. That is disgusting. And that is the kind of unregulated practice that is taking place out there because people have walked away from any sense of common decency and responsibility.

The fact is that thousands of families such as hers have been through the same kind of predicament where they are forced to start all over again. Each time a house is foreclosed on, a family's economic dream lies in tatters. But it is not only the family that faces the foreclosure that suffers; the entire community suffers. I have talked to police officers who tell me about the increased work they have now to try to patrol by houses that they know are abandoned and boarded up. The property values of entire streets and communities start to drop, which affects the entire ability of that community to be able to function. As I described earlier, crime rates go up, neighborhoods get torn apart, schools are disrupted because when the family gets kicked out, kids are yanked out of the classroom and you end up with a complete disruption to the school system.

According to the census, by late 2007 a higher percentage of houses in the Northeast sat vacant than at any time in the last 50 years, probably since the Great Depression.

So today we are debating the Foreclosure Act of 2008. This has the opportunity to be able to deal with this crisis. It reflects a bipartisan compromise. It is a good first step toward addressing this crisis. It includes a provision, and I thank Senator SMITH from Oregon for his long participation with me in this effort as a member of the Finance Committee. We both passed an amendment in the Finance Committee to the stimulus package. We had hoped this would have been included in the stimulus package a few months ago so this good could have begun to take hold so that families who have been foreclosed on in the last few months would not have been. Regrettably it did not happen. But we are here now.

I am appreciative of him and his efforts to help include that in the bill to provide an additional $10 billion. We originally sought $15 billion of tax-exempt private activity bonds that finance our housing agencies. What the housing agencies would do with this money is take the proceeds from the bonds and use them directly to refinance subprime loans, provide mortgages for first-time home buyers, for multifamily rental housing.

In the case of Massachusetts, that would mean about $211 million of targeted mortgage relief to the homeowners of our State. Similarly, every State in the country would benefit from this provision. I thank Chairman BAUCUS and Senator DODD for their efforts to include this provision in the final bill because of what it can do to help struggling families.

In 2006, State and local governments financed 120,000 new homes with mortgage revenue bonds. With the additional $10 billion in funds, States and localities can equal that amount and finance approximately 80,000 more home loans. According to the National Association of Home Builders, every mortgage revenue bond new home loan produces almost two full-time jobs, $75,000 in additional wages and salaries, $41,000 in new Federal, State, and local revenues. Each new home then results in an average of about $3,700 that gets spent by the new occupants on appliances, furnishings, property alterations, all of which provide a real shot in the arm to our economy.

The reason this mortgage revenue bond proposal is so important is that to many lower income families, they are having difficulty refinancing their existing mortgages. This additional funding makes it easier for families facing foreclosure. It will make it easier for first-time home buyers to buy a home, which means that the glut in the marketplace today of all of those homes that have already been foreclosed will finally find a group of people because of these bonds who will be able to take those houses off the market and become part of the community.

The goal is simple. We want to provide assistance to those who need it most. The extra $10 billion for this program is a proven way to help Rosa Hernandez or others be able to stay in their homes. I might add also, before I close and cede the floor to my colleague, there is in this bill also $4 billion for the community development block grant, which a number of us have advocated strongly for, that will also help local communities to deal with the effects of the housing crisis.

As we all know, the community development block grant is the only real flexibility mayors get in dealing with crises in their community. So I am delighted that is here and that we can help local governments be able to deal with this crisis.

Finally, there is a provision I fought for in this legislation that I am pleased is in it, which is the proposal I put forward to address the foreclosure concerns of our returning veterans. Those who have served our country in Iraq and Afghanistan should never come home to a home that is in danger of foreclosure. But some are. You have a lot of National Guard folks who are doing their second or third deployment, and many of these people are in small businesses, or in some cases even sole proprietors. They have taken a pay cut, in many cases, to serve their country. They do not get paid as much for serving on active duty. The result is that many of them have been put into difficulty.

What we do is extend the foreclosure grace period from 90 days to 9 months, and we extend the freeze on mortgage interest rates for the first year a soldier is home. This is one of the ways we can make good on the rhetoric which is present all over the country about how we care for the veterans but, in fact, whether it is the VA budget or counseling or post-traumatic stress syndrome, or a host of other things, we have rarely put enough money there to keep pace with that rhetoric.

This helps to do it. I do thank Senator DODD for his work to include those provisions in this bill. I do not think anybody wants to see an Iraq or Afghanistan or any other area veteran join their brothers and sisters who served in Vietnam, too many of whom were in the ranks of the homeless or the dispossessed during those years. We owe them more for their plights. This helps to do that.

I close by drawing attention to the fact that a record 37.3 million households currently pay more than 30 percent of their income on housing costs, and more than 17 million Americans are paying more than half of their income to be in their homes. So as we consider additional remedies down the road, I hope we are going to deal with the fact that we can create jobs while easing the affordable lending housing crisis if we were to pass this and pay more attention.

I used to be chairman of the Housing Subcommittee on Banking before I went over to Finance.

I know for almost 10 years we were struggling to get one voucher or two for housing. It wasn't until 1999 that we got the first 50,000 vouchers in 10 years and the year after 100,000. But we have neglected housing as a matter of national policy for almost 20 years now. What some of us wish to do is create a housing trust fund that takes money from the surplus that comes through the FHA lending program, insurance program. But the money that housing produces in surplus actually goes to the general revenue. Some of us believe money produced by housing, that creates a profit in effect or a surplus for the Federal Government, ought to go back into housing rather than continually have housing be the stepchild of American policy. We hope we will ultimately be able to do that.

I urge my colleagues to vote for this legislation. I thank my colleague from Oregon for his patience and, most importantly, for his coefforts in this initiative.

I yield the floor.

The PRESIDING OFFICER (Mr. WHITEHOUSE). The Senator from Oregon.

Mr. SMITH. Mr. President, I thank Senator KERRY, my colleague from Massachusetts, for his kind words. We come to the floor today as Republicans and Democrats trying to work out a bill that will make a difference on the central plank of the current economic slowdown. It is a time, frankly, to note we are finally working in a way that will make a difference and make progress for the American people.

Tuesday evening, I went home and TiVo'd the news. I saw Senator REID and Senator MCCONNELL standing together before the cameras. Behind them were Senators DODD and SHELBY, as well as Senator BAUCUS and Senator GRASSLEY from the Finance Committee, who have worked with Senator KERRY. When I saw these Senators together in a joint press conference, I thought I also heard a collective sigh of relief from the American people that finally the Senate was proceeding in a way they expect. I, for one, was breathing a sigh of relief that there was agreement and that we are here productively engaged in finding a solution. I also thank Senator KERRY. He and I have been at this amendment now for months. I have had the privilege of working with him on many issues over a long time. I am currently on the Finance Committee, and this amendment we actually got approved in the Finance Committee in the last stimulus package. I wish it had survived that process because it would already be making a difference. But with the help of leaders on the Finance Committee and the approval of the Banking Committee, it has now been included in the underlying bill. I thank all of them for this.

As I noted back in January, we offered this legislation as an amendment. The committee approved our amendment with an overwhelming 20-to-1 bipartisan vote. Again, we were not able to keep it in the package, but it is in the package today.

Across the country, rising interest rates and slumping home values are creating the perfect financial storm for many American families. The legislation Senator KERRY and I authored is aimed at stemming this tide and providing homeowners an option to avoid foreclosure and stay in their homes. Under current law, State and local governments are permitted to issue tax-exempt bonds, called qualified mortgage bonds, to finance new mortgage loans to first-time home buyers. What our legislation does is temporarily expand the use of this program to include refinancing of existing subprime loans. It would also provide a $10 billion increase in tax-exempt bond authority which could be used to provide these refinancing loans, issue new mortgages for first-time home buyers, and, finally, invest in multifamily rental housing. Our proposal would also exempt mortgage revenue bonds from the alternative minimum tax to make them more attractive to investors and to cut home-buyer mortgage costs further.

For Oregon, the increased bond cap will translate to roughly $122 million in new bond authority to address the State's housing needs. Our neighbors in Washington State will receive roughly $210 million in new bonding authority, enough to produce more than 1,300 loans. In Arizona, where the delinquency rate has jumped from 2.9 percent in the fourth quarter of 2005 to 5.45 percent in the fourth quarter of last year, an estimated 1,400 new mortgage loans will be generated by this bill.

Michigan, which had a delinquency rate of 8.9 percent at the end of the fourth quarter of last year, will have its bond cap increased by more than $332 million, enough to generate more than 3,300 new home loans or refinancing.

Another example, Arkansas, with a delinquency rate of 6.6 percent as of last December, will receive more than $92 million in increased bonding authority which would lead to more than 1,100 new loans. Nationwide it is estimated our proposal would lead to roughly 80,000 new loans.

To anyone who questions whether addressing the housing crisis is economic stimulus, I would say each one of these new home loans is projected to produce almost two full-time jobs; $75,000 in additional wages and salaries; $41,000 in new Federal, State, and local revenues; and an average of $3,700 in new spending on appliances, furnishings, and property alterations.

Our proposal is not going to solve all that ails the housing economy, but it is an important and good start, and it will provide real relief to working families at risk of losing their homes. This relief is targeted, not a bailout to investors who were looking to cash in on the housing boom. The new housing bond authority will be subject to the program's income and purchase price requirements. In 2006, mortgage revenue bond borrowers had an average income of $45,000 and bought first-time homes with an average purchase price of $137,000.

I wish to say, again, how pleased I am the Senate is finally moving to debate on this housing package. If we are serious about stimulating the economy, we need to take a look at the root causes of this slowdown. First among

those is housing. There are a number of important items in the bill we are debating. I was disappointed, however, the AMT exemption for the low-income housing tax credit was not included in the base bill. This is something Senator CANTWELL and I have been advocating and will continue to work this week to see if we can add to the bill.

I hope we can work quickly, though, as Americans, as Republicans and Democrats, to get this bill to the President, a bill he can sign, so we can, through common sense and common ground, achieve some common good for the American people.

I yield the floor.

The PRESIDING OFFICER. The Republican leader.

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

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

(The remarks of Mr. MCCONNELL are printed in today's RECORD under ''Morning Business.'')

The PRESIDING OFFICER. The Senator from Pennsylvania.

AMENDMENT NO. 4388

Mr. SPECTER. Mr. President, I have sought recognition to comment on the pending Durbin amendment.

Mr. CORNYN. Mr. President, before the Senator begins, I wonder if he will yield for a unanimous consent request.

Mr. SPECTER. I will.

Mr. CORNYN. Mr. President, I ask unanimous consent that following the comments of the Senator from Pennsylvania, the Senator from Montana be recognized and then I be recognized following the Senator from Montana.

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

The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I commend the distinguished Senator from Illinois for offering this amendment and for initiating very considerable discussion on the plight now being faced by many individuals who are faced with mortgage foreclosure.

He and I have had very extensive discussions on his proposal and my legislative proposal, which has been introduced as S. 2133, which differs from the Durbin amendment in that it provides authority for the bankruptcy court to change the variable interest rate mortgages which have caused so much confusion and so much difficulty in leading to foreclosures by people who could not pay the increases which were noted by the variable interest rate mortgages.

There have been a number of situations where the mortgage rate has jumped far in excess of what the borrower had anticipated.

A homeowner in Lithonia, GA, who borrowed on a variable interest rate mortgage, found the interest payments rising from $1,079 to $1,444, which the borrower could not afford.

A first-time home buyer in De Soto, TX, found their variable interest rate mortgage moving from $1,400 to $1,900.

It is a pattern across the country where people have faced foreclosures.

The difficulty which I see with the Durbin amendment is it will impact on the ability of borrowers to secure mortgages in the future because lenders will be unwilling to loan money where there is the prospect that Congress will intervene and grant authority to bankruptcy courts similar to that suggested by Senator DURBIN today.

The core of the consideration was articulated by Justice Stevens in a case captioned Nobleman v. American Savings, in 1993, where Justice Stevens said:

> At first blush it seems somewhat strange that the Bankruptcy code should provide less protection to an individual's interest in retaining possession of his or her home than of other assets. The anomaly is, however, explained by the legislative history indicating that favorable treatment of residential mortgages was intended to encourage the flow of capital into the home lending market.

So you have the anomalous situation, as articulated by Justice Stevens, that on the principal home the bankruptcy court does not have such authority. That is for a very sound public policy reason: that if the bankruptcy court did have that authority, then lenders would be unwilling to lend money for first-home mortgages. So if you have a second home or if you have a yacht or if you have other assets, the bankruptcy court does have that authority, but for good reason it does not have the authority on first homes.

There have been a number of studies on the subject concluding that the impact of the Durbin amendment would be deleterious to the ability of people to get mortgages because of the reluctance of lenders to put up the money.

Professor Joseph Mason of Drexel University testified before the Senate Judiciary Committee that ''it is straightforward to conclude'' that cramdowns will increase the cost of mortgage credit.

In its analysis of economic stimulus options, the Congressional Budget Office noted that one of the costs of cramdown proposals ''could be higher mortgage interest rates.''

Federal Chairman Bernanke testified before Congress that modification of mortgages ''would probably lead to concern about the value of existing mortgages and probably higher interest rates for mortgages in the future.''

In studying the impact of cramdowns for farm real estate in Chapter 12 bankruptcy, the U.S. Department of Agriculture estimated that cramdowns raise the interest rates on farm real estate loans by between 25 and 100 basis points.

Even the report cited by supporters of Senator DURBIN's bill concluded interest rates will increase. In their paper, ''The Effect of Bankruptcy Strip-Down on Mortgage Interest Rates,'' Georgetown law professor Adam Levitin and Joshua Goodman acknowledge that allowing bankruptcy courts to cram down mortgages will increase interest rates.

The effect of my bill, which is a great deal more modest, will not, I submit, have that effect. The essence of the bill which I have proposed will apply only to mortgages given, borrowings, prior to the date of the introduction of my bill and will sunset in 7 years.

I think it is important the legislation now pending in the Senate deal with the so-called little guy, the guy who lives on Main Street. We have already seen very substantial relief for Wall Street in the Bear Stearns bailout. I am opposed to bailouts. If the entrepreneurs on Wall Street are making investments with the prospect or the expectation or the hope of big profits, and they find their judgment is bad and those profits are not realized and instead there are losses, it seems to me they ought not to be coming to the taxpayers for a bailout. Where they are looking for big-time speculative profits, and they are wrong, they ought to sustain those losses instead of having the losses sustained by the taxpayers.

It is understandable that the Federal Reserve took an exceptional view of the Bear Stearns situation in order to avoid a potential ripple effect and devastating consequences on the economy. It was not a gigantic bailout, in any event, when Bear Stearns stock was selling for $150 or thereabouts a year ago, and the initial bailout was for $2 and the prospect of increasing that to $10.

But I believe the current legislation pending before the Senate is unduly balanced for the big guy as opposed to the little guy or the person who operates on Wall Street as opposed to the person who lives on Main Street. That is why I support the focus of attention which Senator DURBIN has brought with his bill—although for the reasons I have stated I disagree, and my bill takes a much more modest approach—Senator DURBIN and I worked long and hard to try to reach some accommodation and some compromise, and we could not do it because our approaches are so basically different.

We finally had a vote on our bill in the Judiciary Committee today. Our legislation was introduced last fall and could have been acted on by the Senate a long time ago. We could have brought this matter to the floor and stimulated other amendments and other discussion. The delay of months has resulted in many foreclosures. In the Judiciary Committee today, on a 10-to-9 party-line vote, my bill was defeated, and the Durbin bill was passed for action on the floor. But events on the floor have finally overtaken the committee action. The committee did act today.

Mr. DURBIN. Mr. President, will the Senator yield for a question?

Mr. SPECTER. I do.

Mr. DURBIN. Mr. President, if I could very briefly, because I know others are here to speak, I would like to distinguish, if I can, three or four approaches where we differ between us.

The first element that is important—and I wish to make sure it is clear for the record—my amendment gives to the bankruptcy court the authority to modify the mortgage. But under your amendment, or your approach, the ultimate decision on whether a mortgage is going to be modified still has to be approved by the lending institution; is that not correct?

Mr. SPECTER. Mr. President, I answer the distinguished Senator from Illinois through the Chair by saying that is correct. My bill does allow for the modification of the principal sum but only where the lender is in agreement. I do not do that to give the lender control of the situation. I do that to avoid having a principle established where lenders in the future will be unwilling to loan money for mortgages if they think the bankruptcy court has the authority to reduce the principal over their objection. But if the lender agrees to it—and I think it is important because the bankruptcy court would not have the authority to reduce the principal unless there is the provision I have by obtaining the lender's agreement.

But the principle that the Senator from Illinois seeks to reduce the principal sum, I think, is sound, so long as you do not destroy the ability of the lender to control it so as to not discourage future lenders. So my answer is yes.

Mr. DURBIN. Mr. President, if the Senator will yield for only two or three more questions.

I might acknowledge the fact that currently those lenders can renegotiate the terms of a mortgage without a bankruptcy court and that giving them the last word is going to diminish, I believe, the likelihood that they would agree to anything by the bankruptcy court.

I might also say that under chapter 12 bankruptcies and on farm loans a few years ago, we gave this authority to the Bankruptcy Court and the lenders said: Oh, interest rates will go up, and they didn't.

But I wish to ask this specific question. My amendment limits these modifications to mortgages that are subprime mortgages, and the Specter bill, S. 2133, says these modifications would apply to any type of loan, even prime fixed rate mortgages. Is that not correct?

Mr. SPECTER. It would apply only as long as they are variable interest rate mortgages.

Mr. DURBIN. Mr. President, I wish to also ask the Senator from Pennsylvania, through the Chair: Is it true that the Senator limits the application of his modification of mortgages by the Bankruptcy Court to families earning less than 150 percent of State median income, which would be somewhere in the range of $60,000 to $70,000 a year in most States—annual income of most States—and would not cover those, for example, in the State of California and other States where they have higher incomes and higher mortgages?

Mr. SPECTER. Mr. President, the Senator from Illinois is correct. It may be that my proposal is too modest in that respect. I am not in concrete on that specific provision because I think that could be modified to accommodate different markets without dealing with the underlying principles I am concerned with.

Mr. DURBIN. I thank the Senator for yielding.

I might say to the Chair, I have spoken to the Senator in the hopes that we can bring this to a vote. I have spoken to the minority leader, Senator MCCONNELL, and he has said there are other Members who wish to come to the floor to speak on this amendment, and I hope they will. There is no point in dragging this out indefinitely. There are many other amendments that are going to be offered and I wish to bring this to a vote.

I thank the Senator from Pennsylvania for yielding for a question.

Mr. SPECTER. Mr. President, I thank the Senator from Illinois for the questions. I think the questions clarify the positions. It is almost like debating an issue in the world's greatest deliberative body. Too often speeches are made with no one present except the Presiding Officer and perhaps someone who is listening on C–SPAN 2, besides my sisters. But we need more of this kind of a discussion in the Senate to illuminate and provide a little life and a little spontaneity besides Senators who rise and read from a text, and frequently reading badly from a text.

