

State Employees' Credit Union®

February 23, 2009

Administrative Offices

To: North Carolina Congressional Delegation

REF: "Helping Families Save Their Homes in Bankruptcy Act of 2009" (S61/HR200)
Request for support

State Employees' Credit Union is a non-profit financial cooperative serving the employees of the State of North Carolina and their families. Over 1.5 million North Carolinians are member/owners of SECU.

As an organization, SECU has rarely chosen to become directly involved in support of Congressional legislation. These exceptional times, however, require exceptional measures. An immediate legislative response for the collapse of the residential housing market and the rising tide of home foreclosures is needed. The Act (S61/HR200) proposes a modification to Chapter 13 of the Bankruptcy Code to permit homeowners facing foreclosure to seek loan modifications under court supervision. The bankruptcy court system offers the best and quickest path toward stabilizing the housing market and moving the real estate industry back toward growth. Passage of S61/HR200 will permit quick access to the long established procedures, processes, and legal professionals of the bankruptcy court system – a system in place, prepared, and "shovel ready".

SECU understands that the national economy, the State, all of us must endure a painful correction in the mortgage markets in order to reestablish housing values and homeowner confidence. Our Credit Union holds real estate loans in excess of \$10 billion, secured by over 120,000 single family homes in North Carolina. SECU has traditionally experienced minimal losses on foreclosed properties. We fully realize and accept that passage of this legislation will impose some unanticipated losses on the Credit Union. Despite that reality, we feel it is time for all mortgage lenders to put aside our narrow individual interests in favor of the greater good.

Critics of the "cramdown" provisions in this legislation believe that the Act will both increase the future costs and the future availability of residential mortgage loans. We cannot imagine any future mortgage lending system which will impose higher costs and worse results than those the Country is experiencing at this very moment.

Please enable prudent North Carolina lenders to help you lead the economic recovery in our State. We urge and encourage your support for the immediate passage of S61/HR200. Thank you for your consideration.

Sincerely,


James C. Blaine
President

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