

THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE DEPARTMENT

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April 3, 2008

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

The President
The White House
Washington, DC 20500

Honorable Nancy Pelosi
Speaker of the House
H-232, US Capitol
Washington, DC 20515

Honorable Harry M. Reid
Majority Leader
United States Senate
Washington, D.C. 20510

Dear Mr. President, Speaker Pelosi, and Majority Leader Reid:

As Governor of one of the many states dealing with the severe effects of the housing and credit crises, I ask that Congress and the Administration take bold action to enable us to rebuild communities and help families stay in their homes.

In Massachusetts in 2007, there were 7,563 homes foreclosed. As of March 2008, 3.2% of all mortgages are in foreclosure, up from 1.8% at this time last year. In January 2008, there were 799 foreclosure deeds filed in Massachusetts. That statistic represents a 128.3% increase over the number of foreclosure deeds filed in January 2007. Many of these foreclosures are multi-unit properties in our oldest, poorest cities. Foreclosed, vacant, and abandoned properties invite crime and vandalism and threaten longstanding public investments in neighborhoods. These properties are a blight on their neighborhoods and a blight on their communities.



As you know, Massachusetts is not alone among states in experiencing these problems. The subprime and related mortgage lending crises have created difficult economic dynamics and personal hardships across the Nation. Like most states, we have taken action, but our ability to respond is limited by strained budgets as the national economy worsens. This is a national crisis and it demands a national response.

I strongly endorse proposals being crafted in the House and the Senate, under the leadership of Chairman Barney Frank and Senator Christopher Dodd, to include sufficient and flexible resources for states to develop or expand locally-tailored strategies to transform foreclosed homes into new affordable family homes or rental housing. A one-time federal commitment of at least \$10 billion to support the acquisition and rehabilitation of properties for sale or rent on affordable terms is vital for community stabilization. State and local governments will use these resources to support the purchase of abandoned homes, eliminate neighborhood blight, and help stabilize home values.

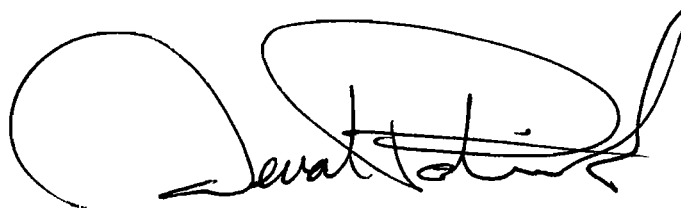
Here in Massachusetts, we have a strong network of nonprofits ready to work with us to implement these neighborhood stabilization strategies. We already have committed scarce state resources to this effort. But we will not fully succeed unless the federal government provides the level of resources being proposed by the House and the Senate. I ask for your support for the Congressional effort.

I hope you will also support efforts to expand the Federal Housing Administration's authority to insure refinancing of troubled mortgages. Federal credit enhancement is essential to restore confidence in mortgage assets during this highly volatile time. In crafting an FHA refinance mechanism, I urge the federal government to hold investors accountable for their decisions, precluding borrowers from receiving a windfall from the resale of property, and excluding speculators from participation. In addition, I urge Congress and the Administration to make sufficient federal funds available for

housing counselors to work with homeowners through the restructuring process. Federal action also should include narrowly tailored amendments to allow bankruptcy courts to modify certain non-traditional mortgages on owner-occupied primary residences. In addition, federal action should provide a nationwide standard for prohibiting predatory practices that does not preempt strong state anti-predatory lending laws.

Congress needs to move quickly to design solutions to restore confidence, liquidity and transparency to housing and credit markets, based on core principles that include voluntary participation, owner affordability, and needed safeguards against bailouts, windfalls or other "moral hazards." I look forward to working together on a bipartisan basis with key members of Congress and Administration officials to stabilize neighborhoods, protect the home equity of hard-working Americans, and move the economy in the right direction – towards strong, sustained economic growth.

Sincerely,

A handwritten signature in black ink, appearing to read "Barack Obama", with a large, stylized flourish on the right side.

cc: Congressman Barney Frank
Ranking Member Spencer Bachus
Chairman Christopher Dodd
Ranking Member Richard Shelby
Minority Leader John Boehner
Minority Leader Mitch McConnell
Secretary Henry Paulson
Secretary Alphonso Jackson