

United States Senate

WASHINGTON, DC 20510-2102

February 25, 2010

The Honorable Christopher J. Dodd
Chairman
Committee on Banking, Housing and Urban
Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Richard C. Shelby
Ranking Member
Committee on Banking, Housing and Urban
Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Dodd and Ranking Member Shelby:

I am writing to you concerning an important element of the financial regulatory reform legislation which your committee is about to begin considering, specifically, the role of the federal thrift charter.

The draft legislation introduced late last year would allow existing thrift charters to continue to exist, but prevent any new charters from being granted, which I believe is the wrong treatment for a vital segment of our nation's financial system.

The thrift charter was created to provide a focus on home lending and building our communities. Thrifts were not the cause of the recent economic crisis – far from it. Many of the problem loans hurting borrowers and the overall economy were made by lenders or brokers who had little or no interest in the long term success of the loan. In contrast, traditional thrift institutions are exactly the kind of lenders our nation needs to rebuild and sustain a healthy level of homeownership because they do have such long-term interests. Thrift institutions, by law, hold a certain percentage of their portfolios in housing-related assets. This means that they have a long term interest in making sure that the loans they make are workable for both their borrowers and their institutions.

Given the current housing crisis, the thrift charter is needed more than ever. Both existing and potential homeowners need lenders who have a recognized expertise in mortgage lending and a vested interest in ensuring that loans are reasonable and can be repaid. I believe that this can be achieved by maintaining the thrift charter option and the Home Owners Loan Act under which is governed and supervised by an Office of Thrift Supervision.

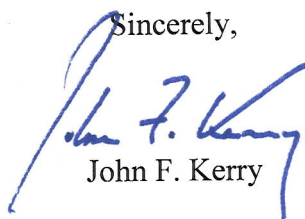
Eliminating or discouraging the creation of more thrift charters could harm borrowers by reducing the number of lenders with an explicit mandate to make safe and sound, quality home

The Honorable Christopher J. Dodd
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Page 2

loans. Our nation needs the thrift charter. Therefore, I respectfully request that as you move forward with this important regulatory restructuring, you reconsider and retain a healthy and vibrant thrift charter that can service the needs of homeowners, present and future.

Thank you in advance for your consideration of this request.

Sincerely,

A handwritten signature in blue ink, appearing to read "John F. Kerry". The signature is stylized with a large initial "J" and "K".

John F. Kerry