I agree with the Senator from Illinois that we ought to move ahead on this bill and vote as soon as possible, and I join him in urging people who have amendments to come to the floor. It is my intention to offer another—my amendment, S. 2133, and to have a vote on that after we conclude with the amendment by the Senator from Illinois.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I agree with the Senator from Pennsylvania. The last 10, 15 minutes has been one of the more edifying, constructive, and helpful explanations on various approaches. He made the statement that perhaps there should be more of that on the Senate floor, a point with which I strongly agree. I thank both Senators for that dialog.

Mr. BAUCUS. Mr. President, Charles Dickens wrote:

Home is a name, a word,
it is a strong one;
stronger than a magician ever spoke,
or a spirit ever answered to,
in the strongest conjuration.

Simply put, we are here today to help families keep their homes. We are here today to move a package of tax provisions that will help those families to keep their homes. Our package does so with tax relief for homeowners, for home buyers, and for home builders. We are offering this Finance Committee tax package as part of the pending consensus amendment assembled by the two leaders and by Senators DODD and SHELBY.

Today, many American families find their home is threatened. A weak housing market has spread weakness throughout the larger economy. More than 5 million households now owe more than their house is worth. That is about 1 out of every 10 home mortgages. As prices fall, that number is expected to grow.

Our tax package seeks to stabilize the housing market by providing temporary, targeted, and timely tax relief to the housing market. We have developed a consensus package that is limited to four provisions and these provisions focus solely on our ailing housing sector. The Finance Committee passed the first two provisions early this year as part of the economic stimulus package.

First, our package increases the number of mortgage revenue bonds. Mortgage revenue bonds are tax-exempt bonds issued by State and local housing finance agencies. With the proceeds, these agencies can extend mortgages to home buyers at interest rates below the market rate. This will help. It will help homeowners avoid foreclosure and will increase first-time home purchases.

The subprime and affordable mortgage markets have virtually collapsed. As a result, demand for mortgages financed by housing finance agencies is increasing. State housing agencies can respond immediately to the growing risks of foreclosure. These agencies can issue more mortgage revenue bonds. That can provide States the option to refinance subprime mortgages, and additional mortgage revenue bonds can help clear out the glut of existing homes on the market through first-time home purchases.

Our proposal includes a second provision that the Finance Committee passed earlier this year. That is extending the carryback period for net operating losses, otherwise known as NOLs, from 2 years to 4 years.

Generally, cyclical businesses have profitable years followed by loss years. During a loss period, a company will carry back the net operating losses from the loss years to their prior profitable years. They will file a quick refund claim and that quick refund claim will act as a cash infusion that will allow the company to survive a loss period.

The housing industry in particular will greatly benefit from an increased NOL carryback period. The expanded period will allow builders to avoid selling land and houses at distressed prices, and it will provide less costly financing.

An increased NOL carryback period will improve business conditions for the eventual return of the housing market, and the expanded period would give the housing industry cash to meet payroll, which would certainly limit additional job losses.

Third, our proposal provides broad-based tax relief for low-income individuals and those who have already paid off their mortgages. Under our proposal, homeowners would be allowed to deduct local real estate property taxes from their Federal tax return, even if they don't itemize. According to the Joint Committee on Taxation, more than 28 million taxpayers pay property taxes but don't itemize. Our proposal would provide these 28 million taxpayers a deduction for the amount of their property taxes up to $500 for individuals and $1,000 for married filers. Most often, nonitemizers are low or middle-income people. Our proposal will also benefit those who are not likely to itemize because they have already paid off their mortgages. Senior citizens clearly would benefit. The Congressional Research Service estimates that nearly 130,000 property taxpayers could benefit in my home State of Montana alone.

Fourth, our package provides a home ownership tax credit for the purchase of homes subject to foreclosure. Behind each foreclosed property is a family kicked to the curb, and the suffering does not end there. Foreclosed and vacant homes are a blight on the neighborhood. They drag down home prices. They are targets for vandalism and burglaries. Congress should encourage people to purchase those properties. That will help to stabilize home prices and get the housing industry back on track.

Our proposal provides a one-time credit for taxpayers of $7,000. The credit will be claimed over 2 years and the home purchase would have to be made in the following 12 months. The short-term nature of this credit is critical to providing immediate stimulus. It also ensures that we do not oversubsidize the housing industry or exacerbate the current oversupply of residential homes.

This focused package of four proposals will go far. It will go far to address the housing downturn and economic weakness in our country. I am proud we have all pulled together on this with Senator GRASSLEY and others, and I hope the Senate can pass it into law expeditiously.

A lot of irresponsible actions led to the housing crisis, but now a lot of responsible homeowners, home buyers and home builders are caught up in it. Tax relief and mortgage help to folks who played by the rules in the housing market is the right thing for Congress to do. The tax provisions in this package will keep property values up, keep folks in their homes, and keep businesses afloat, and those are all keys to handling the housing crisis.

In sum, this is an effort to provide tax relief to homeowners, home buyers, and home builders. It is an attempt to help families keep their homes. It is an effort to preserve an important word stronger than any magician ever spoke or any spirit ever answered to—the word called ''home.''

I urge my colleagues to support the package.

I yield the floor.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. CORNYN. Mr. President, the Senator from Georgia has asked me to yield 1 minute of my time, and I will do so without yielding the floor.

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

Mr. ISAKSON. Mr. President, I thank the Senator from Texas.

While the chairman of the Finance Committee is on the floor, I express my appreciation to him, Chairman BAUCUS, on the hard work that has been done on this particular legislation, in particular, the tax credit on foreclosed homes, and to praise his staff for the late night concentrated hours Tuesday night and early Wednesday morning when this was put together. It was a remarkable effort and I wanted the chairman to know how much I appreciate it.

Mr. BAUCUS. Mr. President, if I might respond to the Senator from Georgia, I certainly appreciate those remarks. He is to be complimented for bringing the idea forward to me personally and to others. It is a major contribution to the solution we are providing here. We did have to tailor it down a little bit within the confines of the package. I thank the Senator from Georgia for being agreeable and for working with us to find a way to make this work.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. CORNYN. Mr. President, I want to address the Durbin amendment because I am concerned that the Durbin amendment would hurt low and middle-income families by making home mortgage interest payments higher, make them more expensive, by discouraging credit counseling and mortgage renegotiations and inadvertently steering more American homeowners into bankruptcy.

Let me try to quantify what I mean in terms of the expense. It is estimated that the so-called cramdown provision would raise interest rates on average by about 1½ percent. In Texas the average home loan is $122,000 a year. The monthly payment for a 30-year fixed home mortgage at 6 percent is $734. If you add a percentage point and a half to that, it goes up by $122 a month. So if these estimates are correct—and I think they are the best information we have available to us now—the average increase to Texas homeowners would be almost $1,500 a year. It would be $1,465 a year. For that reason, among others, I oppose the Durbin amendment.

The bill actually risks increasing the cost of owning a home for every American, and not just for people in my State, in Texas. There has been a little history to this provision as well.

The Democratic Congress and President Jimmy Carter back in 1978 had a reason for excluding from cramdown the ability for a bankruptcy judge to actually go in and rewrite the interest rate so people could afford their home. As a matter of fact, the cramdown exception, which this amendment would eliminate, actually helps people buy homes. It is pretty clear—Senator SPECTER from Pennsylvania quoted a U.S. Supreme Court opinion relative to this, but it is pretty clear that the congressional intent to exclude home mortgages from cramdown was intended. Some have disputed that Congress was pursuing a policy of making home mortgages more available when we created the cramdown exception.

Senator DURBIN, I believe, has said that the cramdown exception for home mortgages makes no sense whatsoever. The record from the 1978 act clearly shows that Congress viewed exceptions to cramdown as a means of making mortgages more available. The Senate Judiciary Committee report explained that the purpose of the real estate exception was to: ''afford greater protection'' to real estate financing ''by creating a safe harbor that would facilitate, rather than discourage, this type of financing.''

As I alluded, the courts have recognized this policy in interpreting the act, most notable in Justice Stevens' concurrence in Nobleman v. American Savings Bank. So I would say that the Democratic Congress of 1978, President Carter, and Justice Stevens all have acknowledged that this policy of excepting home mortgages from cramdown makes sense and helps keep mortgage rates low, which I think ought to be our policy.

Inadvertently, I think this amendment would also encourage more people to seek bankruptcy as a way to deal with their financial difficulties. It has been argued that this provision would actually encourage borrowers to negotiate with their lender. The one problem with that is, as we all know, most mortgages these days are actually sold by the lender; they are packaged and then purchased as securities and sold on the open market. It is, in fact, what has happened in the subprime mortgage market, which has created this crisis. The people who actually bought those securities now find that they are worth dramatically less than they thought because of the problems these mortgage holders are having. So it is certainly not a given that they will be in a position to negotiate with the lender, who no longer even holds that mortgage.

I am concerned, though, that the amendment goes too far in those rare cases where negotiations are still possible to remove the homeowner's incentive to negotiate and, instead, steer them into bankruptcy. The Durbin amendment would, in fact, create a siren's song that would lure struggling families onto the rocks of bankruptcy. For most Americans, our homes are our largest and most-cherished investment. The chance to have their mortgage decreased by a bankruptcy court, basically to renegotiate what a negotiated interest rate is, would encourage

struggling families to seek bankruptcy protection instead of trying to negotiate and get their finances back in order in a way that will preserve their credit and will not lure them into bankruptcy.

I think it is worth noting that bankruptcy itself has lasting and serious consequences to the credit rating of the people who seek it. Bankruptcy is not in the long-term interest of every family who falls behind on their mortgage. We should encourage negotiation where possible. In fact, we know that is what happens anyway. Very few mortgage holders refuse to negotiate with the borrower when they get behind in their payments because, frankly, they don't want the property back. They want to continue the loan in effect, if possible.

So I think the Durbin amendment actually discourages negotiation and creates an effective magnet, attracting people into bankruptcy. I have already talked about why I think that is a bad idea.

Of course, this amendment also waives the bankruptcy law's counseling requirement when a home is in foreclosure, which is inconsistent with the underlying Shelby-Dodd compromise that provides $100 million to encourage credit counseling.

The goal of the bill should be to help struggling families get back on their feet, not encourage bankruptcy filings that would raise mortgage rates for everybody, ruin the credit of the borrower, and ultimately not solve the problem it is intended to solve. For that reason, I oppose the Durbin amendment and encourage my colleagues to do likewise.

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

Mr. CORNYN. Yes.

Mr. DURBIN. Mr. President, I acknowledge that the Senator is correct that this modification of a mortgage on a primary residence would be a change in bankruptcy law. I ask the Senator from Texas, is he aware that in the 1980s we created chapter 12 bankruptcy for farms and created the opportunity for the bankruptcy court to modify mortgages on family homes and farms, and at the time the banking industry said the same thing about that change as they have about my amendment—that it would raise interest rates? Is the Senator aware of the fact that there was no significant increase in interest rates on farms as a result of the creation of chapter 12 bankruptcies?

Mr. CORNYN. I accept what the Senator says. I have no reason to dispute it. I, frankly, have no knowledge of it. I know that currently we have roughly 2 percent of the mortgages in America that are in foreclosure proceedings. While there is undoubtedly a serious problem, I don't think this is the right solution to it. I said that some estimates are that it would increase interest rates by 1.5 percent on mortgages. On a $122,000 mortgage in Texas, it would increase annual costs about $1,500. So I must oppose it.

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

Mr. CORNYN. I will.

Mr. DURBIN. Is the Senator aware that my amendment limits the modification of mortgages in bankruptcy to those on primary residences, existing as of the date of the enactment of this law, and that it would not apply to any future mortgages and would not have an impact on future mortgages, those that are going to be issued. So the credit industry is saying: We are afraid this is going to apply to everybody. There is a limited application of a narrow class of people who would be eligible.

Mr. CORNYN. Mr. President, I appreciate the clarification. I also note that the tendency in Washington and in Congress, and the Federal Government generally, is for things to get bigger rather than to contract. So while I appreciate the clarification, I am not consoled by the current limitation.

The PRESIDING OFFICER (Mrs. MCCASKILL). The Senator from California is recognized.

Mrs. FEINSTEIN. Madam President, I am a cosponsor of the Durbin amendment and am very happy to support it. Later, Senator MARTINEZ and I will be submitting an amendment. The Senator is in the Banking Committee now and will come to the floor shortly.

I wish to take this opportunity to speak about this amendment. It is also supported by Senators BOXER, OBAMA, SALAZAR, DOLE, DURBIN, and CLINTON. Essentially, this amendment deals with the fact that today there is a very thin patchwork of State licensing for brokers. It is insufficient. There are no national standards for the licensing of a mortgage broker in this subprime marketplace. In many States, there are really no requirements. What that has done is enabled bad actors to flourish. I wish to give you two examples of what a bad actor as a subprime mortgage broker means.

I met this family in the picture in Los Angeles this past week. This is the Simmons family. Mr. Simmons worked for Northrop Grumman for 20 years, and Mrs. Simmons has been a checker at Alpha Beta for 26 years. They are retired. They have owned this home in Los Angeles for 39 years. Mr. Simmons had a stroke. When he had this stroke, they obviously had additional medical expenses. Last year, they were in the market for a better rate than the 8 percent they were paying on the loan on their house which remained and was $550,000. They got a cold-call from an unlicensed broker, who offered them a $629,000 loan with these terms: $25,000 cash back, a 4.5-percent interest rate, and monthly payments of $2,000 after four months at $5,300 to lower the interest rate. They studied it and said, ''We can afford this.'' And so they did it. Here is what really happened. The interest rate was 11.2 percent, not 4.5 percent. There was no cash back. The monthly payments were $5,300 every month. They called about it, and they were told it just wasn't true. The paper they signed was for $5,300 every month for the length of the mortgage. Then they learned that not only was there no cash back, but this broker walked off with $20,000 in his pocket. These are retired people. They were confronted with hundreds of pages of loan documents, filled with small print. They trusted their broker.

Not too long ago, my husband and I bought a home. We trusted our broker. He went through the papers with us. Candidly, I do not believe most people read every line of what amounts to a stack about 6 inches high of papers when you buy a home.

For the Simmons family, they dipped into their life savings. They are afraid they may lose their home. This is exactly the type of situation our bill would prevent.

Let me give you another story of Steve and Valvina McFatten. They live in Fresno, and they are in this photo with their children and dog in front of their house. They have two teenage daughters. Steve is an assembly-line worker. Valvina is an office assistant. They both work.

In 2005, a bank told them they could handle a mortgage of up to $135,000. When they saw their dream home the next year—listed at $250,000—they thought it was out of reach. But a broker steered them into two mortgages for $250,000 for only $1,000 down, with an adjustable interest rate. Their combined monthly payments were $1,600. Now, the McFattens have weak credit, modest income, and two children to raise. They told their broker they could not afford this loan. The broker told them not to worry, that their monthly payments included their property taxes, their mortgage insurance, and a warranty for home repairs. Well, did that turn out? No. Here is what the real deal was: no money toward property taxes, no money toward insurance, and no warranty. It was canceled without their knowledge.

These are two examples of what is happening in California. Many Americans trying to get a piece of the American dream have actually been sold a bill of goods by unscrupulous brokers and lenders. When I was in Los Angeles, the San Bernardino district attorney, the Los Angeles district attorney, and the State attorney general had just arrested nine bad actors in the mortgage broker business. So it is going on all of the time. People are told: Don't worry, you don't need a big downpayment. You can get into a zero-interest loan. Don't worry about what you are getting into. Home values always rise. Don't worry about the adjustable interest rate; you can always refinance. Don't worry, you cannot lose.

Well, the fact is that you can lose, and you can lose big. I can say that everybody should read the fine print and take the time to understand exactly

what their mortgage documents say. The fact is that people have difficulty understanding these very legal documents. They tend to depend on their mortgage broker. So the damage is staggering.

There were more than 2 million filings last year, and another 2 million are expected this year. Senator BOXER's and my State is ground zero, with 4 of the 10 metropolitan areas with the highest foreclosure rates in the Nation. No. 2 is Stockton. No. 4 is San Bernardino. No. 5 is Sacramento. No. 7 is Bakersfield. It just so happens that these are areas with a lot of middle-class, hard-working families who tend to trust their broker. Both people in the family work. They may not all be college graduates. They may have a tough time understanding the fine print, and they depend on the person who comes to them as a professional and makes personal representations to them.

My State accounts for more than 20 percent of the Nation's foreclosure filings. It is very serious. We have now learned how easy it is for anyone to get into the mortgage business in some States and, quite frankly, it is astonishing. A simple Internet search will show how easy it is.

These are statements taken right off the Internet for a broker. Here is the source: http://www.cflicense.com. We accessed this site on the 27th of February of this year. Here is what they advertised:

> No experience, education or exam is necessary.

To sell subprime mortgages in the State of California.

And here is also what we learned:

> You can hire unlicensed sales agents to originate loans under your company license.

In fact, a lot of the real estate industry is opposed to mortgage licensing. They want to be able to do that. But our job is to decide, is this in the best interest of the consumer? I don't believe it is. As a matter of fact, I find it rather outrageous. I say to the real estate industry: This does you no good to have unlicensed subprime mortgage brokers who give bogus information to your clients.

So here is what this bipartisan amendment would do. First, it would establish some minimum, basic Federal license requirements. They would ensure mortgage brokers and lenders are trained in ethics, consumer protection, lending laws, and the subprime marketplace. To be licensed, you would have to have no felony convictions, have no similar license revoked, demonstrate a record of financial responsibility, successfully complete educational requirements, at least 20 hours of approved courses—it seems to me that is pretty basic—pass a comprehensive written exam, and meet an annual license review and renewal requirement. It would also require that all mortgage brokers and lenders provide fingerprints, a summary of work experience, and consent to a background check to authorities.

The bill would also establish a national database so individuals buying a home who wanted to use a subprime mortgage broker could go on the Internet and find out if that broker is, in fact, licensed.

The State would have the responsibility to carry out these minimum standards and could add any standards they wished. But State regulators would be required to develop a satisfactory licensing system within 1 year following the enactment of this legislation. If this does not occur, the Housing and Urban Development Secretary is empowered to quickly develop a national database and license-generating revenue for its implementation through fees to license applicants.

There is broad bipartisan support for this amendment. Our amendment is similar to a provision authored by Representative SPENCER BACHUS, a Republican from Alabama, the ranking member of the House Committee on Financial Services.

The national licensing concept for mortgage lenders and brokers was included in the comprehensive mortgage reform bill which passed the House in November. And last month, the President's working group on financial markets recommended a similar proposal in their report on the housing crisis.

I will conclude. The emergence in recent years of subprime and other exotic mortgage products have put many American home buyers at great financial risk, and many of these products require little or no downpayment. They allow people with bad credit to get in over their head. They do not verify their wages. Many have exaggerated wages on the loan documents. And most lenders and brokers offered these mortgages, though, in a responsible fashion. But many others used predatory tactics, such as failing to disclose the full risk in order to place unsuspecting borrowers into mortgages they could not afford.

