

So it is with special joy that I ask my colleagues to join me in wishing my good friend, Jonathan Friedman, a very happy 50th Birthday and many happy returns. His friendship has added immeasurably to my life.

A TRIBUTE TO MAJOR STEWART
H. HOLMES, USMC

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. LEWIS of California. Mr. Speaker, I rise today to recognize an outstanding Marine Corps Officer, Major Stewart H. Holmes, who served with distinction and dedication for two and a half years for the Secretary of the Navy, Commandant of the Marine Corps and under the Assistant Secretary of the Navy (FM&C) as the Marine Corps Appropriations Liaison Officer in the Appropriations Matters Office. It is a privilege for me to recognize his many outstanding achievements and commend him for the superb service he has provided to the United States Marine Corps, the Department of the Navy, the Congress, and our nation.

During his tenure in the Appropriations Matters Office, which began in December of 1998, Major Holmes has provided members of the House Appropriations Committee, Subcommittee on Defense as well as our professional and associate staffs with timely and accurate support regarding Marine Corps plans, programs and budget decisions. His valuable contributions have enabled the Defense Subcommittee and the Marine Corps to strengthen its close working relationship and to ensure the most modern, well-trained and well-equipped marine forces attainable for our nation's defense.

Mr. Speaker, Stewart Holmes and his wife Deborah have made many sacrifices during his marine career, and his distinguished service has exemplified the Marine motto "Semper Fidelis." As they depart the Appropriations Matters Office to embark on yet another great Marine adventure, I call upon colleagues to wish them both every success.

HONORING LILLI PEREZ

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. UNDERWOOD. Mr. Speaker, I would like to take this occasion to congratulate Lilli Perez Iyechad on the publication of her new book entitled *An Historical Perspective of Helping Practices Associated with Birth, Marriage and Death Among Chamorros in Guam*.

A native of Guam, Lilli earned her bachelor's degree in Social Work from the University of Guam. She holds a masters degree in Human Relations from the University of Oklahoma and was awarded a Ph.D. by the Bryn Mawr College, Graduate School of Social Work and Social Research in Pennsylvania. Her areas of concentration include mental health, family dynamics and the significance of

cultural explication. For almost two decades, she closely worked with numerous Native American community groups focusing particular attention on Pacific Islanders.

Lilli is currently employed as an extension agent by the Cooperative Extension Service at the University of Guam. She is a member of the Guam Association of Social Workers, the National Association of Social Workers, the Council on Social Work Education, and the National Network for Collaboration. On a part-time basis, she also provides services as an individual, marriage, and family therapist—concentrating her efforts on "at risk" populations.

The sociological discussions brought about by Lilli in this book will bring about knowledge and understanding about Guam's culture and traditions. This goes a long way toward getting the professional and academic communities acquainted with the unique situation and needs of Chamorros in Guam. I applaud her efforts and urge her to keep up the good work.

FIRST-TIME HOMEBUYER
AFFORDABILITY ACT

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. LaFALCE. Mr. Speaker, I am introducing the "First-time Homebuyer Affordability Act." This legislation is identical to H.R. 1333 from the 106th Congress.

This bill is a pro-homeownership initiative, based on the principle of empowering families and individuals to use funds in their own retirement accounts to buy a home.

The "First-time Homebuyer Affordability Act" unlocks the more than \$2 trillion currently held nationwide in Individual Retirement Accounts (IRA's) for homeownership use. It does so by allowing individuals to borrow up to \$10,000 from their own IRA (or from their parent's IRA) to use as a down payment on a first-time home purchase. Since funds are borrowed, rather than withdrawn, the homebuyer does not incur federal taxes or a premature withdrawal penalty.

This bill is a targeted effort to narrow the arbitrary disparity between treatment of 401(k) retirement plans and IRA retirement plans. Under current law, individuals may borrow from their 401(k) retirement account without paying taxes for a broad range of purposes, including buying a home. Yet, individuals cannot borrow or otherwise use funds in their IRA for personal use, even to buy a home, without incurring federal taxes. This is a significant and inequitable impediment to homeownership.

Four years ago, Congress took a modest step towards lowering financial barriers to the use of IRA funds for home purchase—through enactment of a waiver of the 10% premature withdrawal penalty for withdrawal of up to \$10,000 from an IRA account for a first-time home purchase. However, such a withdrawal still subjects the homebuyer to federal taxes on the amount withdrawn. For a \$10,000 withdrawal by a typical taxpayer in the 28% tax bracket, this creates a federal tax liability of

\$2,800—leaving only \$7,200 for a down payment on a home purchase.

Under the "First-time Homebuyer Affordability Act," funds may be borrowed tax- and penalty-free from an IRA account for a period of up to 15 years. The loan must be repaid if the house is sold or if it ceases to be a principal residence. When the loan is repaid, the funds are restored in the IRA account, fully available for re-investment on a continuing tax-deferred basis.

Alternatively, the bill permits use of IRA funds for a first-time home purchase as a home equity participation investment. Under this approach, IRA funds are used for down payment; when the house is sold, the investment, plus a share of the profit from home sale (typically 50%) is repaid to the IRA account.

The purpose of IRAs is to encourage long-term savings and investment, to provide a financial cushion in retirement. Yet, even though buying a home is one of the best investments an individual can make, it is not an eligible IRA investment. Allowing an individual to borrow from their IRA to buy a home effectively makes this an eligible investment.

Allowing IRA borrowing for home purchase would also eliminate a disincentive against IRA contributions. Many young families and individuals are hesitant to tie up funds in an IRA account that they may need later to buy a home. And, IRA borrowing for home purchase does not deplete the IRA account, since the funds are replenished when the loan is paid back. Thus, the bill will encourage more long-term savings through IRA retirement accounts.

Finally, this legislation is responsibly drafted, to prevent self-dealing and generally track provisions of 401(k) loans. Non-payment or forgiveness of the loan is treated as a premature withdrawal. In such event, the unpaid amount would be subject to federal taxes and a 10% premature withdrawal penalty.

Other protections include a prohibition against taking an interest deduction on the borrowed funds, and a limitation that loan rates cannot vary by more than two hundred basis points [2%] from comparable Treasury maturities.

I urge Congress to enact this pro-homeownership, pro-savings initiative.

PAYING TRIBUTE TO THE
CHELSEA BLEU PRINT

HON. MIKE ROGERS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. ROGERS of Michigan. Mr. Speaker, I rise to honor the accomplishments of the staff of the Chelsea High School student paper, the "Chelsea Bleu Print." This group of students competed in an American Scholastic Press Association competition and received the prestigious "first place with special merit" award for high school papers with a student body of 1,001 to 1,700.

This award, granted to only one other high school paper in Michigan and only 85 nationwide, is based on several high profile criteria, including the newspaper's demonstration of