Congress of the United States
Washington, DC 20515

October 27, 2011

The Honorable Kamala D. Harris
Attorney General, State of California
Office of the Attorney General
1300 I Street
Sacramento, California 95814

Dear Attorney General Harris:

We are writing to commend your leadership in ensuring that California homeowners get meaningful relief from any settlement with our nation's largest financial institutions regarding mortgage and foreclosure fraud, and for your work to ensure that a legal settlement does not relieve those institutions of liability for abuses that have not been fully investigated and addressed.

As you know very well, California has been hit extremely hard by the housing crisis. One of every 226 housing units in our state received a foreclosure filing in August—a rate over twice the national average. According to CoreLogic, 30 percent of homeowners with mortgages in our state are underwater—again, one of the highest rates in the country. These problems do not just impact homeowners directly—they are devastating for realtors and construction workers who are losing work, for local governments losing property tax receipts, and for all sorts of small businesses who lose customers.

At the same time, California has also been home to myriad abuses throughout the mortgage process. Last year, in response to numerous concerns that we all heard from our constituents, we catalogued dozens of cases of abuses in the mortgage modification and foreclosure process. We wrote Attorney General Holder last October urging him to investigate these cases and similar abuses. It is clear that thousands of Californians have been hurt by unfair and, in many cases, illegal practices in the foreclosure process.

For this reason, we feel that it is critical that any settlement regarding these abuses must be fair to California homeowners. In particular, we believe that a deal must be structured to provide substantial financial relief for these homeowners. Far too few California homeowners—particularly homeowners who are underwater on their mortgages—have, to date, received the assistance that is necessary, and that must change with this deal. Additionally, we do not feel that it is responsible to grant a broad release of liability for abuses that have not been investigated by the attorneys general and are not remedied in the settlement. Our constituents need to know that our nation's largest financial institutions have the same mandate to follow the law that they do—in other words, the simple fact of being an enormous Wall Street bank cannot mean getting a get-out-of-jail free card. We also look forward to a vigorous and wide-ranging investigation into the mortgage industry's conduct during the foreclosure crisis, and to robust enforcement of California law against predatory and unscrupulous lenders. It is very important that we provide

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not only justice for the homeowners who were the victims of these abuses, but also accountability for those who committed them.

Therefore, we thank you for your work to ensure that any settlement is a strong one that is fair to California homeowners and urge you to hold strong to these principles. Thank you for your hard work and for keeping these views in mind.

Sincerely,

George Miller

Sam Farr

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Anna G. Eshoo

Mike Sherry

Loretta Sanchez

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