

Senate Action to Kill Cram Down Wins Broad Praise From News Outlets

May 4, 2009

Contra Costa (CA) Times, Editorial: "Flawed bankruptcy bill defeated ... THE U.S. SENATE made the right decision in defeating the so-called mortgage bankruptcy "cram-down" bill on a bipartisan 51-45 vote. ... The "cram-down" bill likely would have resulted in higher interest rates for future borrowers as lenders sought to compensate for the added risk to their current mortgage loans." (5/4/09)

Wall Street Journal, Editorial: "Cramdown Slamdown ... The power of a united minority was on beneficial display yesterday, as Senate Republicans defeated the budget bankruptcy "cramdown" bill. Credit goes to Arizona's Jon Kyl and Minority Leader Mitch McConnell, who kept their party together to beat destructive legislation that had easily passed the House and was one of President Obama's housing priorities. ... The cramdown would have allowed bankruptcy judges to rewrite contracts to reduce the amount that people owe on their mortgages. But a bipartisan majority understood that relief for today's troubled borrowers would be paid with higher rates on the next generation of homeowners, as lenders priced the added risk into mortgage contracts." (5/1/09)

Investor's Business Daily, Editorial: "Congress (Rightly) Rejects Cramdowns ... A bill to let bankruptcy courts rewrite mortgages fails in the Senate. Government's forcing of banks to put people into unaffordable homes created the housing crisis. Forcing banks to keep them there won't solve it. In a rare moment of fiscal sanity, a dozen Democrats joined Republicans in a 45-51 vote to scuttle a measure to spare hundreds of thousands from foreclosure through the edicts of bankruptcy court judges. These judges would have the power to lower interest rates and the principal owed on homes to more "affordable" levels. Allowing bankruptcy judges to rewrite mortgages would deal a damaging if not fatal blow to the sanctity of contracts. ... The financial burden of some may be eased, but it would only be transferred to their neighbors who bought what they could afford and made their payments on time. ... Honk if you want to pay your neighbor's second mortgage." (5/1/09)

NOTE: Click [HERE](#) to read more editorials and news outlets opposing cram down.

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