

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

### LENDING CRISIS

Mr. CASEY. Madam President, I rise today to speak about something that is on the minds of a lot of Americans, but also something that initially was addressed by the President and by Secretary Paulson today when they announced their loan modification program as it relates to the subprime lending crisis that is engulfing many American communities and so many families. Despite all the evidence of the size and scope of the subprime crisis, this administration today unveiled what I would argue is a tepid plan that would reach only a small number of subprime borrowers.

I don't think it is too late for the President or Treasury Secretary Paulson to come up with a real solution, but this plan is far too little. It is my opinion that this plan will only affect a few borrowers, not enough to meet the need.

That is not just my opinion, though, it is the opinion of some experts in the industry. One in particular, Barclays Capital, is estimating that this plan announced today will reach only 12 percent of all subprime borrowers.

Mr. Eric Halperin, the Director of the Center for Responsible Lending, which institution is a leading expert in this area, was quoted in the New York Times as saying:

I don't see anything that leads me to believe we will see an increase in loan modifications.

That is just two experts weighing in on something that is critical to so many families in America. The fact that the President and Secretary Paulson have put a kind of window dressing on these loan modifications and the problems that are caused by the subprime crisis doesn't mean that we can feel secure that they are meeting the need that we see across the country. I think the administration has to do more than just talk about this issue and take credit for having some kind of a plan because we know that more than 2 million subprime loans are about to reset at higher rates in the months ahead.

This crisis has already slowed economic growth in America and has an impact the world over. It is threatening to push our economy into recession, and still the President and the administration are not willing to truly help homeowners on the brink of foreclosure.

The Treasury Secretary has known about these problems for some time, as has the administration. I am afraid when Members of Congress weigh in on this problem, as so many have—with legislation, with suggestions, with ideas—the administration tends to ignore that advice or ignore that plea for help. Just this week I sent a letter to Secretary Paulson which was signed by a number of other Senators—Senator

SCHUMER, Senator BROWN, and also Senator DODD. We asked the Secretary to consider basically five considerations.

Let me read what we asked him to examine as he and the President were preparing the plan they released today.

No. 1, we asked he ensure the eligibility for modification not be too narrow and that people who are affected have every opportunity to ensure that they remain in their home. No. 2, we asked they make sure loan modifications are long enough to ensure the long-term affordability of the mortgages and not merely delay a foreclosure. No. 3, we asked to waive all prepayment penalties. I think that is a reasonable request in this kind of crisis. No. 4, we asked the Secretary to guarantee the fair treatment of families that are not able to avoid foreclosure, even with modifications. No. 5, make sure the modification program must be transparent to allow for independent monitoring. Of these five key points, these five requests, really, it is only clear that one has been addressed. One has been addressed by freezing rates for 5 years.

A plan that affects only 10 to 12 percent of borrowers, can that kind of plan qualify and can most borrowers have confidence in such a plan? I don't think so. Unfortunately, Secretary Paulson and the President have come up far too short on their recommendations.

So many people here, not just in Washington but across the country, know the effects of this crisis on our country—obviously on families and their ability to make ends meet month to month, paying the bills, but also the effect on the economy, really on the world economy. We know, for example, the Joint Economic Committee, of which I am a member—the Presiding Officer is also a member, a proud member from the State of Minnesota. She knows when our committee had a chance to review this issue we issued a study, not too long ago, about how much this problem will cost. Just let me give you a couple of numbers which are relevant: 2 million foreclosures. We have heard a lot about that, but we know 2 million will occur by the time the riskiest subprime adjustable rate mortgages, the ARMS, will reset over the course of this year and next year. Many thought the crisis was behind us, that we were kind of over the hump. A lot of experts believe the worst is yet to come. That is why we needed a real plan by the President, not a half-baked plan.

No. 2, the Joint Economic Committee found that approximately \$71 billion in housing wealth will be directly destroyed—\$71 billion in housing wealth will be directly destroyed. There is another \$32 billion on top of that, \$32 billion in housing wealth that will be indirectly destroyed by the spillover effect of foreclosures which reduce the values throughout a neighborhood.

