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May 30, 2012

The Honorable Chris Christie
Office of the Governor
The State House
P.O. Box 001
Trenton, NJ 08625

Dear Governor Christie:

On behalf of the hundreds of thousands of New Jersey residents we represent, the undersigned organizations respectfully urge you to use the \$75 million allotted to New Jersey in the U.S. Attorney General Foreclosure settlement as it was intended. Specifically, we urge you to use these dollars "to repay public funds lost as a result of servicer misconduct and to fund housing counselors, legal aid and other similar public programs..." As practitioners working day and night to keep people in their homes and to preserve neighborhoods affected deeply by the foreclosure fallout, we strongly recommend that the all of the \$75 million in settlement money be used to support efforts that will mitigate and reverse the economic damage caused by the mortgage service industry.

According to a May 2012 report by the Mortgage Bankers Association, "New Jersey now has the second-highest percentage of mortgage loans in foreclosure, at 8.4 percent, behind only Florida, at 14.3 percent." Earlier this year, Bloomberg quoted Richard Constable, Acting DCA Commissioner saying that in 2012, "New Jersey must work through a backlog of 50,000 to 100,000 unprocessed foreclosures." There simply is not enough capacity among the counseling agencies and legal assistance providers to serve this many homeowners.

Settlement money will serve the people of New Jersey as intended by granting capacity-building funds to existing free HUD certified counseling agencies, now inundated with clients for whom they provide one-on-one counseling and legal assistance. The settlement money should also be used to supplement and expand proven and effective assistance programs, like the NJ HomeKeeper Program.

We recommend that settlement money be used to support a two tiered community education campaign carried out by community based organizations and the AG's office on how to get help in avoiding foreclosure and how to deal with the consequences of foreclosure. Funds would pay for community

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educators, campaign materials and paid media to widely publicize ways to avoid scams and fraud and where to go to seek foreclosure advice.

Additionally, funds should be used to supplement the innovative program proposed in the Residential Foreclosure Transformation Act (S1566) sponsored by Senators Ray Lesniak, and Barbara Buono, and Assemblyman Jerry Green that would let municipalities and a short-term state entity buy foreclosed homes and restore them to productive use. A portion of the settlement can be used to support New Jersey's Mortgage Resolution Fund (MRF), which allows for the bulk purchase of troubled loans by non profits. MRF permits affected homeowners to remain in their homes and help to stabilize families and communities in distress.

The settlement funds that go directly to New Jersey are meant explicitly to help struggling, underwater homeowners and the thousands of victims of foreclosure in our state. The money gives our state the opportunity to augment and strengthen services that address the worst problems created by the mortgage servicing debacle and subsequent foreclosure and economic crisis.

The undersigned organizations urge you to set a national example and help lead New Jersey out of the foreclosure crisis. We need you to make sure that the settlement funds are used to combat the devastating housing and mortgage crisis, by supporting direct and meaningful solutions designed to keep New Jerseyans in their homes. These funds will help our communities and residents restore vacant and abandoned properties, and provide direct assistance to those residents who have lost their homes as a result of a foreclosure. We look forward to your leadership on this issue, as you ensure that these funds are used to put New Jersey on the road to economic recovery.

Sincerely,

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