

December 11, 2007

The Honorable John Conyers
Chairman, Committee on the Judiciary
U.S. House of Representatives
2138 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Conyers:

The undersigned organizations oppose H.R. 3609 the “Emergency Home Ownership and Mortgage Equity Protection Act of 2007”, currently scheduled for mark-up on Wednesday, December 12.

H.R. 3609 gives bankruptcy judges unfettered discretion to change the terms of mortgage loans in a Chapter 13 proceeding. This is exactly the wrong time and the wrong way to deal with the problems we are facing in the mortgage market. Congress, the federal regulators, and the entire financial services industry have already taken a number of proactive steps to address the problem. These steps include:

- The House has passed Chairman Frank’s mortgage reform bill, H.R. 3915, which institutes major changes in mortgage lending practices.
- The House has passed the mortgage tax relief bill, H.R. 3648, which eliminates tax burdens for borrowers who have received debt assistance from lenders.
- The Treasury Department and the HOPE Now Alliance of lenders, servicers, and the American Securitization Forum announced an industry-wide plan to provide a streamlined process to assist at-risk homeowners with refinancing, loan modifications, and other workout options and this includes a possible freeze on interest rates for many borrowers with ARMs that are about to reset to a higher rate.
- The Federal Reserve is preparing new regulations on mortgage lending designed to eliminate misleading practices.

H.R. 3609 will actually cause harm to future homebuyers. Last week, during a hearing in the Senate Judiciary Committee, several economists testified that granting bankruptcy judges new powers to alter the terms of a mortgage will increase the cost of mortgages for all future borrowers. Concerns were also expressed that H.R. 3609 would set the stage for abuses of the bankruptcy system by real estate speculators.

Progress is being made on constructive solutions to this difficult problem and these need time to work. Therefore, we ask you to vote against H.R. 3609. Thank you for considering our views.

Sincerely,

American Bankers Association
American Financial Services Association
American Securitization Forum
The Financial Services Roundtable

October 3, 2007

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Independent Community Bankers of America
Mortgage Bankers of America
Securities Industry and Financial Markets Association
National Association of Home Builders
U.S. Chamber of Commerce