

the former Attorney General that focused on the fact that our U.S. attorneys did not have the independence they needed. They were being used politically. The change occurred when the Attorney General was forced to step down. We have made a major step forward in preserving the independence of the U.S. attorneys.

There are numerous other issues I could mention, and I will not. Suffice to say, we are getting business done. We are getting results for middle-class Americans every day. Evidently, all of our hard-working results have raised a red flag down at the other end of Pennsylvania Avenue. They said: Whoa, whoa, whoa, you are making too many good things happen, too many changes happen that families are going to like, that American people are going to like. We better slow this thing down.

So now we are in a situation where even those efforts we have worked on in good faith on a bipartisan basis—that is what we do here. We cannot get anything done if we don't work together, people of good faith working together. Even those issues have been slowed down and stopped because it is felt now that the best thing to do is to make sure the Democrats cannot make any more positive changes happen so it is clear the differences in values and priorities among this administration and their supporters and the new majority.

Fifty-seven filibusters and counting. The American people expect us to stop this situation. This needs to stop. Enough is enough. There is a lot of work to be done, serious work. The American people expect us to do it, and we are committed to getting it done.

I yield the floor.

The PRESIDING OFFICER. The distinguished senior Senator from Rhode Island is recognized.

MORTGAGE LENDING CRISIS

Mr. REED. First, I thank the Senator from Michigan for her kind words and also for her tremendous leadership as the leader of our Democratic caucus on so many issues, and a great representative of her State of Michigan. I thank the Senator.

Today, Mr. President, the Bush administration announced a proposal to help stem the burgeoning crisis in foreclosures across this country. It is a welcome step, but it is a very timid step. It is one that is long overdue, in my estimation. This crisis has been evolving over many months, and the White House and the Treasury have taken a very long time to get to this moment and to propose this plan. And it is cautious plan, and only a partial approach to a very complicated and very dangerous problem.

The problem is dangerous in the sense that millions of American homeowners are facing the peril of losing their homes to foreclosure because of the exotic mortgages that were sold to them with low introductory rates and

now are being triggered to reset to relatively high rates, forcing many people to make the choice between giving up their home or giving up everything else to pay for their mortgage. That is the human aspect. And we are seeing it in our home State of Rhode Island, Mr. President, a record number of foreclosures, page after page in the newspaper of homes that are going to be foreclosed upon.

This has an effect not only on the individual family but on the community as a whole because as homes are foreclosed in a neighborhood, they lower the value of the other homes. It has a ripple effect.

I was meeting just a few weeks ago with the mayor of Central Falls, RI, who pointed out the increased number of foreclosed homes in his community, and also the mayor of Pawtucket, who has seen a significant increase in foreclosures. This goes right to the fabric of a community. So on the individual family level, on a community level, and now on a nationwide, indeed, global level, this liquidity crisis, this crisis in credit, is threatening the ability of our economy to function efficiently, to provide resources, credit, and loans not just to homeowners, but to industry and business as well.

So the White House acted today, and I applaud their action, but it is timid. The proposed plan will only address a very small fraction of the foreclosure problem, and the Administration has yet to talk about and deal with the larger issues of economic growth and continuing an adequate supply of credit in our economy.

According to Treasury officials, and an analysis that has been done by financial institutions, this initiative will help about 200,000 people. But the reality is there are millions of Americans who are facing the danger of foreclosure. This 200,000 is just a small fraction. It is better than zero, which was the President and the administration's position just a couple of months ago as they worked on this, but it is not adequate to the daunting challenge of the foreclosure crisis which is facing America today.

Indeed, the plan itself relies on a very complicated and, indeed, convoluted process. There are two classes of inquiry. First, they have to determine if the borrower is eligible for this relief, and then they have to go through another analysis to determine what type of relief the borrower would be eligible for. In addition, it appears the borrower is in the position of having to contact their lender or servicer if they would like to figure out if they are eligible for a loan modification. This is not the responsibility of the lender or servicer. In other words, this is not a systematic approach to relief. This is rather a case by case approach, involving very elaborate procedures which I don't think will in effect reach all the eligible homeowners who are in danger of losing their homes. I think this approach is backwards. It should

be the obligation of the lenders and servicers to reach out to the borrowers who are in danger of default, to help walk them through the process. And it should be a much more efficient process.

