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Julius J. Cherry, Esq.

Press Release

\$2 Billion for Californians Facing Foreclosure Stalled

US Treasury approves funds, but mortgage companies have not embraced the program.

Sacramento, CA, February 14, 2011: The U.S. Treasury Department has funded an ambitious effort by the California Housing Finance Agency (CalHFA) to use nearly \$2 billion in federal money to help California families struggling to pay their mortgages. The principal reduction program is critical for homeowners whose mortgages are “underwater”—where the homeowner owes more on their mortgage than the home is worth. The Keep Your Home California (KYHC) program is focused on assisting low and moderate income families stay in their homes and out of bankruptcy, but without the cooperation of mortgage banks the funds sit idle.

“KYHC is a major step toward keeping those facing foreclosure in their homes, but until the mortgage companies get on board the funds are out of reach,” complains Sacramento bankruptcy attorney Julius J. Cherry. “The banks need to act and act now.” California lawmakers agree.

More than two dozen members of Congress are telling major national mortgage servicers like Ally Financial, Bank of America, Citigroup, JPMorgan Chase, and Wells Fargo to fully participate in KYHC. The lawmakers wrote the mortgage servicers encouraging them to “make every best faith effort to reach agreement with CalHFA to participate in each facet of this program, especially the principal reduction program, in order to assist the ongoing effort to stabilize California’s housing market.”

The following members of the California delegation cosigned the letter: Reps. George Miller, Baca, Becerra, Berman, Capps, Cardoza, Chu, Susan Davis, Eshoo, Filner, Garamendi, Harman, Honda, B. Lee, Lofgren, Matsui, Roybal-Allard, Li. Sanchez, Lo. Sanchez, Schiff, Speier, Stark, Thompson, Waters, Waxman, Woolsey.

For Immediate Release

Congress of the United States
Washington, DC 20515

January 28, 2011

Mr. Vikram Pandit
Chief Executive Officer
Citigroup, Inc.
399 Park Avenue
New York, NY 10043

Dear Mr. Pandit:

According to recent news reports, many of the nation's largest mortgage servicers have not yet agreed to fully participate in the California Housing Finance Agency's new Keep Your Home California Program. We are writing to encourage you to make every best faith effort to reach agreement with CalHFA to participate in each facet of this program, especially the principal reduction program, in order to assist the ongoing effort to stabilize California's housing market.

As you know, the California housing market has been particularly hard hit by the ongoing foreclosure and financial crises. According to a recent report by CoreLogic, Inc., 32% of all California homes with mortgages are underwater. Meanwhile, according to RealtyTrac, our state alone accounted for 22% of the entire nation's foreclosures during the month of November, with nearly 60,000 California homes receiving a foreclosure filing during that month. In some of our congressional districts, the situation is even worse, as seven of the ten highest metro foreclosure rates in the country are in our state.

Continued problems in the housing market have also severely impacted other aspects of the state's economy. A study released this month by the Federal Reserve Bank of San Francisco found "powerful evidence that employment and household debt patterns are closely linked. Counties with high household debt experienced relatively high employment declines well before the recession began. During the most severe part of the recession, employment losses in high household debt counties were dramatic... Overall, the county evidence strongly suggests that credit demand is weak because of an overleveraged household sector." As such, given California's 12.4% unemployment rate, it is clear that something must be done to assist the substantial percentage of Californians whose mortgages are underwater.

The Keep Your Home California Program takes several necessary steps to resolve the devastating problems facing our state's housing market. CalHFA has already begun taking applications for temporary bridge loans for unemployed homeowners, and it is our understanding that CalHFA will soon be debuting efforts to reduce principal for underwater homeowners, to help make homeowners with delinquent loans current, and to provide transition assistance to homeowners who need to move.

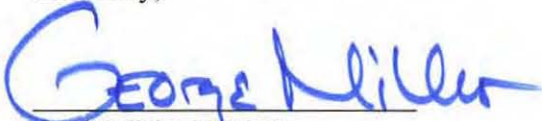
Given the circumstances, it is clear that each element of the Keep Your Home California needs to be properly and fully utilized in order to have any hope of stabilizing the California housing market in a timely manner. The principal reduction element of the program is peculiarly

important, as it has the potential to stop homeowners' slide into default. Moreover, unless homeowners have a real chance at building equity in their homes, it will be difficult for investors and small businesses to have the confidence in the long-term stability of neighborhoods that is needed to bring investment back to struggling communities.

