

March 7, 2008

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

The Honorable Barney Frank, Chairman  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Henry M. Paulson, Jr  
Secretary of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

The Honorable Ben S. Bernanke, Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20552

The Honorable Alphonso Jackson, Secretary  
United States Department of Housing and Urban Development  
451 7<sup>th</sup> Street, SW  
Washington, DC 20410

The Honorable Anna Escobedo Cabral  
United States Treasurer  
1500 Pennsylvania Avenue, NW  
Room 2134  
Washington, DC 20220

Greetings:

We respectfully ask that you quickly implement a foreclosure proposal made by FDIC Chairman Sheila Bair that we believe reflects common sense and holds great promise to bring meaningful help to the massive numbers of homeowners and communities now in crisis.

As the elected officials responsible for managing public investments for our states, we are struggling with the impact of the home foreclosure crisis on our investment portfolios. We also see that the true damage of this disaster is inflicted not only in ledgers, but by individual families trying to save their homes in the face of declining property values that make impossible the option of refinancing.

We recognize that new strategies and programs have been implemented in an effort to slow the tide of home foreclosures, including Hope Now and the brand-new Lifeline project. Although well-intentioned and helpful to a degree, these initiatives have severe limitations, primarily due to their reliance on one-to-one assistance from trained housing counselors to arrange loan workouts. With hundreds of thousands of loans resetting nationally this year alone, we do not believe that the counselor infrastructure or even the lenders' own loss mitigation staffs are robust enough to even begin to manage the volume of work necessary. Timid action that fails to grasp the scope of the problem will fail either to calm markets or to assist communities.

Chairman Bair's plan is simple and effective: subprime loan servicers would be required to adopt a standardized approach to all 2/28 and 3/27 adjustable-rate subprime loans. Owner-occupied homes where the mortgage payments are current (or even slightly behind), but an expected upward rate adjustment could cause default in the near future, would be automatically converted to a fixed rate. The initial starter rate would be used and remain in place for at least five years. This plan is needed to make a serious dent, finally, in the damage being done to our neighborhoods – including damage to nearby property owners who have always faithfully paid their mortgages and damage to local governments who foot the bill for increased crime and demolition of vacant and vandalized properties emptied of residents by the foreclosure process.

We concur with the Chairman's assertion that this does not constitute a bailout. Mortgage payments would still be made (at a higher rate than available today). Loan servicers would save the billions of dollars that would otherwise be wasted on foreclosure actions that often return little value to the loan holder, create vacant houses, and devastate property values in surrounding neighborhoods.

We believe Chairman Bair's proposal is essential to help homeowners in our states and we urge you to act quickly to set her plan into action. This will stabilize the financial markets, our communities, and the path forward for large numbers of American families who deserve our best efforts in this time of crisis.

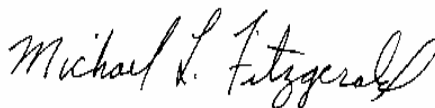
Sincerely,



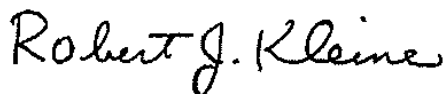
Richard Cordray  
Ohio Treasurer



Timothy P. Cahill  
Massachusetts State Treasurer and  
Receiver General



Michael L. Fitzgerald  
State Treasurer of Iowa



Robert J. Kleine  
Michigan State Treasurer



Jack Markell  
Delaware State Treasurer



Denise L. Nappier  
Connecticut State Treasurer



Dawn Marie Sass  
Wisconsin State Treasurer

cc: Sheila Bair, Chairman FDIC