



September 23, 2008

Dear Member of Congress,

On behalf of the Mortgage Bankers Association, thank you for your continuing commitment to pass legislation to allow the Treasury to purchase distressed mortgage-related assets in an effort to resolve the ongoing financial crisis. MBA supports the effort to pass this legislation quickly, but opposes adding unrelated proposals to this bill, primarily efforts to allow judges to alter residential mortgages in bankruptcy.

This bill is critically important to addressing a fundamental threat to the United States and global economies. This is not a mortgage or a housing bill, designed to address the problems in the primary mortgage market. There will be many opportunities to build on the work already started by the Congress on those issues. We look forward to being part of that process. While we will continue to oppose efforts to give judges the authority to cram down legitimate mortgage debt, there are many other proposals that could help ensure the future health of our mortgage origination, servicing and investment systems.

Current bankruptcy law exempts primary residence mortgage debt from the bankruptcy process. This is one reason that mortgage credit is less expensive than other forms of lending. Changing these rules will inevitably raise the cost of credit. In addition, changing the rules will further destabilize the market, as lenders will immediately have to further mark down the value of their mortgage portfolios to reflect the predictable additional new principal losses to which companies will be exposed. This will result in further instability in the market for both consumers and financial institutions.

Once again, thank you for your efforts to pass this critically important legislation. We look forward to working with you to pass this legislation as quickly and cleanly as possible.

Sincerely,

A handwritten signature in black ink that reads 'John A. Courson'.

John A. Courson
Chief Operating Officer