

**Government Finance Officers Association
National Association of Counties
National League of Cities
The United States Conference of Mayors
Council of Infrastructure Financing Authorities
International Municipal Lawyers Association
National Association of State Auditors, Comptrollers and Treasurers
National Council of State Housing Agencies
National Association of County Collectors, Treasurers and Finance Officers
Association of School Business Officials International
National Institute of Governmental Purchasing
National Association of Health and Educational Facilities Finance Authorities**

April 14, 2009

The Honorable Barney Frank
Chairman, Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Frank:

On April 7, Moody's Investors Service assigned a negative outlook to much of the municipal marketplace, a sector that includes tens of thousands of cities, counties, and special districts. Moody's action comes on the heels of its delay to migrate its municipal ratings to a global scale that would have put municipal and corporate ratings on a level-playing field. We believe Moody's original intent to treat municipal and corporate ratings alike was motivated, in large part, as a response to legislation you introduced last session, H.R. 6308, *The Municipal Bond Fairness Act*.

We are writing today to urge you to reintroduce *The Municipal Bond Fairness Act*. In the current economic climate, it is important to state and local governments and the municipal bond market to address problems associated with different credit rating scales for different securities. History has shown that the default rate on municipal securities is a fraction of that for corporate securities. Yet, many government securities are rated lower than their corporate counterparts – a practice that may very well increase due to Moody's recent actions. We expect that ensuring that rating agencies use uniform and accurate credit ratings for all securities will lower borrowing costs and make it easier for new investors to participate in the municipal securities market.

We applaud your continued support for the state and local government community and your ongoing focus on the problems our members are currently facing in the tax-exempt bond market. Your efforts to create improvements and safeguards in the credit rating and bond insurance

April 14, 2009

Page 2

industries would likely lead to lower borrowing costs for communities across the nation and provide benefits to their citizens in a more cost efficient manner.

Sincerely,

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