

December 10, 2009

The Honorable
U.S. House of Representatives
Washington, DC 20515

Dear Representative :

The undersigned organizations oppose the broad bankruptcy provisions included in the Conyers Amendment (#201) to H.R. 4173, which will be considered by the House shortly. This amendment would allow bankruptcy judges to rewrite the terms without restriction on all types of mortgages on a principal residence originated prior to date of enactment. A judge could reduce ("cram down") the amount owed on a mortgage, change the interest rate, or stretch out the term of the mortgage. We urge you to vote against Conyers Amendment #201.

The housing market is struggling to recover and adopting the cram down amendment would inject more risk into the mortgage market. Markets price for risk and the amendment applies upward pressure on the cost of buying a home. Additionally, the amendment will detract from efforts by Congress and the Administration to stabilize the housing market, including HOPE NOW and HAMP programs.

The massive potential losses generated by judicial modification will directly impact Fannie Mae, Freddie Mac and the government mortgage guarantee agencies, and could well reverse recent gains in credit sector strength.

The Conyers Amendment waives the current debt limit for Chapter 13 filings, thereby allowing even wealthy homeowners who can afford to repay their mortgage to game the system and file bankruptcy. The amendment also significantly weakens previously approved language that prevented homeowners who committed fraud when applying for their mortgage application from taking advantage of the cram down.

For all of these reasons and to ensure we continue to strengthen our nation's housing market and not impair its recovery, we strongly urge you to oppose the Conyers bankruptcy cram down amendment to H.R. 4173.

Sincerely,

American Bankers Association
American Financial Services Association
American Land Title Association
American Securitization Forum
Consumer Bankers Association
Consumer Mortgage Coalition
The Financial Services Roundtable
The Housing Policy Council
Independent Community Bankers Association
Mortgage Bankers Association
Securities Industry and Financial Markets Association
U.S. Chamber of Commerce