Madam President, my heart broke when I met the Simmons family. When I think of somebody working for 20 years for a defense firm in California, his wife working for 26 years as a checker in a supermarket so they could buy and sustain a home which, as we can see, they have kept in pristine condition, having a health problem—namely, a stroke by Mr. Simmons; it is difficult for him to get around, it is difficult for him to speak—costing them extra, using the home as a basis to try to refinance to take some money out of this house to pay for medical bills.

What is happening now? A bad actor got hold of them. They did not realize what they were getting into. He promised certain things which did not come through. And now this couple faces losing their home.

Fortunately, we were able to hook them up last week with a community pro bono law firm that will now represent them and deal with their mortgage company and try to see if they can recondition some of this loan back to what they were promised.

This is going on, and it is going on all over California. The areas I just pointed out, the 4 out of the 10 highest areas are not the most affluent places in my State. They are places where families just like the Simmons have heard the rhetoric: We can put you into the American dream; we can enable you to buy a home; and here, I, the mortgage broker am willing to sit down and make you all these commitments. Then they find out the commitments are ashes.

This has to stop. There is no place for the predator in this industry. I know Citibank told me they oppose the legislation. I say to Citibank: Are you proud of this? Is this the way you want to do business?

And I say to realtors who do not want these brokers to be licensed: Is that the way you want to do business? If it is, I am against what you want.

I hope this amendment is adopted. It has been talked about, it has been dealt with in general terms in a past bill that passed the House. The President's working group said we should consider it. We now have the chance to do it.

We face 2 million additional foreclosures, and we have to do something about predatory lenders and brokers, and this amendment is a beginning.

Mr. DURBIN. Madam President, will the Senator yield for a question?

Mrs. FEINSTEIN. I certainly will.

Mr. DURBIN. Through the Chair, I am happy to be a cosponsor of the Senator's amendment. The last point she made is the one I found almost nothing short of amazing: that the largest banks that are involved in the mortgage business, and the realtors who are involved, obviously, in these transactions are resisting Senator FEINSTEIN's amendment that would provide some basic standards for the licensure of mortgage brokers. That is the point I would like to make, through the Chair, to the Senator from California. I continue to wonder why these noble professions are protecting the bottom feeders of our economy, those who are preying on people such as the Simmons.

I have stories in Illinois I can tell that will match each one of the Senator from California, where there is basic exploitation of people by those who mislead people in terrible financial circumstances, people of limited experience and education who are trying to understand the complexity of mortgages and closings and interest rates and all of the matters that have to be understood well.

I ask the Senator from California, Madam President, does she have the support of any financial institutions or any of these professions that should be in support of State licensing of these mortgage brokers?

Mrs. FEINSTEIN. Let me answer that. Not to the best of my knowledge. Let me also say—and perhaps I do, but I will find out—let me also say Citibank and even the California real

estate establishment want exemptions. Well, I am not willing to give exemptions. I say for shame if this is the way you want to practice your business. It is not acceptable.

Mr. DURBIN. I thank the Senator from California.

Mrs. FEINSTEIN. I yield the floor.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Madam President, too many families in Missouri and across the Nation are feeling the pain of the housing crisis. They need our help now. This Senate is coming together on a bipartisan basis to provide some relief to deal with some of the real problems we find in communities throughout our Nation.

Over the Easter break, I traveled around the State. I talked with a lot of folks who have a real and deep interest in this housing crisis. I met with families struggling under the threat of foreclosure, neighborhood groups counseling families on how to keep their homes, government officials at the local level—mayors and council members—who were trying to find ways they could assist, community leaders asking for our help. They told me about the neighborhoods devastated by foreclosures. More critically, they told me of the personal problems faced by families running into foreclosure where their adjustable rates had risen so high they could no longer afford them. And they talked to me about the devastation of family after family being threatened with losing their home.

I did not hear from speculators who overbuilt and are now caught with too much inventory. I did not hear from investors who bought a second or third vacation home, expecting that the price would go up more than they paid for it and now regret their bad decisions. And I did not hear from the greedy lenders who went out and offered terms that were too good to be true. Some of the worst ones were the no-downpayment loans. Many others offered unbelievable teaser rates and then put out paper that was absolutely unaffordable by the borrowers. They spread this toxic paper throughout the system. It is putting at risk not only our national financial system, but that toxic stuff has spread to international markets, and markets across the world are feeling the pain of our subprime crisis.

In Missouri, I heard from mothers and fathers who want to keep their home. I heard from fixed-income seniors who thought they had a deal they could live with until the rates started adjusting and the mortgages got out of their ability to pay. These folks do not want a government handout. They do not want a bailout. They do not want the Federal Government buying their mortgage or buying the homes around them. They are hard-working Americans who want to be able to meet their original commitments and keep the promises they made. They need targeted temporary help to get them refinanced and on with the rest of their lives.

That is the kind of relief I offered on behalf of several of my Republican colleagues in the Security Against Foreclosure and Education Act, or SAFE Act, of 2008. It provided help for families to refinance distressed subprime mortgages, help for neighborhoods for the purchase of foreclosed homes, help for returning war vets coming home to the threat of foreclosure, and reform of the Federal Housing Administration that we all agreed upon last year and still have not been able to pass.

These proposals, I am very happy to say, form the core of the Foreclosure Prevention Act substitute amendment that is before us today. I thank Senators DODD and SHELBY who came together and assembled this bipartisan package of relief for families and neighborhoods. They took proposals from our SAFE Act, housing proposals from our Democratic colleagues, and provisions from our friends on the Finance Committee to make this relief package.

Most importantly, this measure will help struggling families refinance their subprime mortgages by authorizing State housing finance agencies to issue $10 billion in tax-exempt bonds and use the proceeds for refinancing.

I happen to know very well how effectively our Missouri Housing Development Corporation functions, and if they have this authority and if they can sell their bonds, then they will be able to refinance where people have seen their mortgage payments escalate beyond their ability to pay. This is the kind of assistance we expect from our housing finance agencies, and we need to empower them.

Secondly, to help families know their options to avoid foreclosure and keep them in their homes, it provides an additional $100 million for loan counseling. I was proud to be able to join with my colleague from Connecticut, Senator DODD, in the Housing and Urban Development appropriations bill last year to put $180 million in counseling. Congress passed it in December. The first of these funds has gone out, and they tell me already they are having a great effect. Many say that knowledge means power. Housing counselors I met with over the recess told me how these counseling funds are helping families know how to renegotiate with their banks to get good refinancing and keep their homes.

The message all of us ought to carry back to our home States when we talk to people who are threatened by these problems is that if you see your mortgage rates going up beyond your ability to pay, if you have concerns about whether you can meet the terms of the financing, don't wait until foreclosure proceedings are initiated. Don't wait until you get hauled up on the courthouse steps to see your property sold. There are counseling agencies that we have funded and will be funded additionally across the country in every large community that will come in and work with the homeowner and with the lending agencies to try to work out terms.

Many of these will be able to get refinanced. It has to be voluntary on both sides, but as has been said earlier on this floor, lenders have a real disincentive for foreclosing. They got into the business not to own homes, they got in the business to receive payments. Very often this means there is common ground which can be agreeable to the homeowners and the lenders to stay the costs and the risks of foreclosure.

Foreclosure not only is devastating to the family, it is very devastating to the neighborhood. The neighbors see their home values go down, and the whole community suffers. That is why I had mayors and council members and city aldermen coming out and saying, what can we do? I said: Get good education.

As the Senator from California said, we need better education for people before they seek to buy a home, and certainly we need education and counseling for those who see mortgage payments rising above their reach.

Back to the provisions in this bill. We supported on our side—and this measure includes—help for struggling neighborhoods by providing tax credits for that purpose over the next year of a home in or facing foreclosure. It is $7,000 available for families moving in and living in the home over 2 years to keep the neighborhoods from being flooded with properties in foreclosure, which drags down property values for everyone. These tax credits should help all homeowners in the neighborhood by stabilizing property values as families get back into vacant homes and add value.

Not surprisingly—not surprisingly—when I laid out this proposal to the roundtables and the discussion groups I had around the State, one of the things the mayors and the city councilmen liked the most was this ability to get those homes in foreclosure sold and occupied by borrowers who would be contributing members of the community and helping to stabilize those communities. They recognize the importance this has for their communities as well as the families who would be living there.

One other part of this proposal that is very important to me is that the measure proposes new loan disclosure requirements with a prominent, plain English explanation of key loan conditions. I want the borrowers to see in big type any teaser rates or introductory rates, anything that will change the terms of their payments or limit their ability and lead to foreclosure.

I have had the distinction of living in several houses in the last few years. As we have moved from house to house and purchased homes, I have seen that stack of documents. As the occupant of the chair, I used to be a lawyer. I am recovering from it now. I have looked at those documents and tried to make

sense of them, and I tell you there is not enough time if you are purchasing a house. It took me about 45 minutes to sign all the pieces of paper that came before me. Now, that doesn't help anybody. The Truth in Lending Act has gone to ridiculous extremes. Unfortunately, we let lawyers draft that, and there ought to be a law against lawyers drafting any kind of disclosure documents. We need to have those simple, in plain English, so you know what your rate is, what it could rise to, whether there is a prepayment penalty, and whether you can refinance it. That is on the first or second page.

Tell me something I need to know. Don't make me sign 30 pages saying I have read all the fine type or all the fine print.

Everybody knows that is a joke. Let us put disclosure in plain terms. That should be a help in the future.

We also have a provision from Senator COLEMAN of Minnesota in this bill to give returning war veterans more time to avoid home foreclosure. Currently, they have a 3-month window from their return to work out any mortgage difficulties they have. This may not be enough time for them. So this proposed measure would extend the protection against foreclosure to 6 months after arrival home. That is the least we can do for our returning heroes.

We have included provisions of the Federal Housing Act reform bill, which passed the Senate 93 to 1 last year. That bipartisan, near unanimous reform bill deserves to become law. FHA is one of our key financing insuring agencies for lower income people. We need to make sure it works. We have heard about the possible application of FHA Secure to assist borrowers whose mortgage payments have gone beyond their reach, but it is too limited. They can't use it. We need to loosen up the terms so that the terms are not so strict that FHA is in the position of what some people used to characterize as a bank being a place that lends you an umbrella and takes it back when it starts to rain. The FHA holds out great promise for being able to insure loans and get people in houses, but when they say, if you do anything, if there is anything, if you miss any step, you can't get the protection, it seems to me maybe we have tightened it down too hard.

I believe, however, for the future, it ought to be the policy of the FHA—and I would hope it would be the policy of any responsible mortgage broker or lender—not to make any no-downpayment loans. No-downpayment loans are one of the most significant contributors to housing foreclosures and failure to be able to meet those terms. If you don't have the money to buy a house, there is nothing wrong with living in a rented house. I have lived in rented houses. You can save up the money to buy a house. But to buy a house responsibly, you need to have some downpayment. I hope that the FHA would get rid of the idea that it is the American dream to put somebody into a house with no equity in it. That is asking for trouble, and that is one of the sources of the trouble we face.

I would say one other thing. A lot of people are now realizing that this housing crisis is the basis of financial challenges and financial difficulties in the United States and possibly even internationally. I said earlier, this toxic paper has been spread throughout the world, and there are banks in other countries, there are investment houses in other countries that are suffering because of it. There had to be steps taken at the Federal level, and some of the steps were a little bit breathtaking. I was not wild about seeing the Fed have to move in and wipe out Bear Stearns and provide the guarantees, but I am willing to accept what the Chairman said, and what others have said, that this was necessary to stop the domino effect of collapsing Federal institutions and federally insured institutions, and it is necessary to stop a worldwide panic from subprime loans.

There are other steps that have been taken as well—lowering the Fed rate to 3¼, 2¼. These steps are necessary on a macro level. But let me tell you one thing. This macro problem has a micro problem basis. The problem we face is not just what happens in Washington or happens in New York or happens at the Federal Reserve. This problem depends upon how we solve the problems of the families facing foreclosure, of the communities seeing a wave of foreclosures driving down property values.

This problem requires also that we work for a solution that begins at the ground up; that takes care of the families in need; that takes care of the communities facing these problems and not do only what has been done nationally, what we read about in the headlines, but what we can only see in community newspapers back home, as to how we help families and communities struggling with foreclosure.

This housing bill before us represents the needs and values of our families and neighborhoods. It doesn't provide for any government buyouts of mortgages, as some propose. It does not provide for refinancing of vacation or investment homes, as some fear. Together, our housing proposal will help families and neighborhoods across this country get through the crisis and help our financial systems to maintain stability. But most of all, for our families, for our neighborhoods, for our communities, I urge my colleagues to support this measure.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Madam President, I thank the Senator from Missouri for his statement. He made reference to something which I thought was so obvious. Senator JACK REED of Rhode Island had an amendment to the original bill, and since Senator BOND is an attorney, and the Presiding Officer is an attorney, and I have been one in the past, we know what happens at a real estate closing. You give people a stack of papers and you turn the corners and say: Keep signing until you are finished. If someone has the nerve to ask: What am I signing? Nine times out of ten, it is going to be dismissed by the realtor or the lawyer in the room: Oh, it is another Federal form required by law. Just sign it. Everything is fine.

At the end of the day, let's be honest. No one has read all of those forms. No one understands all those forms, particularly those who are borrowing money. But the fine print in those forms is going to dictate their lives, and they do not even know it. How many of us take the time to carefully read the back of our monthly credit card statement? Not me. And the print is so fine, even with these glasses which I have all over my house, I can't keep up with it and understand it.

So what Senator JACK REED proposed was that there be a cover sheet to the disclosing documents which says: You are borrowing X number of dollars, the interest rate is X, the monthly payment will be X, the interest rate can increase to X number, your monthly payment can increase to a certain amount, and there is or is not a penalty for repaying your mortgage. Pretty simple, right? Well, you ought to see what the financial institutions did to JACK REED's very simple proposal—one that made sense.

The reason it caught my attention is it amends the Truth in Lending law in America. I have kind of a special attachment to this, because the first person I ever worked for on Capitol Hill was Senator Paul Douglas, who tried to pass the Truth in Lending Act for 18 years. He was fought by the banks and never succeeded. He left Congress in 1966, and Senator William Proxmire of Wisconsin passed it.

It was, I am sure, a good-faith effort for better disclosure at closing, but the law is so complicated, so arcane, that at the end of the day it did not serve the ultimate purpose Senator Douglas sought. So I was anxious to read what the banking institutions would agree to as part of the compromise bill before us. I hope my colleagues will take a few minutes and go to section 501 of this bill and try to make sense out of this. What I described to you, in Senator JACK REED's proposals, I could explain at any town meeting in Illinois—any Senator could—and people would say: Sure, why shouldn't we know this? We might have avoided some of the problems we have today if the borrowers actually knew what they were getting into.

Try to make sense out of what the financial institutions agreed to in this bill. I have read through it. I don't get it. I mean, it does try my patience that at this moment in history, with so many people facing mortgage foreclosures, we do not have an appetite in the Senate to change the basic laws and rules to have more oversight and avoid this happening again.

If it is uncomfortable for us to be plowing through all this legislation, think about how uncomfortable it is for 2 million homeowners facing the loss of their homes.

Senator FEINSTEIN was here a few moments ago, talking about these homeowners in her State. I have met them in my State. They are in Missouri, they are in Iowa. These are unsuspecting people, many of them retired, many of them with limited experience and education, drawn into complicated loans that have traps every time you turn. If you reach a situation where you have lost a job, where you have a serious medical bill, where something has occurred here, you could lose your home. A lifetime of savings could be gone.

That isn't right. I understand people have to accept responsibility for their actions, but you know a lot of these people are being preyed upon, they are being deceived. I have seen it happen. I have talked to the families back in Illinois. We had a chance, with this bill, to put a very important and simple provision in, on which the Senator from Missouri spoke. We didn't do it. I might say, I see the Senator from Iowa, and I don't want to take any additional time, but I wish to say through the Presiding Officer: We convened this morning at 9:30. My amendment, which is pending, has been on the floor for virtually 3 hours now—almost 3 hours. I have stayed that entire period of time to entertain any questions or to engage in any debate related to this amendment.

There have been a lot of speeches about other issues. I don't wish to be critical of my colleagues. I have done the same thing. They have issues that are important to them relating to this bill and other subjects. That is their right.

I tried to get an agreement that at 12:15 we would vote on my amendment, up or down, win or lose; let's debate it and vote on it. I asked the Republican minority leader and he said: Too soon. Other Members want to come and speak to this amendment. I don't want to foreclose anyone's opportunity to speak on the floor for or against this amendment, but why are we wasting this time? That is my question. This is an important bill. There are a lot of very important amendments. Let's get on with it. Three hours should be enough for this amendment. It is way too much. We could have debated this thoroughly in a matter of an hour. Unfortunately, a lot of Members have not come to the floor.

There should reach a point where the minority leader says to his colleagues: You had your chance. Now let's vote. That is kind of the normal consequence in life—you snooze, you lose, whether you are in the Senate or not. So I encourage those who support or oppose my amendment, come to the floor. I am here. Let's have something unprecedented, a debate, an actual debate in the Senate, where I say something and someone challenges it or they say something and I challenge it. Wouldn't that be exciting? C–SPAN might advertise that is going to happen on the floor of the Senate, it is so rare.

I am ready. I hope, if the Senator from Iowa is here on my amendment, that we can be engaged in a debate shortly.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Madam President, I rise for two purposes. One, to state some views on the Durbin amendment and, No. 2, to give very short remarks on tax provisions that are part of the underlying housing bill. I would like to speak on the Durbin amendment for the reason that I am the author of the bankruptcy reform provisions that passed here, maybe 3 or 4 years ago, and are now law. I would like to speak on the tax provisions as ranking Republican on the Senate Finance Committee.

Senator DURBIN and I have had opportunities to work together on many issues, and in fact we are working together on other things this very day, unrelated to this bill. I appreciate the opportunities to cooperate in a bipartisan way with Senator DURBIN. Senator DURBIN, many months ago, was very polite, coming to me and asking me to take a look at his bankruptcy language. It is probably similar to the one that is before us right now. I know the language has been changed some since then, but it is basically the same concept. He asked me to consider it.

I and my staff did consider it, and I am standing here now to speak against it. But Senator DURBIN was very courteous in giving me a heads up, not just a few weeks ago but a long time ago. I want my colleagues to know Senator DURBIN is an easy Senator to work with, even if you disagree with him.

So I am here to voice opposition to Senator DURBIN's bankruptcy amendment. While I appreciate Senator DURBIN's sincerity in trying to alleviate the home mortgage crisis, I believe his amendment is misguided and will have serious unintended consequences. So I am going to point out some of my concerns.

First, the proposal would make filing bankruptcy a deceptively attractive option for people trying to keep their homes. But we do not want to encourage people to go into bankruptcy for the sole reason of keeping their homes. Rather, we should be working on solutions outside of bankruptcy to address this issue, and that is what a great part of the other provisions of this housing legislation before us is all about. That is what a lot of the things the Federal Reserve and the Secretary of the Treasury are trying to do, both through public policy as well as through encouraging private sector policy.

