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October 5, 2010

Meg Whitman
20813 Stevens Creek Blvd.
Suite 150
Cupertino, CA 95014

***Immediate Action Necessary to Prevent Illegal Foreclosures
in California's Diverse Communities***

Dear Mrs. Whitman:

It has become clear in the last two weeks that California's homeowners, who have already suffered an unprecedented foreclosure crisis in recent years, may be the victims of potentially fraudulent practices by those foreclosing on them. *This must be one of the first matters of business for the next Governor of California.*

But it cannot wait until inauguration day. We urge your immediate public comment on your opponent's recent call for JP Morgan/Chase to suspend foreclosures until it could prove compliance with California's consumer protection law (specifically prohibiting lenders from recording default notices on mortgages issued between 2003-07 until the lender tries to contact the borrower to assess the situation).

We also urge you to immediately call for an initial 90-day statewide foreclosure moratorium, covering all lenders and servicers, until more facts can come out.

It is very possible that the problems in the 23 states with judicial foreclosure processes have parallels in our state, and that other errors – whether or not intentional – are being made. As you are well aware, the concerns are beyond anecdotal and likely systemic and industry-wide.

We do not believe that Ally Financial (GMAC) and JP Morgan/Chase are alone; instead, they are likely the tip of the iceberg. It should be recalled that Bank of America, which recently suspended foreclosures in those 23 other states, only a week earlier denied any involvement in this crisis.

Since California is generally a non-judicial foreclosure state, we lack an additional level of scrutiny provided by the courts that would protect homeowners from any fraudulent foreclosure practices. The Governor's office must act as this safeguard and actively intervene to make sure the law is being followed. We respectfully suggest that candidates for Governor should explain how that will happen.

Yesterday, thirty members of the California Congressional delegation calling upon Federal Reserve Chairman Ben Bernanke, Attorney General Eric Holder, and Acting OCC Comptroller John Walsh to investigate.

Just today, officials in Texas and Maryland, both of which (like California) do not widely use judicial foreclosures, called for broad foreclosure moratoriums. Also today, Senators Robert Menendez and Al Franken requested an investigation by the GAO.

California, one of the states hardest hit by the foreclosure crisis and predatory lending and modification scams (and the largest and most diverse state facing a severe foreclosure crisis), can and must take the lead on this critical issue.

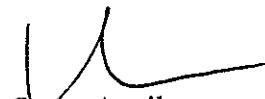
It should also be noted that Latinos and African Americans are disproportionately impacted, even more than the data would suggest. According to the Center for Responsible Lending, nearly 8% of both Latino and African American recent borrowers nationally have lost their homes to foreclosure, compared to 4.5% of white recent borrowers. Nearly one-quarter of both the Latino and African American communities nationally are at imminent risk of foreclosure.

But these statistics understate the crisis especially in California's Latino communities, where errors in the foreclosure process, whether intentional or not, have likely been and are likely being made at far higher rates. Latino communities face higher incidence of foreclosure, find professional legal assistance harder to come by, and are disproportionately exposed to predatory lending.

For all these reasons, we urge you to propose an initial 90-day statewide, industry-wide moratorium immediately. Above all, California needs time to assess the situation and gather more facts before more homeowners, some of whom may entrapped by unintentional errors or illegal practices, lose their homes.

Please contact Orson Aguilar at (510) 926-4005 or orsona@greenlining.org to discuss this matter further.

Sincerely,



Orson Aguilar
Executive Director



Chris Vaeth
Legislative Director



Preeti Vissa
Community Reinvestment Director