Today the President offered an 800 number to borrowers, but there are a profusion of 800 numbers, all the way from buying a salad maker to buying an exercise machine. I don't think an 800 number is going to be able to engage people who are fearful about losing their homes and actually get them involved in this process and keep them involved. So I think this is a shortcoming in the approach, which is already a limited approach.

Finally, this plan has not been ratified and accepted enthusiastically by all of the important investors and the other industry players. The final plan was characterized as an agreement with the HOPE NOW industry coalition. This coalition consists mainly of trade groups and has no real ability to implement the plan. They are not the spokesperson for all of the people who will actually have to do the work, and the list of members seems to be a partial list at best.

So for many reasons this plan is really just a set of guidelines regarding how the Administration would like to see part of this problem worked out but does not have the action-forcing devices and the incentives for the servicers, the lenders, and all of the people who really can make this work to go out and put it into effect.

We need to do much more, and there are several things we should do. We need to do much more because this is a burgeoning crisis. I can recall last April convening a committee meeting, as I chair the Subcommittee on Securities, Insurance and Investment, and we had witnesses from some of the major investment banks in New York City and the rating agencies. We had individuals who were facing the problem of foreclosure, and at that point industry was describing this as a rather narrow, self-contained crisis pertaining only to subprime mortgages. They talked in terms of this being about a \$19 billion problem, which in a worldwide economy is not a staggering amount of money. It is to you and I, but not in a worldwide economy. And they also essentially said, well, this is over. The market has already corrected itself.

It is not over. It is now spilling over into other forms of securities. It is now eroding, as I suggested initially, because of psychological factors as well as financial factors, confidence in the overall banking system and the economy's ability to function.

In the newly released Mortgage Bankers Association National Delinquency Survey, the rate of loans entering the foreclosure process was approximately .78 percent. That is up 32 basis points from 1 year ago. This is a problem that is growing. This is not at all a self-contained problem. This is a growing problem. This is the highest

rate of loans entering foreclosure ever recorded in this survey—ever recorded, going back many years. So this is not only an increasing problem, it is a significant problem in our economy and in the lives of Americans everywhere. The percentage of loans actually in the foreclosure process also increased to 1.69 percent, which is also the highest level ever recorded.

In Rhode Island, we have the dubious distinction, Mr. President, of the highest foreclosure rates in New England. The percent of loans that were seriously delinquent or in the process of foreclosure in the third quarter of this year was 3.23 percent, and the percent of subprime loans in this category was 14.97 percent. So for our own home State, we are seeing an explosion of these foreclosures.

We are also seeing, simultaneously, the largest price declines in the housing sector since the Great Depression. Not only are people losing their homes, but those who are still paying their monthly mortgages are seeing the value of their homes diminish significantly. For so many people, that was their whole source of wealth. In fact, I would suggest that it was one of the major reasons that consumption and consumer activity were so robust over the last several years. As energy prices went up, as other factors intervened, what kept consumers in the game was this notion they were wealthy because their house was appreciating every year. That has changed, and that will have an effect.

At least one housing expert I talked to thinks this housing downturn is going to be one of the longest we have experienced in the last 50 years. Instead of lasting an average of 24 months, he expects it to last up to 48 months, which would take us to at least 2 years from now.

What we know now is that the banks and the rating agencies underestimated the underlying risk in many of the financial products offered to home buyers, and their actions have resulted in serious consequences to the availability of credit and to the capital markets in both our economy and the worldwide economy. What started out as a problem centered on subprime loans has spread to other parts of the market and the economy. And there need to be serious policy recommendations to address these problems as well.

Now, what we have to do is a series of steps, none of which is the magic solution, but they are all collectively important. We cannot stop today with the announcement by the administration. Secretary Paulson himself has urged Congress to pass the FHA Modernization Act. The administration should take the next logical step and not simply be cheering from the sidelines, but get in the fight and encourage those in this body who are holding up that FHA bill to let it go. Words are important, but deeds are more telling. So if the Secretary is truly interested in getting that bill moving, he needs to come up

here and be talking to the members of the Republican caucus who are holding up this bill.