States across the country will lose some \$917 million in property tax rev-

enue because of this crisis. The 10 States with the greatest number of estimated foreclosures, of course, are some of the larger States: California, Florida, Ohio, New York, Michigan, Texas, Illinois, Arizona, and my home State of Pennsylvania. I am sure the State of the Presiding Officer, Minnesota, is probably close to the top as well. But there are several others close to that ranking.

Finally, in terms of the findings of this particular report, on top of the losses due to foreclosure, this report also says there will be a 10-percent decline in housing prices, which would lead to a \$2.3 trillion economic loss.

We could go on and on about what the problem is, but we know there are some solutions on the table. I am one of the cosponsors, along with Senators SCHUMER and BROWN, of the Borrowers Protection Act, which imposes obligations on some of the players in this market who have not been regulated, frankly, have not been cracked down on, the so-called unregulated brokers and originators. This legislation, the Borrowers Protection Act, would do that looking forward, but also in the present context we have pushed very hard, and the Senate has already passed legislation—of course, the President, like he is about a lot of things, is talking about vetoing this legislation—in which we do have \$200 million set aside for foreclosure counseling, which a lot of families need and a lot of homeowners have a right to expect. There are some short-term and long-term things that we can do but, unfortunately, what the President and the Secretary did today does not meet that.

I want to conclude by quickly moving to another topic for just a few moments before my time is up.

### NUCLEAR PROLIFERATION

Mr. CASEY. Madam President, to highlight something that was in the New York Times last Friday—it was Friday, November 30—at the bottom of page A12, in the midst of all of this discussion we have had in this country over the National Intelligence Estimate on Iran—and properly so that we debate that and discuss that—all of the discussion on crises and challenges in our foreign policies that threaten our national security, the ongoing debate about Iraq, in the midst of all of that, we see in the New York Times and other publications a headline that reads as follows:

In Slovakia, three are held in a uranium smuggling case.

What is this all about? Well, it is about what a lot of people believe is maybe the greatest nightmare we face in the country: that a small group of terrorists can get a hold of fissile material and create a nuclear weapon, any kind of even unsophisticated nuclear weapon or dirty bomb—however you want to describe the various types of weapons that can be developed—and explode it in an American city or explode

it in a Western city, maybe, across the world.

But here is what happened in this case. This is cause for alarm because of the lack of attention that is being paid to this issue in the press, frankly, and also when the press asks Presidential candidates questions in debates because it has not been a subject of much debate at all. I am talking about three individuals, two Hungarians and a Ukrainian, who were arrested last Wednesday after trying to sell highly enriched uranium, according to diplomats in that part of the world. Now, it was only half a kilogram, and the poundage was very limited. We know you need a lot more kilograms, a lot more pounds to have a real threat.

But here is the problem. We have an administration that has had a series of recommendations made to it over many years now about ways we can prevent this nightmare from taking place. I gave a speech a couple of weeks ago, and a lot of Members of this body have been concerned about this issue for years. But the administration has not shown the kind of leadership we need to prevent the nightmare of nuclear terrorism.

What can we do? Well, there are a couple of things we can do.

Very simply, this country could lead an effort, an international effort to create a global library of fissile material so we can track this material if an explosion occurred or if a terrorist attack occurred. Countries would be accountable if we did that. But this administration has not shown a willingness to show real leadership on this issue.

Secondly, we should treat an issue such as this as a crime against humanity. That is another step which should be taken, and this administration should lead that effort. Unfortunately, they have not. They have allowed a real gap in the work to persist so that other groups, international groups, groups here in America, nonproliferation groups across the country have had to take up the ball, so to speak, and run with it because this administration does not show the leadership.

I would ask this administration, I would implore them that even in the last year of an 8-year administration, they take this issue very seriously, even if this particular case that was pointed out in the New York Times and other places was by a small group of very unsophisticated people across the world. At some point in time, we are going to be faced with the challenge of a very sophisticated group of terrorists. It might be al-Qaida, which is seeking to do this every day of the week. That is the nightmare, and we are not prepared for it, we are not spending enough time on it. The administration should lead this effort. The next administration as well as this Congress has to show leadership.

