



WASHINGTON BUREAU · NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE
1156 15TH STREET, NW SUITE 915 · WASHINGTON, DC 20005 · P (202) 463-2940 · F (202) 463-2953
E-MAIL: WASHINGTONBUREAU@NAACPNET.ORG · WEB ADDRESS WWW.NAACP.ORG

ACTION ALERT

DATE: October 10, 2008
TO: Concerned Parties
FROM: Hilary O. Shelton, Director, Washington Bureau

NAACP Calls on Secretary of The Treasury, Henry Paulson, to Use the Power and Provisions of the Bail-Out Legislation to Prevent Foreclosures

THE COMMUNITY REINVESTMENT ACT IS KEY TO NEIGHBORHOOD STABILITY

THE ISSUE:

Under the massive financial services bail out legislation that passed Congress and was signed by the President on October 3, 2008, the US Department of the Treasury was given broad authority to create a plan to mitigate foreclosures and encourage servicers of mortgages to modify loans.

The NAACP is calling on the Treasury to aggressively use all its new authority to stop foreclosures. Specifically, we are urging the Secretary of the Treasury to:

- place a moratorium on home foreclosures for at least 9 months to allow homeowners time to find and take remedial action;
- require a homeowner or servicer to pursue specific loss mitigation activities such as waiving late fees and other charges, establishing an affordable and sustainable repayment plan or loan modification, forbearance or a short refinancing before a home may be foreclosed;
- vigorously apply Community Reinvestment Act requirements to any bank merger that may arise as a result of the bail-out;
- buy servicing rights, so that Treasury can break the modification logjam presently created by understaffed and sometimes uncooperative servicers;
- buy and modify at-risk whole loans where possible;
- continue and expand efforts to modify loans within the control of Fannie and Freddie Mac;
- encourage servicers to engage in more sustainable modifications, including conditioning purchasing of securities only from lenders/servicers meeting these standards;
- use the new guarantee authority to provide guarantees to sustainable modifications; and
- purchase second mortgages to gain control of them, so that they can be consolidated with the first mortgages and restructured.

The American foreclosure crisis is being driven by the high number of predatory loans made within the last few years, and numerous studies have shown definitively that African Americans of all income levels were more than twice as likely to receive high-cost loans. This means that, though no community has been exempted, African Americans and other racial and ethnic minority Americans are being disproportionately affected by the foreclosure epidemic; it is hurting our families and our communities at a much greater rate. In order to effectively address the unacceptably high foreclosure rate we must give homeowners more protection and control; we must level the playing field between homeowners and financial institutions. We have seen that when financial institutions are not required to negotiate loan modifications they do not occur at a rate necessary to adequately address our national problem. We need to mandate that lenders enter into negotiations that may result in a modified loan in which homeowners are obliged to pay a reasonable, sustainable market rate for their mortgage.

[More...](#)

THE ACTION WE NEED YOU TO TAKE:

Contact the Secretary of the Treasury **and URGE HIM TO PROTECT HOMEOWNERS WHILE BAILING OUT WALL STREET.** To contact the Secretary of the Treasury, you may:

✓ **Make a Phone Call:**

Call Secretary Paulson at (202) 622-6516 or (202) 622-6677.

✓ **Write a Letter**

To write a letter to the Secretary, send it to:
Secretary Henry M. Paulson, Jr.
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

**A SAMPLE
LETTER IS
ATTACHED**

✓ **Send a Fax**

If you would like to send a fax, the fax number is (202) 622-0073

✓ **Send an E-Mail**

The Department of Treasury does **not** have
a public comment e-mail address

THE MESSAGE

- Any bail out of Wall Street, without addressing the underlying foreclosure crisis, will not solve the problem;
- There should be a moratorium on foreclosures of at least nine months to allow homeowners time to find and take remedial action;
- The Secretary of the Treasury should use his new authority under the bail-out bill to level the playing field between homeowners facing foreclosure and their banks;
- The Secretary should do everything in his power to restructure and create sustainable loans to keep American families out of foreclosure and in their homes;
- The Secretary should also make sure that the Community Reinvestment Act is aggressively enforced during this time of upheaval in the financial services industry: now, more than ever, we need to ensure that banks are not short-changing entire communities.

THANK YOU FOR YOUR ATTENTION TO THIS IMPORTANT MATTER!!!
If you have any questions, call Hilary Shelton at the Washington Bureau at (202) 463-2940.

MEMBERSHIP IS POWER! JOIN THE NAACP TODAY.

To become an NAACP member or to sign up for e-mail legislative and press updates, visit www.naacp.org

Sample Letter

(date)

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

RE: PROTECTING AMERICAN HOMEOWNERS AND FAMILIES WHILE BAILING OUT WALL STREET

Dear Secretary Paulson;

As a concerned American, I strongly urge you to use your powers under the recently passed Wall Street bail-out bill to help American homeowners and families facing foreclosure stay in the homes. Specifically, I urge you to:

- place a moratorium on home foreclosures for at least 9 months to allow homeowners to find and take remedial action;
- require a homeowner or servicer to pursue specific loss mitigation activities such as waiving late fees and other charges, establishing an affordable and sustainable repayment plan or loan modification, forbearance or a short refinancing before a home may be foreclosed;
- vigorously apply Community Reinvestment Act requirements to any bank merger that may arise as a result of the bail-out;
- buy servicing rights, so that Treasury can break the modification logjam presently created by understaffed and sometimes uncooperative servicers;
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- purchase second mortgages to gain control of them, so that they can be consolidated with the first mortgages and restructured.

The American foreclosure crisis is being driven by the high number of predatory loans made within the last few years, and numerous studies have shown definitively that African Americans of all income levels were more than twice as likely to receive high-cost loans. This means that, though no community has been exempted, African Americans and other racial and ethnic minority Americans are being disproportionately affected by the foreclosure epidemic; it is hurting our families and our communities at a much greater rate. In order to effectively address the unacceptably high foreclosure rate we must give homeowners more protection and control; we must level the playing field between homeowners and financial institutions. We have seen that when financial institutions are not required to negotiate loan modifications they do not occur at a rate necessary to adequately address our national problem. We need to mandate that lenders enter into negotiations that may result in a modified loan in which homeowners are obliged to pay a reasonable, sustainable market rate for their mortgage.

I recognize that under the bail-out bill that was signed into law on October 3, 2008, you are to create a plan to mitigate foreclosures and encourage servicers of mortgages to modify loans. I hope that you will use these powers aggressively and to help stem the foreclosure crisis that is threatening our lives, our families, our communities and our nation. Lastly, now, more than ever, we need to ensure that banks are not short-changing entire communities. That is why I hope that you will ensure that the Community Reinvestment Act is aggressively adhered to throughout this time.

Thank you in advance for your attention to my concerns; I hope that you will let me know what I can do to help you help our nation return to stability.

Sincerely,

(sign and print your name and
remember to include your address)