We also need the administration's leadership in passing bankruptcy reform. Senator DURBIN has an excellent bill that will allow borrowers and lenders to renegotiate the terms of their mortgages so that people can stay in their homes as part of a bankruptcy proceeding.

We need Tax Code changes so that borrowers would not pay Federal taxes on the debt discharged by lenders on their home mortgages the so-called short sale. There are some people who recognize they can't keep their home. They can sell the home at a loss, and with an agreement from the lender at a price less than the value of their mortgage. The lender takes this discharge as a loss, and the IRS, under current tax law, determines that this is income for the borrower and taxes it. We need to change that.

In fact, Senator STABENOW has a bill to do just that, and it was part of the proposal that Senator BAUCUS offered earlier today in conjunction with AMT.

Finally, I think we have to have a substantial increase in the availability of housing counseling, and this is included in the bill I introduced, called the HOPE Act. An increase in housing counseling funds is also in the appropriations for Transportation, Housing, and other agencies bill which has received a veto threat from the President.

In the HOPE Act, I also have suggested that we include mandatory loss mitigation requirements; that a lender has the obligation to work with a borrower to see if there is a way to avoid foreclosure if it is economically feasible to do so.

We need to work together—the Congress, the administration, the regulators, and the industry—toward the goal of keeping American families in their homes, and we also have to recognize that if we don't act coherently, comprehensively, and in a timely fashion, what presented as a small subprime loan crisis and has burgeoned into a national foreclosure crisis could undermine economic progress in this country and maybe across the globe.

Time is wasting. We have to move forward. I urge my colleagues to do so.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

TEMPORARY TAX RELIEF ACT OF 2007

Mr. BAUCUS. Mr. President, on behalf of the leader, I ask unanimous consent that the Senate now proceed to consideration of the House AMT bill, H.R. 3996; that all after the enacting clause be stricken, and the text of Senator BAUCUS's amendment, No. 3804, providing for a 1-year, unpaid-for AMT extension be substituted in lieu thereof; that the time between now and 6:15 p.m. be equally divided for debate be-

tween the two leaders or their designees; that at 6:15 p.m. the bill, as amended, be read a third time, and the Senate, without any intervening action or debate, vote on passage of the bill.

The PRESIDING OFFICER. Is there objection?

Mr. McCONNELL. Mr. President, reserving the right to object, I would ask that the agreement be modified to add tax extenders unpaid for.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, at this point, if the Republican leader would modify that to provide for the extenders package with the offsets in Senator BAUCUS's earlier amendment, we could agree to that. I wonder if he could agree to that.

Mr. McCONNELL. Mr. President, I would have to object to that modification.

Mr. BAUCUS. Mr. President, on behalf of a number of Senators on this side, I would have to object to the Republican modification, and I renew the original consent request.

The PRESIDING OFFICER. Is there objection to the original unanimous consent request?

The Chair hears none, and it is so ordered.

Under the previous order, the Senate will proceed to the consideration of H.R. 3996, which the clerk will state by title.

The legislative clerk read as follows:

A bill (H.R. 3996) to amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes.

AMENDMENT NO. 3804

The PRESIDING OFFICER. All after the enacting clause is stricken and the text of the Baucus amendment, No. 3804, is substituted in lieu thereof.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Tax Increase Prevention Act of 2007".

SEC. 2. EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.

(a) IN GENERAL.—Paragraph (1) of section 55(d) of the Internal Revenue Code of 1986 (relating to exemption amount) is amended—

(1) by striking "\$62,550 in the case of taxable years beginning in 2006" in subparagraph (A) and inserting "\$66,250 in the case of taxable years beginning in 2007", and

(2) by striking "\$42,500 in the case of taxable years beginning in 2006" in subparagraph (B) and inserting "\$44,350 in the case of taxable years beginning in 2007".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 3. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.

(a) IN GENERAL.—Paragraph (2) of section 26(a) of the Internal Revenue Code of 1986 (relating to special rule for taxable years 2000 through 2006) is amended—

(1) by striking "or 2006" and inserting "2006, or 2007", and

(2) by striking "2006" in the heading thereof and inserting "2007".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.