Other solutions need to be sought before bankruptcy. In order to get the relief Senator DURBIN wants, homeowners will have to go into bankruptcy to get it. That is no news. He has made that very clear. I believe otherwise; that voluntary efforts and programs outside of bankruptcy will be quicker and more efficient, in terms of helping people keep their homes and shoring up the housing market. We need to let these efforts work.

Also, people will not risk ruining their credit history by filing for bankruptcy just because they think that this is the only way maybe they are going to be able to keep their home. The mortgage banking industry needs to be doing all it can to make sure that all homeowners in distress, not just the ones in bankruptcy, are getting help in making their payments.

I think more importantly, we have been told the cramdown provision in Senator DURBIN's amendment will increase the cost of mortgages for all borrowers in the form of higher interest rates or higher downpayments, or both. Independent experts, as well as the Congressional Budget Office—and I like quoting the Congressional Budget Office because they are not partisan—have concluded that there will be an interest rate increase for all home mortgages, between 1 and 2 percent. Higher interest rates will deny many Americans the ability to buy a home and will make it more expensive for other Americans to get a home loan. So, in effect, this will put up barriers—maybe unintended barriers, but real barriers, the experts tell us—to the American dream of owning a home.

The fact is, in 1978, a Democratic-controlled Congress and a Democratic President specifically—and I wish to emphasize ''specifically''—exempted primary residences from cramdown to keep interest rates low for primary homes and to ensure credit was available for low-income borrowers. In fact, U.S. Supreme Court Justice Stevens explained, in the Nobleman case, that the legislative history of the 1978 bankruptcy law indicated very clearly that:

> . . . favorable treatment of residential mortgages was intended to encourage the flow of capital into the home lending market.

Debate surrounding the Senate version of the 1978 act indicates that exceptions for real estate liens were allowed with the explicit goal of making home mortgages more available and more affordable than other kinds of credit. So I think, from the history of the 1978 act, there is a sound policy basis for this decision to not allow cramdown for primary homes in bankruptcy.

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

Mr. GRASSLEY. Yes.

Mr. DURBIN. I would like to ask the Senator—I don't question what he has said, but after that, in the 1980s, we created a new chapter in bankruptcy, Chapter 12.

Mr. GRASSLEY. Now you are getting personal.

Mr. DURBIN. That is why I wish to make this point. Because we said that

when it came to the so-called cramdown or modification of mortgages, we would make an exception and the exception would apply to the homes of farmers and their farm property. We said if they go into bankruptcy, they can have the mortgage on their farm home crammed down or modified.

At the time, the banking industry said this is a terrible decision because we are going to have to raise interest rates on farms. You are going to regret this. We did it anyway, and there was no significant increase in interest rates.

I would like to ask, through the Chair, whether the Senator from the great agricultural State of Iowa objects to cramming down mortgages on farm homes under Chapter 12.

Mr. GRASSLEY. Madam President, I am glad to answer that. First, let me explain why I said he is getting personal. I am the author of that Chapter 12 bankruptcy provision. I am going to address it very soon. So if you would listen, I think I will answer your questions. I appreciate what you are saying and, in fact, I anticipated that, and I hope I am ready for it. I am sure it is going to be difficult to satisfy the Senator from Illinois, though.

The amendment of Senator DURBIN will not only increase interest rates on mortgages and make home ownership more expensive for everyone, many experts tell us this proposal will also have an adverse impact on financial markets because of difficulties and uncertainty in valuing the mortgages that back up securities. In addition, innocent investors would be hurt. So the Durbin amendment would cause other adverse impacts beyond higher costs of home loans.

Proponents of this amendment, particularly the cramdown provisions, argue that primary residences should be crammed down in bankruptcy just as second homes, family farms, and boats are. But there are good reasons why primary homes are treated differently from these other things.

First, interest rates and downpayments for vacation homes are significantly higher than for primary homes. If we are to start treating primary homes the same as vacation homes, I am told that then interest rates are certain to rise to the same level of second homes where cramdown is permitted.

Second, Chapter 12, referred to by the Senator from Illinois, only applies to very small commercial farming and ranching operations, not all farms and not all ranches. There are very specific requirements that need to be met in order to be able to file under Chapter 12. So we are not talking about the same number of loans that could be eligible under the Durbin amendment. I would be glad to give some statistics on that, but I am going to wait and see if the Senator from Illinois is satisfied.

Actually, I will give these numbers now because I think they are significant at this point. According to the USCOURTS.GOV Web site, the Federal courts Government Web site, for fiscal year 2006 there were only 348 Chapter 12 filings; in fiscal year 2007, there were only 361 Chapter 12 filings. This would compare to what, at least I believe, you are saying are possibly at least 600,000 filings under your amendment.

Moreover, it took Congress over two decades to make Chapter 12 a permanent part of the Bankruptcy Code because people were concerned about the possible negative consequences to allowing cramdown for family farms. Chapter 12 was initially only enacted as a temporary provision.

In addition, I would like to say that the definition of family farm which can file under Chapter 12 is very limited. In fact, Chapter 12 only applies to a limited number of farms—those that have less than $3.2 million in debt; debt has to arise out of the farming operation; 50 percent of income within the last 3 years has to come from farming income; and 80 percent of the assets in the estate have to be related to farming operations. Those are some of the requirements.

So probably Chapter 12 ended up, quite frankly, being a lot more narrow than maybe I originally intended. But I think it is working.

Finally, I want to go to the cramdown that is allowed for boats, because boats are like cars: their values diminish rather than increase, which is very different from real estate, where values are expected to rise over the long term.

Proponents of Senator DURBIN's amendment argue that the way the amendment is now drafted, only a very limited number of loans will qualify for cramdown in bankruptcy. Now, while the amendment does attempt to limit the scope of the legislation from how it was originally drafted when Senator DURBIN introduced his bankruptcy proposal as a stand-alone bill—that was probably soon after he had talked to me about it several months ago—the reality is that the language still is extremely broad. Cramdown and other loan modifications are available for many loans, both nontraditional and subprime as defined by Senator DURBIN's amendment, made before the amendment's effective date. That is, of course, a lot of loans. Since there is no sunset date in the amendment, borrowers could file for bankruptcy and still get this cramdown relief years and years from now.

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

Mr. GRASSLEY. Yes.

Mr. DURBIN. I ask the Senator, through the Chair, if he is aware of the fact that this only applies to mortgages, subprime mortgages on a primary residence that had been entered into as of the date of the enactment of legislation, not to any future mortgages of any kind?

Mr. GRASSLEY. So then you are saying my statement was wrong?

Mr. DURBIN. I am saying your statement should be modified.

Mr. GRASSLEY. I am looking at my staff because I am not a lawyer. My staff would disagree with you that my statement is inaccurate. But I will not go into that now.

Furthermore, according to the Durbin amendment, subprime loans are defined to be any loan with an interest rate of 3 to 5 percent over the Treasury yield rates for comparable loans. It is my understanding that this definition could include prime loans and home equity lines of credit, which would encompass a large number of loans.

The cramdown provision is just one of several problematic provisions in Senator DURBIN's amendment. The amendment will increase bankruptcy filings, something I really do not think we should encourage. We should be doing everything we can to keep people out of bankruptcy. It ought to be very much a last resort, particularly because filing bankruptcy in and of itself hurts a consumer's credit rating. I think we can all agree that bankruptcy should be a last resort and one should not file for bankruptcy unless it is absolutely necessary. The amendment will increase mortgage interest rates and downpayments for other homeowners and potential home buyers. The Durbin bankruptcy amendment will inject greater risk into and negatively impact our financial markets.

I would like to be clear: I want to help homeowners weather the storm just as much as the next Senator. I want to support constructive solutions to help homeowners meet their obligations so they do not lose their homes. In fact, I have worked very hard with other Senators to craft tax provisions that I am soon going to address that are currently contained in the underlying housing proposal before us. But I am concerned that the Durbin bankruptcy amendment we are considering right now—if we adopt that, we are going to pass legislation that would do a great deal of harm. I am concerned about the possibility of the amendment helping some, but hurting many others. I am not alone in my concerns. Many experts agree that the Durbin bankruptcy cramdown proposal is problematic and could have serious adverse consequences. So I am asking my colleagues to vote against the Durbin bankruptcy amendment.

I said that I am the ranking Republican on the Senate Finance Committee. I now wish to give a short statement about some of the tax provisions. I may have to be more specific when we get into debate on this, so this is kind of a preliminary notice of where the committee is coming from. First of all, as usual, I find it very necessary to thank Chairman BAUCUS for his courtesy and hard work in the legislative effort. Our goal was to develop a bipartisan tax package that responds to the needs of Americans and, in particular, the housing market.

Americans are struggling to keep their homes and their jobs. As economic conditions continue to worsen, it is appropriate that Congress act to enact tax laws that address the housing problem. After all, the housing problem is at the root of the current economic turmoil and anxiety that people have.

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

Earlier this year, Congress acted at lightning speed to enact a stimulus package that delivers additional relief to American taxpayers. As a result of that legislation, Treasury will be sending out rebate checks in a few weeks that will give the economy a much needed boost.

We have carefully balanced this tax relief package being considered today on the floor. It addresses the housing downturn but is limited so as to ensure that it helps the problem and does not simply create new problems. We are mindful that any relief that benefits one sector of the public does not do so at the expense of another sector. The other sector is the taxpaying population that carefully managed their family budget, especially as it is related to housing costs. Taxpayers bear the burden of a bailout of these risky mortgages that went south. So it is important that we have a compassionate view that recognizes taxpayers possibly picking up some of the tab.

Once again, the Senate is stepping in to help Americans in distress. The tax relief package helps encourage home ownership and encourages the basic businesses that are tied to the housing industry to recover some losses. Keep in mind that those businesses create jobs. More jobs means a stronger economy.

In 2002, Congress passed a stimulus bill that provided some of the very same relief that is contained in this bill. In 2002, Congress passed, with overwhelming support, a provision to extend the net operating loss carryback. This provision passed without controversy. Hopefully, there will be no controversy this time. Then, again, earlier this year the Senate Finance Committee passed a similar provision to extend the net operating loss carryback once again, with overwhelming support by the committee.

Relying on our successes in the past, we have included similar provisions in this bill. However, the net operating loss provision in this bill is even more conservative than the relief offered in the past. Instead of a 5-year carryback, this proposal offers a 4-year carryback. This provision, of course, is a no-brainer. It helps the very industries suffering from this housing downturn and will help Americans continue to be employed.

This bill also offers a tax credit to help people buy homes that are in foreclosure. These homes are depressing home values in the marketplace. It is important that this inventory is moved so as to help retain home values.

This bill also increases the cap on mortgage revenue bonds to give people in distressed loans additional options for refinancing. This is not a bailout for homeowners; this is a provision that helps enable people to keep their homes and to pay mortgages.

As we proceed on this bill, I am asking everybody to keep in mind what I said at the beginning: We need to address the housing downturn, but we need to show restraint. We need to limit the relief so that it eases the problem, but does not create new ones. We need to be considerate of the many Americans who worked hard to save and buy homes and who will ultimately pay the price for this relief, if the relief is used, and we expect it will be. They should benefit, too, in that any targeted relief will, in fact, give the economy a boost and not be a drag on the economy, drag it down even further. We want to keep people employed, and particularly the taxpayers who were conservative in their financial plans should not be harmed as a result of this.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DURBIN. Madam President, I thank my colleague from Iowa. He and I are friends. We have worked together and continue to work together on many issues. We have profound disagreements on some issues, but we have managed to maintain our friendship regardless.

We had the responsibility for a number of years of dealing with the Bankruptcy Code. I will say to my friend from Iowa, for a man who is not an attorney, I was always impressed by his knowledge of the issues and his ability to articulate his position effectively whether his opponents were attorneys or not. So I thank you very much for your comments today. I respect very much your point of view, although I disagree with the conclusions.

The purpose here is not to send people to bankruptcy court, it is the opposite. Going to bankruptcy court these days is not a trip to Disney World. It is a problem. You have to go through credit counseling, you have to gather all of your documentation, walk into a courtroom, usually with a lawyer, and be prepared for a pretty tough ordeal. And then, if you successfully complete the bankruptcy, you carry that stigma with you for years. Whenever you want to apply for a loan, one of the questions asked is: Have you ever filed for bankruptcy? So I do not believe people are gleefully jumping at the chance to go to bankruptcy court. For most of them, it is an embarrassing experience, it is a humbling experience, and it is one they want to avoid.

The purpose of this bankruptcy provision is to avoid that experience. Here is the problem: If banks today, if mortgage lenders today were jumping forward to renegotiate these mortgages, we would not be standing here in this debate. They are not. People are in a position where they are about to lose their homes, and these mortgage institutions are not responding.

I will give you an example. A woman named Carol Thomas in Peoria, IL, retired as a drugstore clerk, spent her lifetime in that very basic job, retired with her husband, who worked at a factory. They bought a little home in Peoria. After they retired, her husband got sick. He could not climb the stairs anymore. She wanted to keep him home as long as possible and knew he could not get upstairs to the bedroom, so she went looking for another house, a smaller house but one floor. She found one near where she lived, and she ended up buying the house.

Unfortunately, the medical bills got the best of them. She ended up needing some money to pay off medical bills. Now, this is the No. 1 reason people do file bankruptcy in America: medical bills. But to avoid bankruptcy, she thought: Maybe I can borrow more money on my home. She got ahold of one of those mortgage lenders. And this is why I support Senator FEINSTEIN's effort to license these mortgage brokers. She could not have received worse advice. This poor woman who was no business expert, no college graduate, just a hard-working woman who deserves a decent retirement, was advised to consolidate her debts in her new mortgage. They brought together all of the debts she had and lumped them into a new debt on her home. They were so unscrupulous and so deceptive that they brought into this package of consolidated loans a zero-percent loan she had from the city of Peoria for home improvements. Can you imagine? This woman was paying off that home-improvement loan with zero percent, and this unscrupulous mortgage broker and lender ended up putting that debt into her home where she was paying interest on it now. Thanks so much for the help for Mrs. Thomas.

It did not take but a year for the bottom to fall out. The reset came in. Her husband has since passed away. She was trying to get by on meager savings and Social Security. Her mortgage payment doubled, and there she stood, about to lose her home and her retirement, thinking about going back to work to save the home.

That is when she showed up at that little gathering I had to talk about this issue. It is a heartbreaking situation. She said to me ahead of time, before the press conference got started: I hope I do not cry. I said: Just be as strong as you can. And she did not cry.

She contained her emotions but almost lost it when she talked about her husband and what he went through. She then said: I don't know which way to turn. I call this mortgage company.

I will not give their names here because there is a good ending to this.

She said: I call the mortgage company and they say to me, you clearly can't make these payments, so just stop making payments.

So she said: I didn't send in the monthly payment which would have exhausted my savings. Then they sent me a notice and said: You are in default. You are facing foreclosure. I can't win. I follow their instructions; they tell me they are going to foreclose.

She had some counselors helping her, and the counselors said to me: Would you call the mortgage institution and see if you can talk to them?

So I did. I called and left a message for the vice president of this major company. If I gave their name, it would be recognized instantly.

I said: Please give this woman straight advice and figure out if there is any way she can stay in her home. Within 24 hours this vice president said: We will take care of it. Ms. Thomas can stay in her home, new interest rate, much lower percent interest rate, and she is OK. Don't worry about it.

Why did she have to go through that? Why did I have to make that call? Do Senators have to get on the phone, all 100 of us, and call on behalf of 2 million home owners to get this straightened out? I had to make that call because that mortgage company wouldn't step up and do that until somebody pushed them. I didn't have any threat I could hang over their head other than the embarrassment to their company of not helping this poor woman out. But they finally did it. Why did I have to make that phone call? Why did she have to go through month after month of being beaten up by people on the phone giving her conflicting advice?

That is why this is needed, not so that Carol Thomas and people such as her end up in bankruptcy court but so that the mortgage lenders know if they will not sit down and work with people, those folks may end up in bankruptcy court and the bankruptcy judge may modify the terms of the mortgage. If they know that is coming, they might sit down and talk to Carol Thomas or somebody before it reaches that point.

Some of my colleagues may have been listening or on the Senate floor earlier when my colleague from Massachusetts, Senator KERRY, told his story. Isn't this a great story? Irene Hernandez of Lawrence, MA, a mother trying to raise her children, ends up over her head with a mortgage. They come in and tell her that since she has defaulted, they are going to have to foreclose on her mortgage and toss her out of the house.

They say: Your $210,000 house is now only worth $99,000. So we are going to toss you out and we are going to sell your house for $99,000.

Irene Hernandez says: I will buy it. I can pay a mortgage on $99,000. You know that. I have been paying this mortgage. So why don't you let me buy it?

They said: No. You are disqualified. You are disqualified because you defaulted on a mortgage with our company.

You think of these cases, and you wonder what is going through the minds of these financial institutions. Here many of them have created this subprime mortgage mess which was a catalyst for this recession, which we are sadly heading into according to Mr. Bernanke, and these same mortgage bankers still rule the debate in the Senate. Doesn't this tell you a great story about this institution; that the mortgage bankers responsible for this mortgage foreclosure crisis are telling people: Don't vote for that Durbin amendment. We are opposed to that. And Senators say: That is what mortgage bankers say, and that is where I am going to be.

We have a responsibility beyond the special interest groups that line the hallways in nice silk suits. We have a responsibility to a lot of people like Carol Thomas and Irene Hernandez. These are hard-working people who deserve a break. Many of them were exploited, deceived. They deserve a chance. That is all I am asking. The vast majority of them will never end up in bankruptcy court, will never have the benefit of this proposal. But some of them will. Some of them are going to be able to keep their homes because of this.

I cannot imagine what it would have meant to my family when I was raising them if I thought I was going to lose my home—not only the embarrassment of it, the uncertainty of where they would go, but moving out of the neighborhood, changing schools, leaving their friends. That is something we should not just look on as a routine occurrence in life. It is something they will never, ever forget. That is why this bill is important.

I have been on the Senate floor now for 3 hours and 10 minutes with my amendment. I have invited every Senator who wants to come to this floor to oppose or support this amendment to come on down. The Senate floor is empty but for the Presiding Officer, whom I thank very much for being here. There have been three Senators on the other side of the aisle who have come to speak against my amendment. When I asked the Republican minority leader if we could schedule this for a vote up or down, let's have the decision of the Senate, he said: Senators want to speak. Well, good. That is appropriate. There should be speeches, and I hope even debate. But I have to urge my colleagues, if they believe there is a sense of urgency about the housing crisis, please come to the floor. Please join us in a conversation for or against the provision.

I respect Senator GRASSLEY of Iowa who opposes my provision. I respect the fact that he came to the floor and expressed his point of view and submitted to a question or two. For some who don't follow the Senate, this is a rare occurrence. A Senator actually allowed another Senator to ask a question. We have reached the point where we just come down to the floor and read speeches and finish the speeches and leave the floor. That is unfortunate. It would be better for the debate, for the Senate, and for people following it to hear both sides of the story, to hear me defend my amendment and those who are critical of it express their point of view. It doesn't happen much. It should happen more. I hope it will happen soon.