We encourage you to do everything in your power to ensure that each facet of the Keep Your Home California Program succeeds, specifically by working with CalHFA to ensure that your company is fully participating in the program. Given your company's significant share of the mortgage servicing market, your cooperation is clearly needed to make this program a full success. For this reason, we will be watching closely to ensure that all parties are moving forward in a productive way to make this program a success.

Thank you for your attention to our concerns.

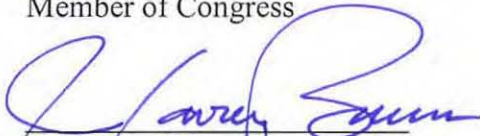
Sincerely,



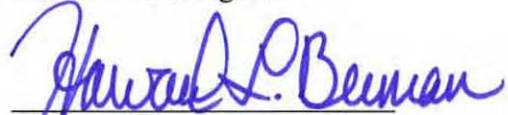
GEORGE MILLER
Member of Congress



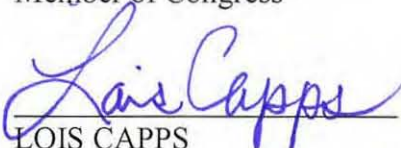
JOE BACA
Member of Congress



XAVIER BECERRA
Member of Congress



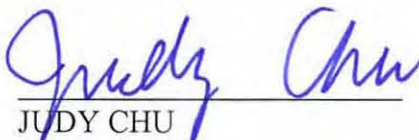
HOWARD BERMAN
Member of Congress



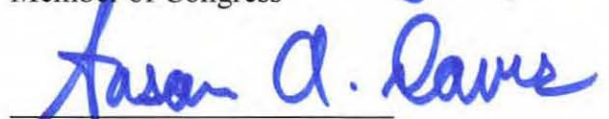
LOIS CAPPS
Member of Congress



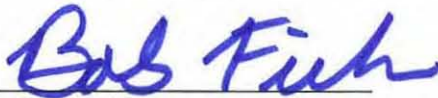
DENNIS CARDOZA
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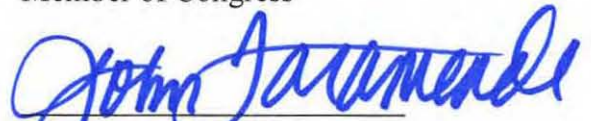
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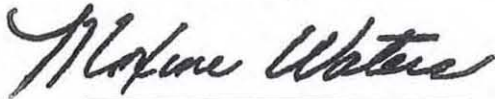
LINDA SANCHEZ
Member of Congress



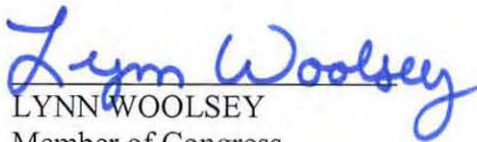
ADAM B. SCHIFF
Member of Congress



PETE STARK
Member of Congress



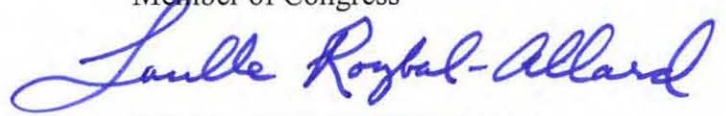
MAXINE WATERS
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LYNN WOOLSEY
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ZOE LOFGREN
Member of Congress



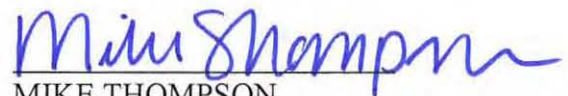
LUCILLE ROYBAL-ALLARD
Member of Congress



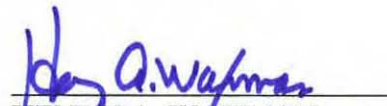
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Member of Congress



JACKIE SPEIER
Member of Congress



MIKE THOMPSON
Member of Congress



HENRY A. WAXMAN
Member of Congress



ANNA G. ESHOO
Member of Congress

Note: Identical copies of this letter have been sent to Ally Financial, Bank of America, JPMorgan Chase, and Wells Fargo.