

When I offered this change in the Bankruptcy Code to try to move this process forward, the banking associations—all of them—opposed it. Only one bank, Citigroup, supported my efforts.

In fact, an interesting thing is that at one point in the negotiations, we said to the independent community bankers, the hometown bankers we all know: We will exempt you. Because you have such a small part of this problem portfolio, we will exempt you and just go after the large banks that are responsible for this.

The so-called independent community banks said: No, we don't want any part of it. We are going to stick with our friends, the large banks.

That leads me to conclude that the independent community banks should drop the word "independent" from their title. They are now part of the larger bank operation when it comes to dealing with this foreclosure crisis.

Much the same can be said for credit unions. Given an opportunity to avoid being even part of this change in bankruptcy modifications, they refused to support us as well.

So the entire financial industry has stood back and said: We are not going to support—with the exception of Citigroup—any change in the Bankruptcy Code, and quite honestly, we are not going to do much when it comes to renegotiating the mortgages.

I don't think this economy is going to get well until we deal with this issue. I can take you to neighborhoods in Chicago and surrounding communities and tell you that they are flat on their backs because of mortgage foreclosures. It is very difficult, if not impossible, for these communities to come back, these neighborhoods to come back.

There are things we need to do.

First, Congress should consider passing legislation to give homeowners who can't afford their mortgage payments the right to remain in their homes for a period of time by paying fair market rent to a bank. Why not let a family stay in a home rather than let it get run down and become a haven for criminal activities and other things when it is vacant? It is certainly no good assignment for a bank to be told: You now have a foreclosed home, cut the grass and take care of the weeds and put plywood on the windows and try to keep the bad guys out. That is what most of them face.

Second, Congress should consider providing matching funds for cities and States to create mandatory arbitration programs. They have done it in Philadelphia with some success; we ought to do it here and across the Nation so that we move this toward arbitration, negotiation, and agreements for new modifications on mortgages.

Third, if these servicers of mortgages, some of which have taken billions of dollars in taxpayer bailouts, refuse to meet the foreclosure reduction standards and goals they have

signed up for under this administration, they should be facing penalties. We gave them taxpayers' money to save the banks. Some of them used it for bonuses for their employees, and now they won't turn around and give a helping hand to people who are about to lose their homes? I am sorry, but if there is any justice in America, that has to change.

Will I come back with bankruptcy modification? Well, let's see what happens in the next few months. I want to be able to come to my colleagues in the next 2 or 3 months and say: Alright, whether you support or oppose bankruptcy changes, when it comes to these mortgage modifications, let's be honest about where we are today and where we need to go. That is absolutely essential.

So I hope this situation starts to resolve itself. I hope some of these banks that hold these mortgages get serious about helping people facing foreclosure. It is the only way we are going to stabilize this economy and get it moving forward.

I might add, the blip in the housing market we saw just a few weeks ago is likely just that. There had been a temporary moratorium on many mortgage foreclosures, leading many people to believe there was a turnaround in the housing industry. But a new wave of mortgage resets is coming. This time it's the so-called "option ARMs" or "pick-a-payment" adjustable rate mortgages.

These are the ultimate exploding mortgages. They gave homebuyers the option of not even covering the interest some months, but after two or three years, the monthly mortgage payment can skyrocket, often by 50 percent or more. An estimated 2.8 million option ARMs are scheduled to reset over the next 2½ years.

So I am looking for a turnaround in the housing industry. I don't think we have quite seen it yet. I hope it comes soon.

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

EXECUTIVE SESSION

NOMINATION OF SONIA SOTOMAYOR TO BE AN ASSOCIATE JUSTICE OF THE SUPREME COURT OF THE UNITED STATES

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to executive session to consider the following nomination, which the clerk will report.

The assistant legislative clerk read the nomination of Sonia Sotomayor, of New York, to be an Associate Justice of the Supreme Court of the United States.

The ACTING PRESIDENT pro tempore. Under the previous order, the time until 2 p.m. will be equally divided in 1-hour alternating blocks of time, with the majority controlling the first hour.

The Senator from Vermont is recognized.

Mr. LEAHY. Mr. President, we began debate yesterday on this historic nomination of Judge Sonia Sotomayor to the Supreme Court. Senator REID, Senator FEINSTEIN, Senator MENENDEZ, Senator WHITEHOUSE, and Senator BROWN gave powerful statements—powerful statements—in support of Judge Sotomayor's long record, a record that makes her a highly qualified nominee and a record that brought about her receiving the highest qualification possible from the American Bar Association. I thank those Senators for their statements.

In the course of my opening statement yesterday, I spoke about the value of real-world judging. Among the cases I discussed were two involving the strip searches of adolescent girls. I spoke about how Judge Sotomayor and Justice Ginsburg properly—properly—approached those decisions in their respective courts.

Judge Sotomayor is certainly not the first nominee to discuss how her background has shaped her character. Many recent Justices have spoken of their life experiences as an influential factor in how they approach cases. Justice Alito, at his confirmation hearings, described his experience as growing up as a child of Italian immigrants saying:

When I get a case about discrimination, I have to think about people in my own family who suffered discrimination because of their ethnic background or because of religion or because of gender. And I do take that into account.

He was praised by every single Republican in the Senate for that.

Chief Justice Roberts testified at his confirmation hearing:

Of course, we all bring our life experiences to the bench.

Again, every single Republican voted for him.

Justice O'Connor echoed these statements when she said recently:

We're all creatures of our upbringing. We bring whatever we are as people to a job like the Supreme Court. We have our life experiences . . . So that made me a little more