I am going to renew my request of the Republican leader after the lunch period which many Senators now are involved in to try to bring this to a vote. I think we have given Senators over 3 hours to come to the floor, and exactly three Republicans have come to speak to this amendment. If it is one an hour, then we have 46 more hours to go because there are 49 Republican Senators. That is unfortunate. It is unnecessary. I hope those who do come to the floor will read this amendment carefully.

The argument that this change in the bankruptcy law is going to raise interest rates is one that cannot be sustained. When I asked Senator GRASSLEY about the provision relating to farmers' homes being allowed to be treated this way, he said it was a limited number of farmers who have filed for bankruptcy. He is right. But if the principle is sound for a farmer's home, why is it not sound for a person living in town? If a farmer can go into court and ask the bankruptcy court to change the terms of the mortgage so that they can stay on the farm, why is this inappropriate when it comes to those living in town? The principle is the same, and the principle is sound.

It is true that chapter 12 bankruptcies for those facing agricultural shortcomings are restricted, but so is this provision, restricted to those who qualify for bankruptcy; to those who have a primary residence, a home at stake; for existing mortgages, as of the date of enactment of this law, not after; to provide, as well, that the mortgage terms can only be reduced for the principal to fair market value, no lower; that the interest rate on the new mortgage modification cannot be lower than the prime rate plus a premium for risk; that the term of the new mortgage modification cannot be more than 30 years; that we protect the lending institution; if the property appreciates in value over the next 5 years after the bankruptcy, any appreciation in value goes to the lender, not to the owner of the property. We have put all of these provisions in there. We keep narrowing it down to what I think is a very discrete group of people. It is not prospective. It does not apply to things in the future.

Once every 60 years or so we have a housing crisis in America. I am glad it doesn't occur more often. To respond in a temporary, focused, and narrowly gauged way is appropriate. I think it gives people a fighting chance.

I have taken the floor most of the morning. I know my colleague from

Louisiana is here and has a very important statement to make regarding this bill and her region of the country. I thank Senator LANDRIEU for being such a strong advocate for the State of Louisiana and for their recovery from Hurricane Katrina.

I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. I thank my colleague from Illinois for those comments. I do appreciate his help because from the beginning of the catastrophe we faced from Hurricanes Katrina and Rita, the anniversaries of which we will not celebrate, by any chance, but mark by the end of August of this year and, of course, 3 weeks later in September, we still are struggling. I thank the Senator from Illinois for his constant help and support as we work through how to recover, how to rebuild with a Federal agency, FEMA, that was caught flat footed and poorly staffed and poorly resourced and disorganized. Initially, it made some improvements, but we still have great challenges when it comes to the rebuilding of the gulf coast.

That is why I am here to take this opportunity, while we are on a housing bill for the Nation, and there is some real urgency to get real help to real people who need the Federal Government to act to help stabilize markets appropriately. And as we are talking about this, I wanted to offer an amendment that I would like to speak on, one amendment that I intend to offer to make sure this bill, in its attempt to help homeowners struggling to get back in their homes, as this bill tries to help neighborhoods stabilize from Detroit to California to the east coast, as this bill attempts to do other things, that we do continue to give appropriate aid and support to the hundreds of thousands of homeowners who are still struggling despite the good work this Congress has done to give them help.

A chart illustrates this, if I could put it up. We have heard a lot about the city of Detroit and a region which has, outside of Stockton, CA, and Las Vegas, NV, the highest percentage of foreclosures, almost 5 percent in this region, which is a significant percentage. Stockton, CA, almost 5 percent; Las Vegas, 4.2; other communities from Sacramento to Miami, FL, to the Denver-Aurora area, Fort Lauderdale, a fairly significant percentage of homes that are foreclosed. In some areas, it is quite a few people.

Let's look at San Bernardino, CA. This is 51,000 homes. That is a lot of homes, a big place, lots of people, lots of children. You can imagine in your mind, if you are from a community of 50,000, how big that could be. They are not all in this situation, clustered, 51,000 foreclosures all in the same block. Some of them are spread throughout a great area. But that is still a large number.

This is why we have come to the floor to try to bring help to these families. Some of them, in my opinion, deserve help. Maybe some of them don't. I hope this bill will sort the wheat from the chaff because maybe some of these people entered into the kind of loans they shouldn't have. Maybe they should have read the fine print, and they didn't. I am not here saying every single one deserves a handout, but I am saying they deserve this Senate to talk about what help they might need to receive and the ramifications.

If the whole financial establishment could get together and have a debate about Bear Sterns and Wall Street and what it might mean, what it would mean to the country if Bear Sterns collapsed, and they debated and came up with a solution, we most certainly need to be on this Senate floor talking about what solutions might be appropriate for homeowners. I understand the Bear Sterns issue was that they were all intertwined and, if they failed, maybe all the other banks would fail.

Let me say for the record that in places such as Detroit, if all of these homes fail, it will put such a burden on that city or that area that others who had nothing to do with any of this may also fail. That is the principle. It is the same principle for which the Fed sort of bailed out Bear Sterns. And we most certainly need to be on the floor of the Senate talking about not trying to save people who did the wrong thing but trying to help people who did nothing wrong and may get pulled down by maybe whatever people want to characterize as our inaction or inappropriate regulation, whatever. But this is not normal. We are on the floor talking about these numbers because they are high.

Let me show you what the gulf coast numbers, though, look like because it is striking.

Let's take St. Bernard Parish. Let's look at this chart with the other one so we can get a comparison. Remember, Detroit has 41,000 homes, or 4.9 percent, that were destroyed. That is basically this Detroit, Livonia, Dearborn area.

Let me tell you about what the people from St. Bernard are still reeling from. It is not a 5-percent, it is not a 10-percent, it is a 54-percent destruction rate—54 percent. There is no county or parish in the country that is experiencing right now the devastation of homes, including those that are closed, empty or vacated.

Now, we are recovering from a disaster, which is not necessarily the same thing as a foreclosure. But I hold these charts up to show the nature and the scope of the problem.

In Cameron Parish, it is not 4 percent, it is not 10 percent. It is 46 percent.

In Plaquemines Parish, it is 44 percent. In Orleans, it is 78,000 households, 41 percent.

In Hancock County, MS, it is 27 percent.

In Harrison County, MS, it is 10 percent.

In Jackson County, MS, it is 4 percent.

In Jefferson Parish, LA, it is 2.6 percent.

In St. Tammany Parish, LA, it is 2.4 percent.

In Vermilion Parish, LA, it is 1.0 percent.

So my amendment is drafted to address something that will help these families.

After the storm, when these homes were destroyed, we passed a special community development block grant, extra grants to Mississippi and Louisiana and Alabama and Texas, sort of like we did right after the Twin Towers fell in New York, there was some extra community development block grants sent. The Congress did the same. Not everything we did was perfect in that regard. There were still some discrepancies in how it was allocated. But suffice it to say for this discussion that money was sent, and out of that money, Mississippi created the Homeowners Assistance Program and Louisiana created the Road Home Program.

These were grants that were given to homeowners to try to help them between what their insurance would pay—and many of these homes were fully paid. These are problems where the mortgages were completely paid off. Some of these properties had insurance. Some of these properties did not have insurance because they were not in a flood plain, and they were not required to have insurance. So these are homeowners who did not do anything wrong. The homeowners I am talk talking about did just about everything right. Some of them maybe should have had insurance and did not, but, believe me, they are suffering the consequences of that. We are not bailing everybody out.

But what we did do was allow them to take this Road Home grant. Then in the tax law they can also take a casualty deduction. This is the problem: If my amendment, which I am going to offer when I can, and ask for a vote on it—and I will offer this amendment not just for myself but for Senator COCHRAN, Senator VITTER, and Senator WICKER. All of us are together in a bipartisan way asking the Congress to give us some relief. If this amendment I am going to offer is not adopted, these families—I am going to give you an example of the Jones family and the Smith family—will end up paying much more in taxes than they can afford, and it will be counterproductive to our recovery effort.

Let's take the Jones family. They earn $75,000 a year. Their home was substantially damaged. They did not take a casualty deduction as the current law allows. They paid the full amount of the taxes. Then out of the community development block grant—let's say they are in Mississippi—they received a grant from the State of Mississippi of $75,000, from the Mississippi Homeowners Assistance Program. Their Road Home grant will not be taxed. This family is fine.

But for this family, the Smith family—which makes the same amount of money, and their house was completely damaged—they did take the deduction. They got about a $7,000 benefit. Because of what we did, they got their $75,000 grant, but if they have to pay taxes on this, their tax could be as high as $24,000.

Now, the people whom I represent in Louisiana—and I am sure this is the same for Mississippi—can barely pay their utility bills right now, their insurance bills. They most certainly cannot pay a $24,000 tax bill.

If my amendment is not adopted—and I think it has good support from Finance on both sides—this family that I told you about that makes only $75,000 a year, that had their home destroyed—through no fault of their own—because of a confluence of things we have done, will end up having to pay $24,000.

So you may ask me: Senator, how expensive is your amendment? It is not cheap. The score for this amendment is $1 billion. It is not cheap. But we have to provide this support for these gulf coast families or you will have thousands and thousands of families suffer who arguably need the most help in the country.

These are families who at one time owned homes such as this, as shown in this picture. This happens to be a double. I will show you another picture of another home. These are people who did not do anything wrong. They did not take out any subprime loan. They did not try to take out a low adjustable mortgage. They took out their regular 30-year mortgage. They paid off their regular 30-year mortgage. They paid insurance their whole life. They will have to end up paying $24,000 in taxes, and it will be the straw that breaks the camel's back.

So you have heard me speak before about this issue. I know it can be a little complicated. We are not trying to ask for double dipping or anything. But I am going to be offering this amendment. It is important to remember, if we do not do this, we will have thousands of people, homeowners, who are trying to stay in their homes, rebuild these neighborhoods that are virtually destroyed, not on a beach—even though that is the case in some places in Mississippi—in the middle of the city, not close to any water or any beach, 5 minutes from the Super Dome, where the Hornets will be playing in one of their division championship games in a couple days, 5 minutes from the Super Dome.

They did not even know the levees were going to break. The Federal levees broke and put their homes underwater. As shown in this picture, this is where the water line is. These families will have to pay $24,000 in taxes if we cannot get this fixed.

So the bottom line is this: I am happy to try to vote for this bill for Michigan and California and places that have families that are experiencing some difficulty with their mortgages. But I have to ask this Congress to please continue to know that we still have homeowners who are struggling after 2½ years to get back into their homes, with some very complicated help that we and the States and the parishes are trying to give them.

So my amendment will correct that. I will offer it when we move to that part of the legislation. I will also have several other amendments that will help the recovery process move forward. They are all about housing. They are all about helping people get back in their houses. They are not necessarily on a different subject or anything because I realize we will have other discussions later.

But while we are on housing and while we are trying to fix it for everybody in the country, let's please stay focused and give a few tweaks here and there to keep this recovery going in the right direction on the gulf coast because we have a long way to go.

I see my colleague from Kansas, and I yield the floor.

Mr. ALLARD. Madam President, homeownership has long been the American dream, and over the last decade record numbers of families have been able to achieve the dream of homeownership. Unfortunately, too many homeowners now find themselves in mortgages they can't afford. Many of them knowingly or unknowingly took out exotic mortgages that made wildly unrealistic assumptions about the housing market; namely, that housing values would continue to dramatically increase.

As we all now know, home price growth was unsustainable. Unfortunately, too many families are now facing the possibility of foreclosure. Just as ownership brings many benefits to families and neighborhoods, foreclosures have dramatic negative consequences for both individual homeowners and the economy as a whole.

We have seen a rapid increase in the number of foreclosures, and many experts predict that the number will continue to climb in the near future. Obviously, this creates great hardships for the families facing this possibility. Accordingly, Congress is currently considering various proposals to help prevent foreclosures.

As part of any proposal, though, I think we must be careful not to reward irresponsible behavior. Borrowers have a responsibility to understand the terms of their loan, and lenders have a responsibility to provide them with clear, accurate information in order to help them understand the terms. Borrowers have a responsibility to only borrow what they can repay, but lenders have a responsibility to only lend to those who can repay.

Should Congress choose to provide relief, it should not do so in a manner that is simply a ''bail out'' for either lenders or borrowers who acted irresponsibly. We should also not set a broad precedent that the Government will simply bail people out whenever they lose money or face tough times in the housing market. Financial investments involve both risk and reward, and contracts are legal documents; we need to reinforce accountability amongst all parties for these elements.

I also believe that any efforts to address foreclosures should be done in a thoughtful, comprehensive manner. Any effort to provide foreclosure relief must carefully address any risk to taxpayers.

As part of the housing package before the Senate, we are considering an amendment which would give bankruptcy judges the ability to modify mortgage contracts after the fact.

The bankruptcy modification provision would undermine the recovery of the housing market and the economy by creating a credit crunch: It would have a negative impact in the financial markets, making it difficult to value mortgages that underlay securities. The provision will discourage securitization, and securitization encourages homeownership. Securitization frees up capital to go back into making more mortgages. Approximately 84 percent of primary home mortgages are securitized; however, looking at second homes, where the mortgage can be modified in bankruptcy, we see that only 9 percent are securitized. Justice Stevens of the Supreme Court reiterated in the Nobleman case that ''the favorable treatment of residential mortgagees was intended to encourage the flow of capital into the home lending market.''

The cramdown amendment would significantly increase the cost of homeownership: This provision will inject risk into the lending process. Whether the other side likes it or not, the markets will price to this risk by increasing the cost of mortgages for primary residences in the form of higher interest rates, down payments, points and fees. It is a basic tenant of the free markets that more risk requires a risk premium. Even the Congressional Budget Office noted in a recent report that one of the costs of the bill ''would be higher mortgage interest rates.'' Estimates are that the provision will increase mortgage interest rates by 1.5 percent to 2 percent. Assuming an increase of 1.5 percent, for a Colorado family with an average sized loan—$184,362—their monthly mortgage payment would increase by $184. For those families who can still afford a home, it will cost them anywhere from $23,000, in rural areas, to well over $500,000, in many metropolitan suburbs, in extra interest over the life of a 30-year mortgage. That money should be used for bills, their children's education, or other expenses.

The other side likes to claim that the talk of increased interest rates is little more than a scare tactic. They couldn't be more wrong. These effects are not merely a hypothetical. We have seen the effects in a real life case example:

secondary homes. A bankruptcy judge can currently change the balance on a mortgage for a second home. As a result of this, the cost of buying a second home is higher—interest rates, downpayment, shorter repayment period—than a primary home. Title IV will increase the cost of buying a primary home similar to the cost of buying a second home.

The bankruptcy provision would have a price far too high: Every quarter point increase in mortgage interest rates will prevent 1.1 million Americans from being able to afford a home. This provision could price homes out of reach for 9 million Americans. Those advocating for this ill-advised provision have estimated that it could help as many as 600,000 families, although more realistic estimates put this number closer to only 15,000. We can surely find a better way to help a small number of families than to deny homeownership to 9 million families and increase costs for millions more. Quite simply, the cost for this provision, in terms of what it will mean for families, is far too high. Congress shouldn't be forcing families into bankruptcy for mortgage relief.

The bankruptcy amendment is bad policy: The provision would reopen the bankruptcy code and would undo the 2005 requirement for prebankruptcy counseling. Senator DURBIN's proposal would grant new powers to bankruptcy judges to change the terms of primary mortgages. Judges have little, if any, expertise in the complexity in mortgage terms. The bankruptcy code is not the right area to address the subprime issues and mortgage markets. The Senate Banking Committee, the House Financial Services Committee, Federal banking regulators, and industry are all working. These are the appropriate areas.

The bankruptcy provision will discourage other alternatives: It will undermine efforts to put the two parties to the mortgage contract together. Borrowers must file for bankruptcy in order for the proposed changes to work. The HOPE NOW Alliance has helped more than a million homeowners through workouts and repayment plans. In Colorado, the Foreclosure Hotline received thousands of calls and has been able to help 80 percent who called. The hotlines are not perfect, and they cannot help all borrowers, but they are helping many. The 1 million plus families helped didn't have to pay a bankruptcy attorney; they didn't have to deal with the long-term problems caused by filing for bankruptcy; the Federal Government didn't have to spend taxpayer dollars. That is a far better approach. Drying up the credit markets and making loan terms less favorable will make it far more difficult for homeowners to refinance their loans, thus creating new problems where none existed previously.

I know that many families are hurting from foreclosures, but this amendment isn't the right approach, and I urge my colleagues to oppose it.

The PRESIDING OFFICER (Mr. SALAZAR). The Senator from Kansas.

Mr. BROWNBACK. Thank you very much, Mr. President.

I thank my colleague from Louisiana. I appreciate the information she has put forward. I will certainly be looking at it and considering it.

I am delighted we are on the housing bill. Chairman Bernanke of the Federal Reserve, who was in front of the Joint Economic Committee yesterday, I thought did a nice job testifying. There are lot of interesting things going on as to what he was talking about taking place. But he was saying the primary thing to watch in the economy right now is housing, the price of housing, it is holding or declining—it is declining in a number of key areas—but to watch that marketplace because that is the linchpin issue. He urged Congress to act on housing.

So I am delighted we have this bill up. I am delighted we have a bipartisan bill that I can look at and say a number of the provisions look pretty good. We do not try to get too one-sided one way or the other so it gets held up. Because this is something we need to act on. I think it would be a good confidence builder for the housing market across the country if we can get something through here, through the House, and signed by the President.

Having confidence is a key part of the marketplace. Confidence is a key part of what they did on the Bear Stearns bailout. He said a year ago they probably would not have done it. A year from now, they probably would not do it. But right now things are too shaky and it could cause things to crumble. The key piece to watch is housing.

So it is good we are working on this legislation. It is good we are working in a bipartisan fashion. I will be filing an amendment that I think can be very helpful in the pay-fors on this because we need to pay for this. We are in a difficult budgetary situation, so we have a commission bill to look at all spending within HUD and within Treasury and to make recommendations for programs to be eliminated and then requiring a vote of Congress, up or down, whether to eliminate these programs and then use those funds to pay for some of the efforts that are taking place here.

I think this is the sort of thing we ought to look at and the sort of thing we ought to do in paying for this because nobody wants the deficit to go up further. I think that is everybody's objective. So we are going to be putting forward that amendment and at the appropriate time bring that up.

One of the key things we need to look at and to do on this is something every physician in the United States does when they become a physician. They take an oath. We take an oath of office. We swear to uphold and abide by the Constitution. A physician takes an oath. It is a very simple, very old oath. I think it is a very good one for legislating as well. The oath is very simple. It is, ''First, do no harm.'' That is the first premise that you operate on: ''First, do no harm.''

I appreciate the amendment my colleague from Illinois has up on the restructuring of loans within bankruptcy, cramdown provisions on residential homes people own. I understand the provision. As to my background in the law practice I had, such as it was—I am not bragging about a fabulous law practice; it was a pretty simple pedestrian law practice in Manhattan, KS—we did bankruptcies and we had provisions similar to these in other areas. They were not existing on the loans. So I think I have some familiarity with the impact of this. I believe this one violates the oath of: ''First, do no harm.''

