

February 5, 2009

To: Members of the U.S. House of Representatives

Re: Opposition to H.R. 200, Mortgage Cram Down Legislation

The undersigned associations, representing community, large and regional banks, are opposed to H.R. 200, overly broad legislation that would make major changes to the bankruptcy system by giving bankruptcy judges the power to reduce unilaterally the remaining balance on a mortgage and modify or change the interest rate or term of any loan made before the enactment date.

H.R. 200 is a broadly written bill that would harm thousands of banks across the country that have made, and continue to make, good loans. The bill would increase the risks of mortgage lending at a time when the market is already struggling, and harm consumers by increasing the cost of credit and reducing its availability. While bankruptcy protection seems to be a simple approach to helping homeowners, it is actually an ad hoc process that can overload the courts with millions of new cases that the system could not handle quickly or effectively.

We believe there are better alternatives that have been put in place by Congress to allow lenders and borrowers to work together to make mortgages more affordable. These proposals, along with foreclosure mitigation legislation currently being considered by the House Financial Services Committee, proposals by the FDIC and other concepts, should be supported.

There are thousands of banks across the country committed to working with Congress, banking regulators, and the Administration to address the housing crisis. We ask that Congress not move in haste to pass an overly broad bankruptcy bill without seeking alternative solutions to address the housing issue. Passing H.R. 200 would damage thousands of banks and further damage the housing market.

We look forward to working with Members of Congress on this important issue.

Sincerely,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Community Bankers Association of Ohio
Connecticut Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Heartland Community Bankers Association
Idaho Bankers Association

Illinois Bankers Association
Illinois League of Financial Institutions
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Association of Community Banks
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association
Montana Bankers Association

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Nevada Bankers Association
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New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
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Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association

Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
Washington Financial League
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association