

**AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES  
COMMISSION ON SOCIAL ACTION OF REFORM JUDAISM  
COMMUNICATIONS WORKERS OF AMERICA  
CONSUMER FEDERATION OF AMERICA  
CONSUMERS UNION  
INTERNATIONAL BROTHERHOOD OF TEAMSTERS  
INTERNATIONAL UNION, UAW  
LEADERSHIP CONFERENCE ON CIVIL RIGHTS  
NATIONAL WOMEN'S LAW CENTER  
TRANSPORT WORKERS UNION  
UNITE--UNION OF NEEDLETRADES, INDUSTRIAL & TEXTILE EMPLOYEES  
UFCW INTERNATIONAL UNION  
U.S. PUBLIC INTEREST RESEARCH GROUP**

April 20, 2001

**RE: URGE "NO" VOTE ON BANKRUPTCY CONFERENCE REPORT THAT DOES NOT  
INCLUDE ESSENTIAL SENATE AMENDMENTS**

Dear Senator,

Public and media reaction to the passage of bankruptcy legislation has been extremely negative. Commentators from all points on the political spectrum have condemned the bill for being harsh and one-sided. They have also questioned the timing of severe new bankruptcy barriers, when the nation is on the brink of an economic recession. (See attached.)

**The undersigned organizations urge you to insist that any bankruptcy conference report contain essential amendments that have been added to the Senate bill. Although these amendments would not fix all of the problems with the bill, they represent the non-negotiable elements of any bankruptcy bill that can even begin to pass the test of fairness and balance.** These essential amendments are:

1. **An Equitable Homestead Exemption.** While tens of thousands of modest-income Americans could be denied a financial fresh start under the bill, well-to-do individuals who are exploiting the bankruptcy system could continue to keep their homes and property if the homestead cap in the Senate bill is not adopted. The House bill allows wealthy individuals in five states to declare bankruptcy and still hang onto multi-million dollar homes, as long as they have owned the home for two years before filing. In contrast, Senators Kohl and Feinstein received broad support for their amendment restricting the amount of home equity that can be retained in bankruptcy to \$125,000 in states that allow more (§ 308).
2. **Predatory Lending and Privacy Safeguards.** Senator Schumer's amendment would deter predatory lenders who declare bankruptcy from attempting to dodge consumer claims and government investigations by selling loans to other firms (§ 204). This problem has surfaced repeatedly in recent years with unscrupulous mortgage lenders. An amendment by Senators Leahy and Hatch would prevent firms (such as Toysmart.com) from promising to protect their customers' personally identifiable information and later selling this information in a bankruptcy proceeding (§ 231).

3. **Protection for the Most Vulnerable.** Several amendments were added to the Senate bill that would protect women, parents who receive no support from separated spouses and tenants.

- *The Leahy separated spouse amendment* would correct a drafting error in the House bill that falsely inflates a single parent's income, by including in her income the income of a separated spouse (§ 102, creating a new Section 707 (b)(7) of title 11, U.S. Code). This could make the parent ineligible for chapter 7 bankruptcy under the means test. The House bill would be draconian in its effect on single parents with children who do not have the benefit of any spousal income, such as a battered spouse who flees her home.
- *The Feingold/Feinstein tenant protection amendment* would protect most renters from being evicted from their homes after declaring bankruptcy, if they pay all that they owe in back rent and continue to make payments (§ 311).
- *The Boxer luxury goods amendment* would help parents trying to collect child support who must compete with credit card companies for their former spouses' limited income (§ 310). It does this by reducing the amount of credit card debts in the House bill that are deemed "nondischargeable" (and still owed by the spouse after bankruptcy). The Senate bill would still prevent debtors from going on spending sprees with their credit cards just before declaring bankruptcy.

**Our organizations represent the broad array of labor, consumer, civil rights, religious and women's organizations that do not believe S. 420 represents fair and balanced bankruptcy legislation. However, at a minimum, final legislation sent to the President should contain these Senate-approved protections. If the conference report does not contain these elements, we urge you to vote against it.**

For more information, please contact Travis Plunkett at the Consumer Federation of America at (202) 387-6121.

Sincerely,

American Federation Of State, County And Municipal Employees  
Commission On Social Action Of Reform Judaism  
Communications Workers Of America  
Consumer Federation Of America  
Consumers Union  
International Brotherhood Of Teamsters And Transport Workers Union  
International Union, UAW  
Leadership Conference On Civil Rights  
National Women's Law Center  
UNITE--Union Of Needletrades, Industrial & Textile Employees  
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