I know my colleague from Illinois has all the right intentions, and I have worked closely with him on a number of issues. He is a very successful, able legislator. I believe this one violates that oath of: ''First, do no harm.'' I say that advisedly. A number of people looking at this believe this provision, if added to this bill and becoming the law of the United States, will drive up mortgage interest rates on residential homes 1 to 2 percent because it introduces a degree of uncertainty. Markets do not like uncertainty, so they factor in for uncertainty. It is believed this would increase mortgage interest rates 1 to 2 percent. I think there could be some fluff in that number. It could be low, initially. Typically, as well, markets will look at things, and at first they will factor more risk in until they have had some practice with this and seen how it hits in the numbers. So maybe over a period of time it would not have as much of an impact. But earlier on it could have more of an impact. Right at the point in time when we are trying to stimulate the housing market, you up your mortgage interest rates on your primary residence 1 to 2 percent, possibly more, because early on the market has not factored in: What will this actually do?

The other thing it could well do on top of increasing interest rates is reduce the number of people who could borrow to buy a home. In fact, in 1978 Congress specifically barred cramdown on primary residences to keep interest rates low for primary homes and to ensure that lenders provide credit to low-income borrowers. As many people are in a low-income situation, a more fragile economic situation, if things go south for them on a set of items, they have no choice but to pursue bankruptcy. So now then you introduce another set of risk factors on low-income individuals where it is going to make it harder for them to get a mortgage to buy a home.

We want people to be able to buy homes. We want particularly low-income individuals to be able to buy homes. If we introduce another factor of uncertainty that is going to drive interest rates up, it could well end up

working out that a low-income individual will have their interest rates driven up even more than the 1 to 2 percent, as the factors for risk are built into it.

Again, I add, these are things that are unknown. I have groups that are saying this is indeed the case. I don't think we particularly know on this provision. But you are introducing that period of uncertainty with it.

If I could say to my colleague: I know you have talked a long time and you know this issue very well; I wish to finish my statement and then I am happy to take questions or comments, because I know there will be extensive rebuttal taking place on it.

I am talking about my experience. I am talking about what I believe will happen in this marketplace. I know it is intended to have a positive effect, but I think it violates this first ''do no harm'' provision.

I wish to add some other comments. What we are trying to do here is to stimulate a housing market, not introduce factors of risk into the housing market. We have a good bipartisan proposal that is being put on the floor by Senators DODD and SHELBY, two senior Members of this body who have seen a lot and who have worked on a lot. I think our wisest course at this point in time would be to work together on those provisions where we can get bipartisan support rather than introducing factors that are highly likely to slow down a bill. We need to encourage the market by showing an ability to work together.

This amendment, I believe, will be highly controversial and will continue to have the effect of slowing this bill down. The amendment would actually create an ability for unsecured creditors as well of an individual, to reduce their exposure, at the expense of a mortgageholder in consumer bankruptcy proceedings. I think this is an unintended consequence, but it is a consequence of it. This would be bad policy. This was considered in 1978. We want these mortgages to have as low a rate as we possibly can.

Potentially 4.5 million Americans could be priced out of the housing market for every 1 percent increase in mortgages. That is according to home builders. They are saying that. So if you have a 2-percent increase, you are looking at the possibility of keeping 9 million Americans priced out of the housing market at a time when we want them in the housing market. That is not going in the right direction.

Having said all of that, I think there are people who could look at this another way. Indeed, I asked Chairman Bernanke about this particular provision, because he said we ought to do work on the housing market. I asked him about this particular provision and he did not take a stance on it. He just said he didn't take a stance on prior bankruptcy reform. He said there are arguments on both sides. So I recognize arguments on the other side. I have used cramdown provisions in other bankruptcy settings, in business settings. It does introduce a factor of risk. It does allow restructuring to take place.

I think where we are right now, with his statements and with our ability to move a piece of legislation, the key thing we should do is to get the base legislation moving forward, add things where we can get broad bipartisan support, not introduce more risk into the marketplace and possibly limit mortgageholders. I am presuming my colleague from Illinois has facts he is putting forward which say this is not going to take place. I think it is too much of a possibility that it will take place, and that it will first do harm. For those reasons, with all due respect to its supporters, I don't think this is a wise provision. Of course, I don't think this is the time for us to do it. I think we ought to spend a lot more time studying and thinking about this. I believe this is not the bill for this amendment, and I object to the Durbin amendment.

Mr. DURBIN. Mr. President, would the Senator yield for a question?

Mr. BROWNBACK. I am happy to yield.

Mr. DURBIN. I have two questions. I know the Senator from Massachusetts, Senator KENNEDY, wishes to speak on an unrelated issue. First, I wish to ask the Senator from Kansas, through the Chair, on the issue of uncertainty: Is the Senator from Kansas aware that on this amendment I am offering, I have narrowed the class of people eligible for this benefit, which would be modification of mortgage in Bankruptcy Court, to those who first qualify to go into Bankruptcy Court which, in many instances, requires credit counseling; secondly, that they must be talking about property that is their primary residence, not a piece of real estate they happen to own; third, that it be subject to a mortgage which is a subprime mortgage, not a prime rate mortgage; and fourth, that it has to be a mortgage that exists as of the date of the enactment of this legislation and none in the future? Also, that if there is to be a modification of the mortgage, it can be to a principal level no lower than the current fair market value; that the interest rate imposed by the court be no lower than the prime rate plus a premium for risk; that the term of the modification of the mortgage can be no more than 30 years, and that if within 5 years of bankruptcy the property is sold at a price higher than the fair market value at the time of bankruptcy, all of the proceeds will go to the lender—not to the owner, but to the lender?

I say to the Senator from Kansas that every time the banking and financial institutions came to me and said: It is too uncertain, too many people could benefit from this, every time they did that I would narrow this more and more and more. I would further say to the Senator from Kansas that if we are talking about a limited group of people who fit the description I have given here, how can you project this to have an impact on real estate mortgages of 1 and 2 percent into the future?

The last time we dealt with this issue in Congress was 30 years ago. The last time we had a housing crisis was 60 years ago. It isn't as if we are meeting every 6 months to change the law on mortgages and bankruptcy. I ask the Senator: How much more can I do to deal with his concern and the stated concerns of the banking industry about uncertainty?

Mr. BROWNBACK. Mr. President, responding to my colleague through the Chair, a couple of things. I appreciate that the Senator has narrowed this down from when he started, because he started with a much broader amendment; no question about it. I think what the Senator has done is advisable and good.

The base of the concern remains then the same, that now you have narrowed this in on a smaller class that you are going to raise the interest rates on because of the uncertainty that is going to be conducted there, or the likelihood of this having impacts on the mortgage marketplace and reducing their ability to get these houses on the market, which could further depress the prices on those houses. I think this is first do no harm. I appreciate that the Senator has narrowed this and he has narrowed it substantially.

I would also point out—and it was 1978 when we did the overall—we took up bankruptcy reform. We did that within the last 5 or 6 years where we had broad bankruptcy reform, and this sort of provision could have come forward in that bankruptcy reform at that point in time. I voted against that bankruptcy reform. I didn't think that overall was the way to go and that again was based on the experience I had in dealing with bankruptcy.

I appreciate the Senator's efforts. I think the basic issue he is introducing here continues to be the same even if it is within a narrow marketplace.

Mr. DURBIN. Will the Senator yield for one more question?

Mr. BROWNBACK. Yes.

Mr. DURBIN. I wish to ask the Senator from the great farming State of Kansas if, in his private practice experience with bankruptcy, he ever dealt with a chapter 12 bankruptcy involving farm real estate and whether he believes that the change in the bankruptcy law in the 1980s, which allowed cramdown or modification of the mortgages on farm homes, was unreasonable; whether he believes that the banking institutions which fought that chapter 12 bankruptcy saying it would raise interest rates 1 or 2 percent on farmers—and it didn't turn out to be the case—whether we ought to believe those financial institutions again today when we talk about using the same provision—or a similar provision,

I should say—as chapter 12 to deal with the current housing crisis? Did the Senator from Kansas feel it was unfair to allow cramdowns or modifications of mortgages in farm bankruptcies in his own State under chapter 12?

Mr. BROWNBACK. Mr. President, if I could respond to my colleague through the Chair, again in my limited background—I have actually taught agricultural law and written a book on it. It is not very good. I doubt my colleague has read it. I would recommend this chapter of it for him if he wishes to read it.

In the provisions that were done at that time before either of us were in the Senate, what you were doing was taking business bankruptcy reorganizations and allowing for farm application because it was a different business type of setting that was taking place. It did introduce risks that are even still factored in today, because this is a provision that is allowed within it.

Now, as I mentioned earlier, over a period of time as markets get adjusted to these, they say: Well, OK, this factor is only going to happen in this series of cases. Or they looked at lower end income clients and they said this is a more likely situation where we are going to see this taking place. Therefore, we are not going to loan to this guy, or it only goes to a bank that is willing to get into a more aggressive loan position and is desirous to do it. So it does have those impacts.

But what you were doing with that chapter reorganization during the farm crisis was taking a business reorganization and allowing for the differences in agriculture which are substantial. Now you are getting into the basic housing market with this. This isn't a business reorganization; this is a housing market issue, and you are introducing the very factors I talk about—in a limited fashion; I appreciate that greatly. I think it is less harmful potentially than the original design of the Durbin amendment. I appreciate your heart on it. It is going to have an introduction of factors of uncertainty and will drive interest rates up, and it will drive lenders out in this situation. That is what will happen. I don't think we should go that route.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DURBIN. Mr. President, before I yield the floor, as I see Senator KENNEDY is here and wishes to speak, I wish to make a point for the RECORD.

We introduced this amendment 4 hours ago. I have come to the floor, and but for a brief period off the floor, to entertain any debate on this amendment. In 4 hours there have been four Republican Senators who have come to the floor, one each hour, to oppose this amendment. At this rate, with 49 Republican Senators, in 45 hours we should be able to close this amendment and vote on it. I say that facetiously.

I hope those who have an interest in the amendment will come forward and that we can schedule it for a vote. I have asked repeatedly for that. I don't know what more I can do other than be here and be available for any debate they want to take place.

This is a critically important bill. There are several important amendments, and I think mine might be one of them. But if Members won't come to the floor and debate it, apparently they either don't have an interest in the amendment or the bill. I hope they will seriously consider coming to the floor in the very near future.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. REID. Mr. President, we have an interesting situation. We have a substitute amendment that has been laid down. We have worked hard to get it here. We started on the bill at 9:30 this morning. It is now 2 o'clock. We have one amendment that has been laid down. I even tried to arrange a vote on a resolution honoring the 4,000 Americans who have been killed in Iraq. We can't even get that up for a vote. I don't know what is going on. We are going to work through this. I asked for a consent agreement that any amendments that would be offered would be related to the housing bill. No, we can't do that yet. I realize the majority we have is very slim, but we do have the majority and that gives us certain rights. I am going to exercise those rights.

I would like to have a housing bill. I think it is important to the country. I hope the American people see what we have put up with now during the last 15 months. Every step of the way is a struggle. We are not able to legislate. We are constantly trying to figure a way procedurally to get past the minority, which is still upset about the November 2006 elections. That is what this is all about. We are in the majority, as slim as it might be, and they have to get over this. Let us work together. We want to work. We want to pass things. My friend has offered an amendment.

Let's vote on it.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I see our leader leaving the floor. He was expressing his frustration about the lack of action. I join him in underlining what he has stated here. Yesterday, a number of us, including the chairman of the Joint Economic Committee, listened to Mr. Bernanke. Mr. Bernanke was before the Joint Economic Committee talking about how they had let go more than $200 billion over the period of these last weeks—$200 billion in secret transactions, without any guarantees to the American taxpayers. And here we have a proposal that the Senator from Illinois, Mr. DURBIN, and Senator DODD and others are involved with in the Banking Committee, trying to do something about the fact that homes are being foreclosed while we are here on the floor of the Senate.

What is it about the other side that they are quite prepared to see hundreds of billions of dollars flow out of the Treasury, and when you stand up and say: Can we not this afternoon help stop some of these foreclosures of homes of working-class people, they say: No go, no way, we are not going to let you take action, but we are fine with the hundreds of billions of dollars that have flowed out of the Treasury in the last several days. What possible justification is there for that?

Finally, when I asked the Federal Reserve—I said: Well, we have the immediate crisis, but we are also going to have the crisis in the States. States have two options: they can either raise their taxes or cut services. What are they going to cut? Medicaid is first. They are the poorest of the poor. When we ask the leader of the Federal Reserve, the architect—because he is the man in charge—whether he believes we ought to reach out and help those families, he said he did not have a position on that and that is a position that will have to be taken up by the Congress of the United States. Why doesn't he tell that to the Republican leaders? Why? Here you are trying to take some kind of a position, and this is the old Chicago movie that I remember so well where they talk about ''Give us the old razzle-dazzle. I will razzle-dazzle me, too.'' We are finding out that the American homeowners, who are hard pressed, are being given the old razzle-dazzle.

I applaud the determination and resolution the leader has shown on this issue. Real people are hurting. We are here this afternoon waiting to take some action, ready to move ahead on a proposal that has broad support, and we find out the emptiness and vacuousness of the Republican response.

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

Mr. KENNEDY. I will yield.

Mr. REID. Does the Senator from Massachusetts realize that today, this day in April, April 3, 2008, almost 8,000 people will be pushed out of their homes because their foreclosure has been completed? They are gone—8,000 today and 8,000 tomorrow. Now, foreclosures usually don't happen on weekends; it is during the week. So this week, 5 times 8,000 is 40,000 people, approximately, who will be out of their homes while we have been here this week. If we don't get something done today, we will start tomorrow, and there will be another 8,000. Is the Senator aware of that?

Mr. KENNEDY. Well, I have been aware of it because we have listened to our good leaders, including yourself, Senator DURBIN, Senator SCHUMER, and Senator DODD, talking about between 8,000 and 12,000.

I had a chance to be out in Youngstown, OH, recently. Five-thousand homes are empty there, and it is increasing every single day just in that one community. That is being replicated in my State. People are saying:

Where is the action? Where is the leadership? When are you going to do something on this issue? We are interested in getting something done.

Mr. Bernanke was asked, after he became Chairman of the Federal Reserve: How are things going in terms of our economy? ''Fine,'' he said. He never exercised the bully pulpit to stop the explosiveness that is taking place in the housing market and put so many homeowners at risk.

This is as bad as Katrina and as bad as the Iraq war. We have a similar response from the administration, and that is a failure of leadership and a failure of action. The American people ought to understand that.

Mr. REID. Will the Senator yield for another question?

Mr. KENNEDY. Yes.

Mr. REID. Did the Senator hear me when I said we have asked for an agreement that the only amendments that will be offered on this bill are relating to housing? Is he aware that they said no deal? And is the Senator aware that Senator DURBIN had offered an amendment at approximately 10 o'clock this morning, and there have only been four speakers, with not long speeches, and that we are not voting because of the speeches, because they are gone? Is the Senator aware that I said: Okay, how about voting on a resolution offered by the Senator from Massachusetts that honors the lives of 4,000 Americans who have been killed in Iraq? Is he aware that we could not get a vote on that?

Mr. KENNEDY. Well, it is difficult to believe, Mr. President. We had our moment just last week in which those of us who were there in the Rotunda listened to our leader, who spoke so well, so movingly, as well as the other leaders, both Republicans and Democrats, to honor the anniversary of the war. Now, in the last few days, we have another moment of special significance, and that is the 4,000 soldiers—just with regard to Iraq—who have been lost and 500 more in terms of Afghanistan. I was very grateful to the Senator and to our other colleagues—and I am sure on the other side as well—who thought it would be useful to memorialize in the CONGRESSIONAL RECORD the names of these extraordinary men and women, listing their names, hometowns, their ranks, and their service, and that we could include that in the RECORD at this time. We are trying to do it at an appropriate time because we have been reminded about the loss of the 4,000—not as an add-on to some other kind of action here but to give respect and dignity and honor to these individuals and do so by having a rollcall vote to send a special message to their families and friends in their communities that we honor their service. Why is it that we cannot get an agreement on that?

The good Senator—I will not insult his intelligence. I read the resolution, and it may be 8 lines long. It is honoring these extraordinary men and women and in tribute to their valor. Why is it that we cannot have a time when we could bring the membership together to honor those names? What is the possible problem? Where is the Republican leader? Can he explain to the American people why we cannot have that? Usually, if they are going to object, at least they indicate why. Why don't they take the floor? Why can't they give an explanation to the American people? Look at these pages. On each one of these pages is 50 names. Look at these pages. There are 50 names on each and every one of them with their home addresses. We ought to be able to take a few moments for those who want to speak to be able to express themselves and pass this resolution and include it in the RECORD at this time, where we have paused as a Nation out of respect for the loss of some 4,000 Americans.

I thank the majority leader for all he has done. Since I have the floor, I will just take a few moments here, obviously, before the Senator from Illinois, whose amendment is pending. I will withhold at any time he thinks he can get action.

Mr. President, this is the resolution we will be offering. It honors the sacrifice of the members of the Armed Forces who were killed in Iraq and Afghanistan:

Whereas 4,009 members of the United States Armed Forces have lost their lives in support of Operation Iraqi Freedom and 487 members of the United States Armed Forces have lost their lives in support of Operation Enduring Freedom;

Whereas we honor the ultimate sacrifice that these men and women made for our country;

Whereas the sacrifices of the fallen are in keeping with the highest traditions of the United States Army, Navy, Marine Corps, Air Force, and Coast Guard;

Whereas, as their families and loved ones have sacrificed as well, we honor them in commemorating the memory of those that lost their lives;

Whereas the following 4,009 members—

It starts off listing the fallen members of the Armed Forces.

Mr. REID. Mr. President, will my friend yield?

Mr. KENNEDY. Yes.

Mr. REID. Mr. President, progress in this body is sometimes very hard to come by, but progress has been made. I appreciate Senator KENNEDY coming to the floor. As those of us who have such affection and love for him know, once in a while he raises his voice. As a result of raising his voice, I ask unanimous consent that at 2:45 p.m. today, the Senate proceed to vote on the adoption of S. Res. 501, honoring the sacrifice of the members of the U.S. Armed Forces who have been killed in Iraq and Afghanistan; that upon adoption of the resolution, the preamble be agreed to, with no intervening action of our debate; and that no amendments be in order to the resolution or the preamble.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. REID. Mr. President, I appreciate the Senator yielding.

Mr. KENNEDY. Mr. President, I thank the majority leader for his leadership in making this all possible.

Mr. President, the war in Iraq has deeply divided our country. But whatever our views are about the war, we know our soldiers are serving nobly under extraordinarily difficult circumstances and that far too many are making the ultimate sacrifice for our country. The war continues to impose an enormous human toll on our soldiers, their families, and their loved ones. Our men and women in uniform have served with great courage and honor for 5 years, and last week, during the recess of Congress, we reached a sad milestone—the loss of 4,000 service men and women in support of Operation Iraqi Freedom. An additional 30,000 service men and women have been wounded. We have also lost nearly 500 service men and women in support of Operation Enduring Freedom in Afghanistan.