That is a gentle but firm reminder from a story just last week. It is a real threat to our existence, and it is a

threat to our national security in and of itself.

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.

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

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

#### LENDING DISASTER AND POOL SAFETY

Ms. KLOBUCHAR. Mr. President, I rise to talk about a very important constituent of mine, a 6-year-old girl named Abbey Taylor, who was severely hurt this past summer in a pool accident—something that could have been prevented if this body and the House of Representatives had acted a few years ago on a pool safety bill. We have an opportunity, before we go into recess, before the year's end, to do the right thing. But before I talk about that, I would like to make note of the President's remarks today on the subprime housing crisis that threatens our Nation's economy.

While I am pleased that after months of trying to wish the problem away, the President has finally decided to come forward with a proposal for this problem. Today's announcement is only a small step toward helping homeowners faced with foreclosure. We must do more if we are truly going to address this problem.

In the world of subprime lending, the chickens have finally come home to roost. Nearly 8.6 percent—or 1 in 12—of subprime mortgages in my State, the State of Minnesota, are in foreclosure. Minnesota had the fourth highest foreclosure rate in the second quarter of this year. The results of this spike in foreclosures will be devastating for our State, as it will be for other States across the country.

As the number of foreclosures increase, property values are likely to drop, resulting in decreased tax revenues and increased municipal maintenance costs. Slumping housing values are also likely to result in decreased consumer spending and could jeopardize the overall economy.

If we are to contain the economic spillover effect of the subprime lending disaster, we must act now.

We need additional reforms to protect borrowers, such as ensuring that borrowers actually understand all the terms of their mortgage in a simple, one-page description of their terms, including their ability to repay a loan at both the teaser rate and the adjusted rate. We also need to ensure that homeowners aren't hit with a huge and unexpected tax or insurance bill at the end of the year by escrowing that amount.

I am a cosponsor of the Borrower's Protection Act that would require

mortgage lenders and brokers to protect consumers from predatory lending practices. Banks should simply not be allowed to offer loans—and actually, banks today are regulated in a way that makes sure they are not allowed to offer these loans. I want to make sure other lenders, nonbank lenders, these predatory lenders are asked to follow the same rules.

We need to protect the economy and take comprehensive action now before it is too late. Millions of families have been waiting for the President to take a seat at the table, and let's hope as we move forward we can enact legislation that truly addresses the needs of these families.

But I come here today to discuss, as I said, a constituent of mine, a little 6-year-old girl named Abbey Taylor, a very brave little girl. I hope this story will give people a sense of urgency about moving the legislation that is currently before the Senate. I know we have big bills before us—and I come to the floor urging my colleagues on the other side of the aisle to allow these bills to proceed—bills such as the farm bill, which is so important to so many farmers in my State and to get these appropriations bills moving. The President has threatened to veto, and we have stopped the Transportation bill, despite the move of the Democrats to push and push and push the Transportation bill. There are two that have been stopped, and that includes, I will tell my colleagues, \$195 million in funding that will help us to complete the work on the I-35W bridge that so tragically fell in the middle of a beautiful day in Minnesota, right in the middle of the river. It should never have happened.

Sometimes the bills that we work on here can make a difference in a very small way, in a way that maybe isn't as big and you don't talk about as much on TV, but in a way that can help save lives of girls such as Abbey Taylor. This legislation has already passed the Commerce Committee unanimously, and it is awaiting our action. This legislation would help prevent serious injury or death to other children. I want to convey the sense of urgency on behalf of Abbey Taylor and her parents to each and every one of my colleagues. I want my colleagues to know that families across our country are waiting for us to finally pass this legislation. One of those families waiting is the Taylor family of Edina, MN.

This summer, their daughter Abbey went swimming at a local pool. She was in a shallow wading pool when she sat over an open drain hole and had most of her intestines torn out by the drain's powerful suction. It was a miraculous gift that she lived. She actually sat up and moved away from the suction when so many other children have perished when the same thing has happened. So she somehow managed to stand up and take a few steps before collapsing along the side of the wading pool.