

May 14, 2007

To: Angelo R. Mozilo, CEO of Countrywide
Kerry Killinger, CEO of Washington Mutual
Richard Kovacevich, CEO of Wells Fargo
Ken Lewis, CEO of Bank of America
Stan O'Neal, CEO of Merrill Lynch
Charles Prince, CEO of Citigroup

Re: Six month foreclosure moratorium for California

We write to you as the CEOs of the largest mortgage lenders in California, asking that you immediately declare a six month moratorium on foreclosures of all mortgages with pricing that puts homeowners in danger. You are the leaders of the mortgage industry and we ask you to take a leadership position as hundreds of thousands of Californians are in danger of losing their homes. In addition, we seek meetings with each of you this month to identify key issues and solutions to this crisis.

High risk loans were sold aggressively in our state over the last few years. These loans were not appropriate for many homebuyers and homeowners. These loans include:

- Subprime mortgage loans with high rates and fees;
- Hybrid Adjustable Rate Mortgages (ARMs) with low teaser rates, followed by dramatically escalating interest rates;
- Option ARM and Interest Only loans;
- Fraudulent stated income loans;
- Problematic loans made to seniors; and
- Loans to non English-speaking borrowers who are given English-only loan documents with worse terms.

These loans are now pushing a growing number of homeowners towards foreclosure:

- Foreclosure filings for California homeowners are up 79% from last year.
- 19.4% of loans made in 2006 may end in foreclosure, representing 450,000 potential foreclosures in California.
- In California, neighborhoods of color were nearly four times more likely to get higher cost subprime home loans than non minority neighborhoods.
- In 2007, one million loans in the nation are expected to see interest rates reset;
- An additional 800,000 loans will experience interest rate resets in 2008.

This crisis will have an increasing impact not only on the state's homeowners, but on their neighborhoods, cities, and the state economy as a whole. In 2006, 21 of California's 26 metro areas suffered housing price declines. Falling home prices will make it impossible for some borrowers to refinance their loans. The problem of declining home prices can only worsen as more homes go into foreclosure, fueling a cycle of falling home values and increasing foreclosures.

The mortgage lending, servicing and investment process is a complex system involving many entities. Therefore, we are also calling on all other mortgage brokers and lenders, loan servicers, and Wall Street firms and investors to declare a six month moratorium on such foreclosures. State and federal regulators have also played a role in this crisis and must play a role in resolving it.

In order to sort out this crisis and support struggling households, many strategies will need to be employed, and all industry and government players will need to come to the table. But California homeowners do not have time to wait. The moratorium will allow time to identify key approaches that can positively resolve the dire circumstances of California borrowers who would otherwise lose their homes.

During the period of the moratorium, the following principles should be honored:

- No one should lose their home as a result of inappropriate lending.
- No lenders, servicers, or investors that have profited from inappropriate lending should benefit financially from public programs designed to help borrowers in distress.
- Home loan borrowers facing foreclosure should have meaningful access to counseling and education so they can understand what options they have to remain in their homes.
- A strengthened system of mortgage lending regulation must be implemented to ensure that Californians do not face a similar crisis in the future.

California homeowners are facing a crisis. Immediate and bold leadership is needed to keep our hard working families and elders in their homes. We know you join us in concern for the plight of these California families and have no desire to foreclose on their homes. We look forward to your leadership in declaring this moratorium and to a dialog to remedy key elements of the foreclosure crisis. This is the only way to save California homeowners and neighborhoods from economic devastation.

Thank you,

Signed

Advocates for Consumer Equity (ACE)
Affordable Housing Services
AnewAmerica Community Corporation
Asset Policy Initiative of California
Bay Area Legal Aid
Bayview Hunters Point Foundation
Bernal Heights Neighborhood Center
Building Opportunities for Self Sufficiency
Cabrillo Economic Development Corp.
California Alliance for Retired Americans

California Association for Micro Enterprise Opportunity
California Business Incubation Network
California Capital Financial Development Program
California Coalition for Rural Housing
California FarmLink
California Housing Partnership
California Reinvestment Coalition
California Resource and Training
Center for California Homeowner Association Law (CalHOA)
Center for Policy Initiatives
Center for Responsible Lending
Central City Hospitality House
Christian Church Homes of Northern California
City of Madera
City of Oakland CEDA
Civic Center Barrio Housing Corporation
Community Housing Development Corporation of North Richmond
Community Legal Services of East Palo Alto
Community Services & Employment Training
Consumer Action
Consumer Federation of California
Consumers Union
Council on Aging Silicon Valley
Dolores Street Community Services
East Bay Asian Local Development Corporation
East Bay Housing Organizations
East LA Community Corporation
East Oakland Community Development Corporation
East Palo Alto Council of Tenants Education Fund
Ecumenical Association for Housing (EAH)
Fair Housing Council of San Diego
Fair Housing Council of the San Fernando Valley
Fair Housing Law Project
Fair Housing of Marin
Figueroa Corridor Community Land Trust
Home Ownership Utilizing Supportive Education (H.O.U.S.E.)
Housing and Economic Rights Advocates
Housing Rights, Inc.
Human Rights/Fair Housing Commission
Inland Fair Housing and Mediation Board
Inner City Advisors
Jefferson Economic Development Institute (JEDI)
Job Starts, Inc.
JOLT
Justice First, LLP
KMT Management Services

La Raza Centro Legal
Lao Family Community Development, Inc.
Law Center for Families
Law Foundation of Silicon Valley
Legal Aid Foundation of Los Angeles
Legal Assistance for Seniors
Legal Services of Northern California
Lenders for Community Development
Los Angeles Coalition to End Hunger and Homelessness
Los Angeles Housing Partnership
Los Angeles Local Development Corp
Los Angeles Neighborhood Housing Services
Lulac National Housing Commission
MAAC Project
Madera Love, INC
Making Connections Oakland
Mercy Housing California
MidPeninsula Housing Coalition
Mission Antidisplacement Coalition
Mission Community Financial Assistance
Mission Economic Development Agency (MEDA)
Monterey County Housing Alliance (MoCHA)
Multicultural Real Estate Alliance for Urban Change
NAACP State Conference of Branches
National Community Reinvestment Coalition
National Council of La Raza
National Economic Development and Law Center
National Fair Housing Alliance
Nehemiah Community Reinvestment Fund
Neighborhood Legal Services of LA County
NeighborWorks HomeOwnership Center Sacramento Region
New Jersey Citizen Action
NID-Housing Counseling Agency
Non Profit Housing of Northern California
Oakland Association of Insurance Agents, Inc
Orange County Community Housing Corporation
Pacific Asian Consortium in Employment (PACE)
Pacoima Development Federal Credit Union
Project Sentinel
Public Advocates, Inc.
Public Counsel
Public Interest Law Firm
Public Interest Law Project
Renaissance Entrepreneurship Center
Rural Community Assistance Corporation
Sacramento Mutual Housing Association

San Antonio Community Development Corporation
San Francisco Community Land Trust
San Luis Obispo County Housing Trust Fund
SCANPH
Self-Help Enterprises
SF EARN
Sober Living Network
Southern California Housing Rights Center
STAND Affordable Housing
Strategic Actions for a Just Economy
Teamsters Local 601
Tenant & Owner Dev. Corp. (TODCO)
The East Los Angeles Community Union (TELACU)
TMC Development
United Neighborhood Improvement Association
Urban Solutions
Urban Strategies Council
Valley Economic Development Center
Ventura County Community Development Corp.
Vermont Slauson EDC
Visionary Home Builders
Western Center on Law and Poverty