One the most commonly voiced concerns about the steps the federal government has taken so far to mitigate the effects of the credit crisis is that they have focused too much on the banks and not enough on the individuals. I have mentioned some of the opportunities we have created - including the housing bill's provisions to help homeowners to restructure their mortgages - and the troubles of the banking industry *are* at the heart of this problem. But protecting innocent, hard-working Americans is the whole point of this exercise, and I agree that more needs to be done.

One of the biggest changes that we have not yet been able to effect is to correct our bankruptcy laws. The topic was recently addressed in the *San Antonio Express-News*, but I'd like to take this time to explain to you what it means and why it would be a step to take.

The first thing to understand is that declaring bankruptcy is not simply a way for people to get out of paying their debts. Rather, our federal Bankruptcy Code was written to ensure that the most people get the most of the money they are owed. Take your home mortgage as an example. If the bank suddenly asked you to pay the entire mortgage all at once, you'd lose your house. The bank might get the house, but they'd rather have the money, especially with the housing market being what it is. By, instead, allowing you to pay a portion of the mortgage over a period of years, with interest, not only does the bank get back more money, but you get to keep your home, your neighbor's home value doesn't fall because of the foreclosed, empty house next door, and everyone is better off. Well, that's what bankruptcy proceedings are supposed to do for other debts.

And they do, but not for everyone. Business loans and mortgages on second homes are restructured all the time, but most of us don't have vacation homes. The people facing the worst hardships are the ones struggling to keep one roof over their families' heads, and our current bankruptcy laws do not allow the courts to restructure mortgages on a person's primary residence, even if it is her only residence. That limits the ability of bankruptcy judges to help ensure the win-win situation I described above for average citizens, while people who are having trouble paying for their vacation home in Aspen are getting helped out.

Several of my colleagues sought to have this law changed as part of the housing bill and, later, as part of the rescue bill. We were stymied by people who felt it wasn't a necessary or proper step to take. Some of those critics are now proposing that the government should just purchase these troubled mortgages, instead. But that's just not a smart way to use our resources. In the first place, that would cost a whole lot of taxpayer money, where bankruptcy reform wouldn't cost you a dime. It also leaves bankruptcy judges, who are experts in this kind of work, sitting idle while Treasury employees - who are not mortgage brokers - try to do a job for which they weren't trained. That kind of inefficiency hurts the American people.

Instead, I am now working on legislation to see if we cannot finally fix this situation with a separate bill. Banks and homeowners who followed trusted and sensible lending practices - with sufficient down-payments, fixed or reasonably adjustable rates, where the loans went only to people who deserved them, etc. - would not be troubled. But homeowners who were victims of predatory lenders, men and women bamboozled by empty promises and financial mumbo-jumbo, would finally have somewhere to go for help. Remember, many of the people facing foreclosure are hard-working people who are living in homes that they should be able to afford. I am not talking about helping out the man who bought a $2 million home, but the teacher who was counseled against paying a down payment to buy her $250,000 house and suddenly has a $3,000 mortgage payment. If we can give that teacher a 30-year, fixed-rate mortgage paying $1,200 a month, we will have done a good thing.

* * * Regardless of what progress is made on bankruptcy reform, here's one thing you should watch out for. As millions of Americans struggle with their own poor credit, we have witnessed a resurgence in companies offering fraudulent help. These companies claim that they can "Erase your bad credit!" Don't get taken in. Errors on your credit history can be fixed for free, but no amount of money can change history. Anything that sounds too good to be true probably isn't, and it may well be illegal. These companies could get you in trouble with the law without helping your credit situation one bit. You can learn more about these scam artists and about how to fix your credit history yourself at the website of the Federal Trade Commission .