This loss of life is deeply distressing, and the impact of the wars in Iraq and Afghanistan continues to be devastating to families and communities around our Nation. We honor their service, and we pray that God's grace and mercy may ease the anguish of those they have left behind.

It is fitting, therefore, that today we honor and remember the courageous men and women who gave the last full measure of their devotion to our country in these wars. From Lexington and Concord and Gettysburg, to Normandy and Iwo Jima, to Korea and Vietnam, to Iraq and Afghanistan today, these heroes are part of a long line of courageous patriots who stood their ground with uncommon valor and sacrificed for all of us.

Since the terrorist attack by al-Qaida on September 11, millions of Americans have proudly and voluntarily defended our country and our Constitution by serving in our Armed Forces, our Reserves, and our National Guard. Their devotion to duty is beyond question, and their valor is proven. They volunteered to serve and help us meet the immense challenge we face. They knew the vast danger to life and limb and were well aware that at any moment they might make the ultimate sacrifice. And as of today, 4,496 have made that sacrifice in Iraq and Afghanistan. They were all patriots. They put themselves in harm's way to protect us all. And because of their dedication and sacrifice, we continue to enjoy the freedoms we cherish in our democracy.

Each of these men and women has a poignant story to tell. Just as poignant are the fond memories of their loved ones here at home. I know something of that feeling. I was 12 years old when my mother became a Gold Star mother. It still seems like only yesterday when that knock on our door came in 1944, and we learned that my oldest brother, Joe, had been lost in World War II.

I know there is no easy way to mend these broken hearts, no way to lift the

almost unbearable burden from the families and friends of those we lost. We mourn the loss of these heroes. We honor their sacrifice and extend our deepest condolences to their families. Words cannot ease the grief of losing a loved one, but I hope the families may find some comfort in the words of Abraham Lincoln in that famous letter he sent to a bereaved mother during the Civil War. He wrote:

Dear Madam, I feel how weak and fruitless must be any words of mine which should attempt to beguile you from the grief of a loss so overwhelming. But I cannot refrain from tendering to you the consolation that may be found in the thanks of the Republic they died to save. I pray that our Heavenly Father may assuage the anguish of your bereavement, and leave you only the cherished memory of the loved and the lost, and the solemn pride that must be yours to have laid so costly a sacrifice upon the altar of freedom.

The consequences of the decisions we make in Congress profoundly affect our military, their families, and the communities they have left. We have an obligation to our soldiers to make sensible decisions that will not place them needlessly in harm's way.

It is fitting that we now pause to recognize, remember, and honor those who have lost their lives far from home for our grateful Nation in Iraq and Afghanistan.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, I thank my colleague from Massachusetts. I have been a Senator for a number of years and have visited Iraq and Afghanistan on three separate occasions. I try my best to meet with as many of our soldiers as possible—but, of course, focus on those from Illinois—to sit and eat lunch with them and talk about the Cubs, the White Sox, the Bears, the Bulls, the news back home. The thing that haunts me—and I thank the Senator from Massachusetts for reminding me—the thing that haunts me are the frequent conversations where they say: Does anybody know we are still here? Does anybody back home know what we are going through? It really is heartbreaking to think that these men and women are risking their lives every day while we go about our safe, secure, normal, daily routine and how little focus we put on this war and the men and women who are fighting it for us and particularly those who have given their lives.

We have lost almost 150 soldiers in Illinois. I took an inspiration from the Senator from Massachusetts and said I was going to send a note to every family in Illinois who loses a soldier. I thought after a year or two that task would have been completed. After 5 years, it is not. Sadly, in our State and every other State we are still losing lives. The fact that the Senator from Massachusetts would take the time to come to the floor today as a solemn reminder of what this means to us, should mean to us, and what it means to these families is something I deeply appreciate.

Last week or so, the New York Times had a front-page story talking about the lives that had been lost just last year, with color photographs of all the soldiers, sailors, airmen, and marines who were among the casualties. There were six or eight personal stories of their lives. I took the time to read it carefully to try to absorb what was happening to these men and women and their families.

I think I can speak for the Senator from Massachusetts. We have cast between us thousands of votes on the floor of the Senate, myself in the House of Representatives as well. I cannot think of another vote more profound and more important than the vote to authorize the invasion of Iraq in October 2002. Senator KENNEDY and I joined 21 of our colleagues in voting against that authorization to go to war. At the time, it was not the most popular vote, but it turned out to be the right vote. Not to take anything away from these brave men and women who have given so much for our country, but this war may be the most fatal foreign policy mistake of the modern era, and we continue to pay for it every day in American lives and blood and treasure and in our reputation and safety in the world.

The fact that the Senator from Massachusetts would take some time—even a brief period of time—to remind us is something that should be done and I am glad is being done. I know this will receive an overwhelmingly unanimous vote of support, as it should. We all want to be on record. But I hope that also, the next time this matter comes up for a debate about the policy of this war in Iraq, some of our colleagues who want to just continue this indefinitely for years and years will reflect on how many more American lives will be sacrificed if that happens. That is the sad reality of where we are.

The Senator could not, because his stack of papers would be dramatically larger, include the names of all those who have been seriously wounded or injured in this war. They deserve our thanks and our recognition as well. Many of them will carry scars for a lifetime. Some are very visible scars and some not visible. They are struggling with lives, facing blindness, burns and amputations, traumatic brain injuries, and post-traumatic stress disorder. I visit these veterans hospitals and see those veterans of past wars who are still paying the price today, alive—maybe barely alive—but paying the price for their service.

I hope beyond the resolutions we will have the resolve to make sure we keep our word to these veterans, that when they come home they will receive the best medical care, they will receive our help to continue their lives, to go to school or to own a home. When I read about the percentages—half the homeless people in America are veterans—when I read that the unemployment rate among returning veterans is so high, it is a grim reminder that those who have given the most often receive the least when they come home.

I thank the Senator from Massachusetts. I hope I can add my name, along with many others, as a cosponsor of this resolution and thank him for his leadership on this important issue.

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. DURBIN. 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. DURBIN. Mr. President, earlier, when I was speaking to Senator KENNEDY's resolution, I made reference to a New York Times article. It is an article from Tuesday, March 25. It tells in a very graphic way the correspondence of fallen soldiers and the circumstances they faced in Iraq before they died. As I mentioned before, I read this article in its entirety and was moved by it.

I ask unanimous consent to have printed in the RECORD this New York Times article so my colleagues and others have an opportunity to read it as well.

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

[From the New York Times, Mar. 25, 2008]

SIX OF THE FALLEN, IN WORDS THEY SENT HOME

FROM LATEST 1,000, WORDS BY E-MAIL, AND IN JOURNALS TO THOSE AT HOME

[By Lizette Alvarez and Andrew W. Lehren]

By the time Specialist Jerry Ryen King decided to write about his experiences in Iraq, the teenage paratrooper had more to share than most other soldiers.

In two operations to clear the outskirts of the village of Turki in the deadly Diyala Province, Specialist King and the rest of the Fifth Squadron faced days of firefights, grenade attacks and land mines. Well-trained insurgents had burrowed deep into muddy canals, a throwback to the trenches of World War I. As the fighting wore on, B–1 bombers and F–16s were called in to drop a series of powerful bombs.

Once the area was clear of insurgents, the squadron, part of the 82nd Airborne Division, uncovered hidden caches of weapons.

Two months later, Specialist King, a handsome former honors student and double-sport athlete from Georgia, sat down at this computer. In informal but powerful prose, he began a journal.

After 232 long, desolate, morose, but somewhat days of tranquility into deployment, I've decided that I should start writing some of the things I experienced here in Iraq. I have to say that the events that I have encountered here have changed my outlook on life . . .

The most recent mission started out as a 24–36 hour air-assault sniper mission in a known al-Qaida stronghold just north of Baghdad. We landed a few hours before daybreak and as soon as I got off the helicopter my night vision broke, I was surrounded by the sound of artillery rounds, people screaming in Arabic, automatic weapons, and the terrain didn't look anything like what we

were briefed. I knew it was going to be a bad day and a half.

Jerry Ryen King, Journal Entry, March 7, 2007

A month later, Special King was sitting inside his combat outpost, an abandoned school in Sadah, when suicide bombers exploded two dump trucks just outside the building. The school partly collapsed, killing Specialist King on April 23, 2007, along with eight other soldiers, and making the blast one of the most lethal for Americans fighting in Iraq.

In that instant, Specialist King became one of 4,000 service members and Defense Department civilians to die in the Iraq war—a milestone that was reached late Sunday, five years since the war began in March 2003. The last four members of that group, like the majority of the most recent 1,000 to die, were killed by an improvised explosive device, known as a I.E.D. They died at 10 p.m. Sunday on a patrol in Bagdad, military officials said; their names have not yet been released.

The next day we cleared an area that made me feel as if I were in Vietnam. Honestly, it was one of the scariest times of my life. At one point I was in water up to my waist and heard an AK fire in my direction. But all in all the day was going pretty good, no one was hurt, I got to shoot a few rounds, toss a grenade, and we were walking to where the helicopter was supposed to pick us up.

Jerry Ryen King, Journal Entry, March 7, 2007

The year 2007 would prove to be especially hard on American service members; more of them died last year than in any other since the war began. Many of those deaths came in the midst of the 30,000-troop buildup known as ''the surge,'' the linchpin of President Bush's strategy to tamp down widespread violence between Islamic Sunnis and Shiites, much of it in Baghdad. In April, May and June alone, 331 American service members died, making it the war's deadliest three-month period.

But by fall, the strategy, bolstered by new alliances with Sunni tribal chiefs and a decision by the Shiite cleric Moktada al-Sadr to order his militia to stop fighting, appeared to be paying off as the country entered a period of relative calm. Military casualties and Iraqi civilian deaths fell, and the October-December period produced the fewest casualties of any three months of the war. The past month, though, has seen an uptick in killings and explosions, particularly suicide bombings. The violence has traveled north to Mosul, where the group calling itself Al Qaeda in Mesopotamia remains strong.

Everything changed in a matter of 15 minutes . . . About the time I was opening my MRE (meal ready to eat) I heard an explosion. Everyone started running towards the sound of the explosion. Apparently a suicide bomber had blown himself up killing four soldiers from my squadron and injuring another. Our 36 hour mission turned into another air-assault into a totally different city, the clearing of it, and 5 more days. We did find over 100 RPG's, IED making materials, insurgents implacing IED's, artillery rounds, a sniper rifle, and sort of like a terrorist training book and cd's.

Jerry Ryen King, Journal Entry, March 7, 2007.

Unlike the soldiers of some previous wars, who were only occasionally able to send letters back home to loved ones, many of those who died left behind an extraordinary electronic testimony describing in detail the labor, the fears and the banality of serving in Iraq.

In excerpts published here from journals, blogs and e-mail, six soldiers who died in the most recent group of 1,000 mostly skim the alarming particulars of combat, a kindness shown their relatives and close friends. Instead, they plunge readily into the mundane, but no less important rhythms of home. They fire off comments about holiday celebrations, impending weddings, credit card bills, school antics and the creeping anxiety of family members who are coping with one deployment too many.

At other moments, the service members describe the humor of daily life down range, as they call it. Hurriedly, with little time to worry about spelling or grammar, they riff on the chaos around them and reveal moments of fear. As casualties climb and the violence intensifies, so does their urge to share their grief and foreboding.

A LAST GOODBYE

Hey beautiful well we were on blackout again, we lost yet some more soldiers. I cant wait to get out of this place and return to you where i belong. I dont know how much more of this place i can take. i try to be hard and brave for my guys but i dont know how long i can keep that up you know. its like everytime we go out, any little bump or sounds freaks me out. maybe im jus stressin is all. hopefully ill get over it . . .

you know, you never think that anything is or can happen to you, at first you feel invincible, but then little by little things start to wear on you. . .

well im sure well be able to save a couple of bucks if you stay with your mom . . . and at the same time you can help her with some of the bills for the time being. it doesnt bother me. as long as you guys are content is all that matters. I love and miss you guys like crazy. I know i miss both of you too. at times id like to even just spend 1 minute out of this nightmare just to hold and kiss you guys to make it seem a little bit easier. im sure he will like whatever you get him for xmas, and i know that as he gets older he'll understand how things work. well things here always seem to be . . . uhm whats the word . . . interesting i guess you can say. you never know whats gonna happen and thats the worst part. do me a favor though, when you go to my sisters or moms or wherever you see my family let them know that i love them very much..ok? well i better get going, i have a lot of stuff to do. but hopefully ill get to hear from you pretty soon. *muah* and hugs. tell mijo im proud of him too!

love always,
your other half

Juan Campos, E-mail Message to His Wife, Dec. 12, 2006

When Staff Sgt. Juan Campos, 27, flew from Baghdad to Texas for two weeks last year, there was more on his mind than rest and relaxation. He visited his father's grave, which he had never seen. He spent time with his grandparents and touched base with the rest of his rambling, extended family.

The day he was scheduled to return to war, Sergeant Campos and his wife went out dancing and drinking all evening with friends. Calm and reserved by nature, Sergeant Campos could out-salsa and out-hip-hop most anyone on the dance floor. At the airport, his wife, Jamie Campos, who had grown used to the upheaval of deployment, surprised herself.

''I cried and I have never ever cried before,'' said Mrs. Campos, 26, who has a 9-year-old son, Andre. ''It was just really really weird. He knew, and I kind of knew. It felt different.''

We both felt that it was the last goodbye,'' she said.

Tuesday, Oct. 3, 2006

Mood: gloomy

The life of an infantryman is never safe . . . how do I know, well I live it every day.

I lost a good friend of mine just two days ago to an enemy sniper. The worst feeling in the world is having lost one of your own and not being able to fight back. The more I go on patrol, the more alert I tend to be, but regardless of the situation here in Iraq is that we are never safe. No matter the countermeasures we take to prevent any attacks. They seem to seep through the cracks. Every day a soldier is lost or wounded by enemy attacks. I for one would like to make it home to my family one day. Pray for us and keep us in your thoughts . . . for an infantryman's life is never safe.

Juan Campos, Myspace Blog

Sergeant Campos, a member of the First Battalion, 26th Infantry, Charlie Company out of Germany, was one of thousands of infantrymen assigned to stabilize Baghdad and the surrounding areas last year during the troop buildup. Troops were sent deep into insurgent neighborhoods, where they lived in small outposts, patrolled on foot, cleared houses, mingled with Iraqis and rebuilt the infrastructure.

The extra 30,000 service members—160,000 in all—were deployed to Iraq to help quell the runaway violence that threatened large-scale civil war. Most soldiers spent 15 months in Iraq, a length of time that military commanders have said is unsustainable. Many had fought in the war at least once. A few had been in Iraq multiple times.

My only goals are to make it out of this place alive and return you guys and make you as happy as I can.

Juan Campos, E-Mail Message to his Wife, Dec. 15, 2006

But to Sergeant Campos and the rest of Charlie Company in Adhamiya, a north Baghdad stronghold for Sunni insurgents, the buildup seemed oddly invisible. The men patrolled almost every day, sometimes 16 to 18 hours a day for months, often in 120-degree weather. Exhaustion was too kind a word for their fatigue.

More than 150 soldiers lived in a two-story house with portable toilets, no air-conditioning and temperamental showers. Sleep came only a few hours at a time. The fighting was vicious. Adhamiya was such a magnet for sectarian bloodletting that the military built a wall around it to contain the violence.

''They walled us in and left us there,'' Staff Sgt. Robin Johnson, 28, said of the 110 men in Charlie Company. ''We were a family. I would die for these guys before I die for my own blood brother.''

On patrol, sniper fire rang out so routinely that soldiers in Sergeant Campos's platoon seldom stood still for more than four seconds. They scoured rooftops for Iraqi children who lobbed grenades at American soldiers for a handful of cash. Roadside bombs burst from inside drainage pipes, impossible to detect from the street. The bombs grew larger by the month.

Last year, these powerful improvised explosive devices were responsible for a majority of American fatalities, a new milestone. The bombs also killed multiple soldiers more often than in the past, a testament to their potency.

''It was the most horrible thing you could possibly imagine,'' Sergeant Johnson said. ''As soon as you left the gate, you could die at any second. If you went out for a day and you weren't attacked, it was confusing.''

Charlie Company soldiers found a steady stream of Iraqis killed by insurgents for

money or revenge. Some had their faces wiped clean by acid. Others were missing their heads or limbs.

''IT COULD HAVE BEEN ME''

To tell the story of iraq is a hard one.

Ryan Wood, Myspace Blog

Sgt. Ryan M. Wood, 22, a gifted artist, prolific writer and a sly romantic from Oklahoma, was also one of the bluntest soldiers inside Charlie Company.

it is fighting extreme boredom with the lingering thought in the forefront of your mind that any minute on this patrol could be my last endeavour, only highlighted by times of such extreme terror and an adrenaline rush that no drug can touch. what [expletive] circumstances thinking ''that should've been me'' or ''it could've been me''. wondering if that pile of trash will suddenly explode killing you or worse one of your beloved comrads . . . only backed by the past thoughts and experiences of really losing friends of yours and not feeling completely hopeless that it was all for nothing because all in all, you know the final outcome of this war. it is walking on that thin line between sanity and insanity. that feeling of total abandonment by a government and a country you used to love because politics are fighting this war . . . and its a losing battle . . . and we're the ones ultimently paying the price.

Ryan Wood, Myspace Blog, Adhamiya

For the soldiers in Iraq, reconciling Adhamiya with America was not always easy. One place was buried in garbage and gore and hopelessness. The other seemed unmoored from the war, fixated on the minutia of daily life and the hiccups of the famous. The media was content to indulge.

What the Hell America??

''What the hell happened?'' any intelligent American might ask themselves throughout their day. While the ignorant, dragging themselves to thier closed off cubicle, contemplate the simple things in life such as ''fast food tonight?'' or ''I wonder what motivated Brittany Spears to shave her unsightly, mishaped domepiece?''

To the simpleton, this news might appear ''devastating.'' I assume not everyone thinks this way, but from my little corner of the earth, Iraq, a spot in the world a majority of Americans could'nt point out on the map, it certainly appears so. . . . To all Americans I have but one phrase that helps me throughout my day of constant dangers and ever present death around the corner, ''WHO THE [expletive] CARES!'' Wow America, we have truly become a nation of self-absorbed retards. . . . This world has serious problems and it's time for America to start addressing them.

Ryan Wood, Myspace Blog, May 26, 2007

The somberness of the job was hard to shake off. But, day to day, there was no more reliable antidote than Pfc. Daniel J. Agami, a South Floridian with biceps the size of cantaloupes, and Pfc. Ryan J. Hill, a self-described hellion who loved his ''momma'' and hailed from what he called the ''felony flats'' of Oregon. Funny men in the best sense of the word, the two provided a valuable and essential commodity in a war zone.

