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Memo

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April 29, 2009

To: Members of the U.S. Senate

From: Floyd Stoner, Executive Vice President, Congressional Relations & Public Policy

RE: Oppose the Durbin Cram Down Amendment to S. 896

I am writing on behalf of the members of the American Bankers Association in strong opposition to a mortgage “cram down” amendment that will be offered by Senator Richard Durbin (D-IL) to the S. 896, the Helping Families Save Their Homes Act of 2009, when it is considered this week by the Senate.

The Durbin amendment would allow bankruptcy judges, for the first time, to alter the terms of a mortgage on a principal residence. Giving bankruptcy judges the unilateral authority to reduce interest rates, lengthen the term of the loan or reduce (“cram down”) the amount owed to the lender will add significant risk and uncertainty to an already unstable housing market, and will lead to increased borrowing costs and less credit availability for future homeowners.

We respectfully urge you to oppose the Durbin mortgage cram down amendment when S. 896 is considered by the Senate.