

Dems seek cramdown support from financials

by UPI

WASHINGTON -- Democratic leaders say they're seeking support from the U.S. financial services industry for legislation that would allow bankruptcy judges to modify mortgages.

The measure passed the U.S. House of Representatives last week but hasn't been scheduled for a vote in the Senate, where aides say consideration could be delayed until after Easter, The Washington Post reported Friday.

Many Republicans oppose the measure that would allow bankruptcy judges to reduce the principal on a homeowner's mortgage, cut the interest rate and extend terms, often called cramdowns. The measure also is opposed by the financial services industry, which has argued it would drive up losses and bankruptcy filings of homeowners looking to bankruptcy courts for relief.

Citigroup, the troubled New York bank, backs the measure but no other financial institution has. Two Democratic lawmakers who back the legislation, Sens. Richard Durbin of Illinois and Charles Schumer of New York, said they are meeting with representatives of financial industry, including credit unions, to build support.

Dan Mica, National Credit Union Association president, told the Post he's been meeting with lawmakers and other supporters of bankruptcy modifications for at least a year.

"We would like to see the focus narrowed so it doesn't impact credit unions. Credit unions didn't create this problem, they didn't do subprime loans," the one-time congressman said. "Nothing would please me more than to see an agreement with Durbin and Schumer."

Copyright © 2009, by United Press International. All Rights Reserved.

Dems seek cramdown support from financials by UPI