Their mother jokes—the kind that begin, ''your mother is so . . .''—were legendary, culminating in a Myspace joke-off. It ended abruptly after an enough-is-enough phone call from Private Hill's mother, who ranked No. 1 on his list of heroes in Myspace. Private Agami proclaimed victory.

About a month later . . . I went to my room and my mattress was missing and all my clothes were being worn by other people. I couldn't figure it out so I knew right off the bat to go to Hill. I saw him walking down the hall wearing five of my winter jackets. He sold half my wardrobe right off his back to people in our company and my mattress was in someone else's room. So then I had go to around and buy all my stuff back. (Now I think he won).

Daniel J. Agami, Charlie Company. Eulogy Sent via e-mail Message to his Mother, Jan. 29, 2007

To keep their spirits up, combat soldiers learned to appreciate the incongruities of war in Iraq. Jokes scrawled inside a Port-o-Potty quickly made the rounds. Situational humor, from goofy to macabre, proved plentiful.

A really girly guy who was a cheerleader in high school, got knocked down and nearly hurt by the wind of the helicopter. Listening to Dickson recite what was in every single MRE was pretty funny. A cow charged and nearly trampled one of my friends when we were raiding a compound. And lastly, I thought that it was pretty comical that I shot at a guy a long ways out but missed and later after taking his house and using it as a patrol base he offered me Chai and rice.

Jerry Ryen King, Diyala Province

Even a trip to the dentist, with its fringe benefits, is cause for amusement in a war zone.

Last Sat. I had two of my wisdom teeth pulled. After taking double the prescribe percocot and morphine pills that the doctor gave me for the pain I decided to catch a flight back to my FOB (forward operation base). It was the coolest Blackhawk ride I've had, I was absolutely ripped and I talked the pilots into leaving the doors open. We had four more guys die a couple days ago. They hit an IED, it killed everyone in the humvee. It's starting to get a little scary. We made it our first six months with just two deaths and that was plenty. But now just in the past two and a half weeks we've had nine more guys get killed, and over 50 wounded. I'm just hoping that I can make it the 75 more days or so that we have left of combat operations before we start packing.

Jerry Ryen King, Journal Entry, April 11, 2007

Among the guys in Charlie Company, Private Agami, 25, was one of the boldest and most resilient. He was the kind of guy who joined an endurance ski contest on a whim. He came in fourth. He had never skied in his life.

Private Agami had time for everyone, and everyone had time for him. Affectionately called G.I. Jew, he held his religion up to the light. He used it to build tolerance among the troops and shatter stereotypes; few in his unit had ever met a Jew. He flew the Israeli flag over his cot in Adhamiya. He painted the words Hebrew Hammer onto his rifle. He even managed to keep kosher, a feat that required a steady diet of protein shakes and cereal.

Commander Mom, I can't wait to come home and when I do, don't worry I'll have a lot to say to the congregation. Don't worry about my mental state either, we all receive counseling and help from doctors when something like this happens. I am a strong individual physically and mentally and if there is one thing the army teaches you, it is how to deal with death. Every day that passes it gets easier and easier. I miss you guys very much and I love you!

Daniel Agami, e-mail Message to his Mother, Oct. 28, 2006

It did not get easier.

I try not to cry. I have never cried this much my entire life. Two great men got taken from us way too soon. I wonder why it was them and not me. I sit here right now wondering why did they go to the gates of heaven and not me. I try every night to count my blessing that I made it another day but why are we in this hell over here? Why? I can't stop asking why?

Ryan Hill, Myspace Blog, Nov. 1, 2006

Private Hill was riding in a Humvee on Jan. 20, 2007, when an I.E.D. buried in the middle of the road detonated under his seat, killing him instantly.

Sergeant Campos was riding in a Humvee on May 14, 2007, two weeks after returning from Texas, when it hit an I.E.D. The bomb lifted the Humvee five feet off the ground and engulfed it in flames. ''That's when we just left hope at the door,'' Sergeant Johnson said. Severely burned over 80 percent of his body, Sergeant Campos lived two weeks. He died June 1. Another soldier, Pfc. Nicholas S. Hartge, 20, of Indiana, died in the same attack.

Private Agami was driving a Bradley fighting vehicle on June 21, 2007, when it hit an I.E.D. The explosion flipped the 30-ton vehicle, which also carried Sergeant Wood. Both men were killed, along with three other soldiers and an Iraqi interpreter.

''Obviously, it came to a point, you didn't care anymore if it got better,'' said Staff Sgt. Jeremy S. Rausch, 31, one of Sergeant Campos's best friends in Charlie Company. ''You didn't care about the people because they didn't care about themselves. We had already lost enough people that we just thought, you know, 'why?' ''

During their time in Adhamiya, the soldiers of Charlie Company caught more than two dozen high-value targets, found nearly 50 weapons caches, detained innumerable insurgents and won countless combat awards. They lost 14 men. Their mission was hailed a success.

JUST IN CASE

Texan to the core, enamored of the military, Specialist Daniel E. Gomez, 21, an Army combat medic in the division's Alpha Company, relied on his books, his iPod and an Xbox to distract him from the swirl.

Strange but this place where we are at is unreal almost. I hope I come back mentally in shape. LOL.

Daniel Gomez, Myspace Blog, Sept. 9, 2006

He took pride in being the guy who tended to wounded soldiers under fire, patching them up to help them survive.

As the violence intensified, Specialist Gomez set aside thoughts of a free Iraq or a safer America and, like generations of soldiers before him, simply started fighting for the soldier next to him.

A few days ago I realized why I am here in Baghdad dealing with all the gunfire, the rocket attacks, the IEDs, the car bombs, the death. I have only been here going on a month and a half. Already I have seen what war really is. . . but officially it's called ''full spectrum operations.'' No, I don't down Bush, he is my CinC, and I think he is doing a good job with what Clinton left him. I don't debate why we are involved in Iraq. I just know why I am here. It is not for the smiling Iraqi kids, or even the feeling of wearing the uniform (it feels damn good though:). I am here for the soldier on patrol with me.

But why are you there in the States? Why are you having that nice dinner, watching TV, going out on dates. . . .

Daniel Gomez, E-mail to Friends and Family, Sept. 27, 2006

And then Specialist Gomez fell in love. An e-mail flirtation with Katy Broom, his sister's close friend, gradually led to a cyber exchange of guarded promises about the future. Headed home for a rest break in May, the tentativeness lifted and they began to rely on each other to get through the day. The two joked about ''the best sex we never had.''

. . . this R&R there is someone new in my life. Exactly what she is to me, and what I am to her is uncertain, but it's not really important at the moment. Just the thought that I could spent a second of my life with her, before I have to come back here makes everything worth it.

Daniel Gomez, Myspace Blog, May 9, 2007

Rest and relaxation in Georgia went better than expected. He fell in love with the love of his life all over again, this time in person. The couple shared one kiss during his leave.

''He was everything I expected and more,'' said Ms. Broom, 20, who spent one week and two days with him. ''It was kind of surreal when we met. It's almost like a perfect love and war story.''

Not many soldiers leave behind a just-in-case letter. Specialist Gomez did. He handed Ms. Broom an envelope at the airport with the 'words, ''Don't read unless something happens to me.''

On July 18, 2007, two months after his leave, Specialist Gomez died in Adhamiya when the Bradley fighting vehicle he was in struck a roadside bomb. The explosion and flames also killed three other soldiers.

Ms. Broom waited three days after she got word to open the letter. She sat alone in the couple's favorite spot, her apartment balcony.

''I was very thankful that he wrote it,'' she said of the letter. ''I have opened and closed it so many times, I'm surprised it hasn't fallen apart.''

R+R 2007

Hey baby. If you're reading this, then something has happen to me and I am sorry. I promised you I would come back to you, but I guess it was a promise I could not keep. You know I never believe in writing ''death letters.'' I knew if I left one for my folks it would scare them. Then I met you. We were supposed to meet, darling. I needed someone to make me smile, someone that was an old romantic like I was. I was going through a very rough time in Iraq and I was starting to doubt my mental state. Then one day after a patrol, I go to my facebook and there you were. . . .

I can't stop crying while I am writing this letter, but I have to talk to you one last time, because maybe the last time I heard your voice I did not know it would be the last time I heard your voice. . . .

I Love You. Go be happy, go raise a family. Teach your kids right from wrong, and have faith, darling. l think I knew I loved you before I met. I love you, Katy. * Kiss * Goodbye

Mr. DURBIN. Mr. President, 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.

The PRESIDING OFFICER (Mr. NELSON of Nebraska). The Senator from Vermont.

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

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

Mr. SANDERS. Mr. President, I congratulate Majority Leader REID and Minority Leader MCCONNELL, as well as Committee Chairman DODD, and ranking committee member SHELBY for their hard work in beginning the process of trying to bring relief to families who are struggling to hold on to their homes. I think they are taking a good step forward. I think we have to do a lot more to address this very serious crisis.

It is no secret to anyone that the middle class in this country is in great danger. It is shrinking. Some think it is on the verge of collapse. Workers today who are going to fill up their car's gas tank are paying $3.20 for a gallon of gas in the State of Vermont, and there is a fear that may go higher. People are paying higher and higher prices for food. Since President Bush has been President, some 8 million Americans have lost their health insurance, health care costs are soaring, and a college education is unaffordable. In the meantime, wages, the real median family income for the average American family is going down, and the gap between the very rich and everybody else is getting wider. So we have some very serious problems. Among other aspects of that crisis is that the personal savings rate today is below zero, which, up until 2005, hasn't happened since the Great Depression. So what is happening is that people are working longer and longer hours, their wages are going down, we are losing good-paying jobs, and they do not have enough money to survive on so they are borrowing more and more money. That is the reality.

There is a lot, to my mind, that we have to consider as a country to begin addressing the fact that poverty is going up, the middle class is declining, and the gap between the rich and everybody else is growing wider. There is a lot we have to do. But as we now focus on the mortgage crisis, we have to take a hard look at interest rates in this country. I intend to offer an amendment to the housing bill that I want to say a few words on now and I will speak to at greater length later.

My amendment will clearly not solve all of the problems facing the middle class, but it will do one very important thing: It will take one action that is long overdue, and that is it would stop big banks, credit card companies, payday lenders, mortgage bankers, and other lenders from ripping off American consumers by charging outrageous interest rates.

I do a national radio show every Friday afternoon where people call in. And you know what they say? They say: We are sick and tired of paying 20, 25, 30 percent interest rates when, in fact, we pay our debt on time every single month. That is what they are saying. People who are borrowing money to send their kids to college are paying outrageously high rates, and certainly we know, given the crisis we are debating today, that mortgage interest rates are off the charts.

With this amendment I will be offering, it would cap all interest rates at 8 percent above what the IRS charges income tax deadbeats. That is the formula we are using. Currently, the IRS charges a 6-percent interest rate to Americans who are late on paying their income tax returns. That is what we are doing today. The IRS adjusts these rates every quarter based on the Federal funds rate. If the Federal funds rate rises, the interest rate the IRS charges late filers goes up. If the Federal funds rate goes down, so does the interest rate the IRS charges late filers.

If the amendment I am offering were signed into law today, all interest rates in this country would be capped at 14 percent, including subprime mortgages, credit cards, auto loans, payday loans, and income tax refund anticipation loans. Why 14 percent? Why do we pick that number? It is an interesting point. I am glad you asked that question, Mr. President, and here is the answer. Because 14 percent happens to be the same level that former Senator Al D'Amato chose when he offered an amendment in 1991 to cap credit card interest rates. Al D'Amato, Senator from New York, offered that amendment.

Do you know what the vote was on that bipartisan amendment, offered by the Republican Senator from New York? That amendment passed the Senate by a vote of 74 to 19—74 to 19—a huge bipartisan vote. And among those Members who are today in the Senate, and who cosponsored that amendment, were Senators SPECTER, LIEBERMAN, and DOMENICI, among others. Unfortunately, that amendment ended up not being signed into law.

Like my amendment, the D'Amato amendment was also pegged slightly above the interest rates for late income tax filers. I have the feeling that in my career in the Senate I will not often be quoting former Senator D'Amato, probably won't be doing that, but let me quote what Senator D'Amato said on the Senate floor in 1991. This is what he said.

Fourteen percent is certainly a reasonable rate of interest for banks to charge customers for credit card debt. It allows a comfortable profit margin, but keeps banks in line so that interest rates rise and fall with the health of the economy.

He was then the chairman of the Banking Committee.

I say to my colleagues that if the Senate in 1991 thought that interest rates should be capped, trust me, we should at least do as much today, because the problem is in fact much more severe.

A recent report, published by Tamara Draut, the Director of the Economic Opportunity Program at Demos, found

that one-third of all credit card holders in this country are paying interest rates above 20 percent and as high as 41 percent—more than double what they paid in interest rates in 1990. In other words, if we had a problem then, the problem today is much more severe.

Between 1989 and 2006, Americans' overall credit card debt grew by 315 percent from $211 billion to $876 billion. One-third of low- and middle-income families reported going into credit card debt to pay for rent, utilities, and food in 2006.

Now, I don't know about Nebraska, but I will tell you that in the State of Vermont there are a lot of people who are buying their food with credit cards. They do not have the cash. They have to go in debt to buy food and pay for other basic necessities. All of this—high interest rates—has resulted in credit card companies earning $90.1 billion in interest in 2006 alone—credit card companies ripping off the American people and earning huge profits.

But credit card companies aren't the only ones charging outrageous interest rates, and that is why my amendment expands on the D'Amato amendment to cover all forms of loans. For example, the Center for Responsible Lending has found that some American consumers are paying interest rates for payday loans as high as 800 percent. And if you want to know why these outrageous levels of interest on credit cards and payday loans are relevant to the debate on foreclosure, let me quote from two articles on the subject. The first is a recent Reuters article entitled ''Pay Day Loans Exacerbate Housing Crisis.'' According to this article:

> As hundreds of thousands of American homeowners fall behind on their mortgage payments, more people are turning to short-term loans with sky-high interest rates just to get by. While figures are hard to come by, evidence from nonprofit credit and mortgage counselors suggests that the number of people using these so-called ''pay day loans'' is growing as the U.S. housing crisis deepens, a negative sign for economic recovery.

The second article is from a recent front-page story from USA Today. The title of the article says it all. ''Facing losses on bad loans, banks boost credit card rates.'' According to the article:

> Even as the Federal Reserve has aggressively slashed short-term interest rates, banks are raising rates on credit cards.

Federal Reserve lowering; banks increasing. This should not happen. When the Federal Reserve has slashed the Federal funds rate five times, from a high of 5.25 percent down to 2.25 percent, credit card interest rates should be going down, not up. Interest rates for payday loans should be going down, not up. Mortgage interest rates should be going down, not up.

The PRESIDING OFFICER. If the Senator can suspend for just a second?

Mr. SANDERS. I ask unanimous consent for an additional 2 minutes, please.

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

Mr. SANDERS. Unfortunately, in many cases interest rates for consumers are going up at the worst possible time. One of the reasons for this is the virtual lack of regulation when it comes to interest rates. For example, credit card companies are able to raise interest rates at any time for any reason, and recently that is exactly what, for example, the Bank of America has done. According to a recent Business Week article:

> Bank of America sent letters notifying some responsible card holders that it would more than double their rates to as high as 28 percent, without giving an explanation for the increase. Fine print at the end of the letter advised calling a 800 number for the reason, but consumers who called said they were unable to get a clear answer. What is striking is how arbitrary the Bank of America rate increases appear, credit industry experts say.

This is unacceptable. Lenders should not be able to raise interest rates at any time for any reason.

There are Biblical references to what can be described as usury; that when people are down and in need of money, there is a strong moral objection to charging them sky-high interest rates.

In the ''Divine Comedy'' by Dante, there is reserved a special place for people who charge usurious interest rates, the inner ring of the Seventh Circle of Hell.

I don't wish this on the credit card companies or the mortgage lenders, but this is what I do say. In this country today, especially as interest rates go down from the Fed, it is an outrage that millions of our fellow Americans are paying 25 percent or 30 percent interest rates, and our amendment would begin to address this issue. The time is long overdue for us to move in that direction. I ask at the appropriate time for the support of my colleagues.

HONORING THE SACRIFICE OF MEMBERS OF THE UNITED STATES ARMED FORCES WHO HAVE BEEN KILLED IN IRAQ AND AFGHANISTAN

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of S. Res. 501, which the clerk will report.

The assistant legislative clerk read as follows:

> A resolution (S. Res. 501) honoring the sacrifice of members of the United States Armed Forces who have been killed in Iraq and Afghanistan.

Mr. MCCONNELL. Mr. President, the resolution before the Senate honors the sacrifice of the members of our Armed Forces who have given their lives in Iraq and Afghanistan. It is fitting that we honor their service and their sacrifice.

The resolution states that sacrifices of the fallen are in keeping with the highest traditions of the U.S. Army, Navy, Marine Corps, Air Force and Coast Guard. These selfless Americans have upheld the fine traditions of those who fought at Guadalcanal, Inchon, in Vietnam, Korea, Gettysburg, and Trenton.

We have lost 69 brave volunteers from Kentucky. They are not forgotten by their families, they are not forgotten by the U.S. Senate, and they are not forgotten by those who carry on the fight.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The question is on agreeing to the resolution. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from New York (Mrs. CLINTON), the Senator from Hawaii (Mr. INOUYE), and the Senator from Illinois (Mr. OBAMA) are necessarily absent.

Mr. KYL. The following Senators are necessarily absent: the Senator from Georgia (Mr. CHAMBLISS) and the Senator from Arizona (Mr. MCCAIN).

The result was announced—yeas 95, nays 0, as follows:

[Rollcall Vote No. 87 Leg.]

YEAS—95

Akaka	Domenici	Menendez
Alexander	Dorgan	Mikulski
Allard	Durbin	Murkowski
Barrasso	Ensign	Murray
Baucus	Enzi	Nelson (FL)
Bayh	Feingold	Nelson (NE)
Bennett	Feinstein	Pryor
Biden	Graham	Reed
Bingaman	Grassley	Reid
Bond	Gregg	Roberts
Boxer	Hagel	Rockefeller
Brown	Harkin	Salazar
Brownback	Hatch	Sanders
Bunning	Hutchison	Schumer
Burr	Inhofe	Sessions
Byrd	Isakson	Shelby
Cantwell	Johnson	Smith
Cardin	Kennedy	Snowe
Carper	Kerry	Specter
Casey	Klobuchar	Stabenow
Coburn	Kohl	Stevens
Cochran	Kyl	Sununu
Coleman	Landrieu	Tester
Collins	Lautenberg	Thune
Conrad	Leahy	Vitter
Corker	Levin	Voinovich
Cornyn	Lieberman	Warner
Craig	Lincoln	Webb
Crapo	Lugar	Whitehouse
DeMint	Martinez	Wicker
Dodd	McCaskill	Wyden
Dole	McConnell	

NOT VOTING—5

Chambliss	Inouye	Obama
Clinton	McCain	

The resolution (S. Res. 501) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is printed in todays RECORD under ''Submitted Resolutions.''

Mrs. LINCOLN. Madam President, I move to reconsider the vote and lay that motion on the table.

The motion to lay on the table was agreed to.