

COMMITTEE ON APPROPRIATIONS
Subcommittee on Defense

Subcommittee on Transportation, HUD,
and Related Agencies

Subcommittee on Agriculture,
Rural Development,
FDA and Related Agencies

COMMITTEE ON THE BUDGET

DEMOCRATIC STEERING AND POLICY



MARCY KAPTUR
9TH DISTRICT, OHIO
December 5, 2008

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The Honorable Henry M. Paulson, Jr.
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Room 3134
Washington, DC 20220

Dear Secretary Paulson:

Please let me thank your office for arranging the opportunity to discuss with Assistant Secretary Fromer, the continuing home foreclosure crisis as experienced here in Toledo and northern Ohio. I value the time and attention of you and your staff in this critical matter. Assistant Secretary Fromer and I agreed upon a tele-video conference, as soon as possible, between key Washington-based experts from Treasury, FDIC, SEC, HUD, the Federal Reserve, and others you identify. We stand ready to conduct this immediately, and would invite your personal participation. Our region's situation can be used as a test bed against which to measure how well, or poorly, the federal government's efforts to deal with this crisis are working.

Our region has been one of the hardest hit, with over 4,100 more anticipated foreclosures in 2008 just in Lucas County. If nothing changes between now and the end of January another 600 families will lose their homes in the Toledo area. Based on recent foreclosure rates, this translates into 10% of our housing stock over the past 2.5 years – an astounding figure. Thus, our urgency is apparent. On the eastern side of our district, Lorain County has experienced 2089 foreclosures this year to date. The pace of foreclosures continues unabated. It is projected to rise next year. What is most troubling is that despite several bills passing Congress and being signed by the Bush Administration, the mortgage situation at the local level grows worse. Foreclosures increase. Workouts are the exception rather than the rule. Wall Street banks that hold or sold these mortgages often do not manage their property holdings while they are frequently stripped of copper, electrical wiring, etc. Wall Street banks arrange for auction of properties before local communities are aware this will be occurring. Thus, they are largely unprepared to bid on their own behalf. The HUD funds that were to be available for such bidding have not arrived. One California investor has already bought 137 properties in the City of Toledo. Homes are auctioned for as little as \$4,500. For that amount, we could have put the original occupants back in.

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Something is very wrong with the manner in which the U.S. government is allowing equity to be bled from local communities. With declining property values, local banks find their books out of balance, and the downward spiral continues. FDIC's and SEC's authorities are not being exercised as in former times to resolve inter-bank credit confidence and achieve mortgage workouts.

Our region looks forward to our tele-video conference between key Washington based agency officials responsible for TARP, FDIC, SEC, HUD, and others you deem appropriate. Our region can offer an important source of experience regarding the impact of this continuing equity hemorrhage on our economy with our goal to inform and impact more positively those responsible for alleviating this growing housing and credit crisis.

With the team you assemble, and those local experts we bring to the table, we wish to answer the question: "What is it that the U.S. Government could be doing better to make a difference in the housing foreclosure crisis?"

We stand ready to conduct this discussion at your earliest convenience.

Thank you very much.

Sincerely,

A handwritten signature in cursive script that reads "Marcy Kaptur".

MARCY KAPTUR
Member of Congress

MK:ja

CC: Assistant Secretary Kevin Fromer

Attachment: 2007 and 2008 Lucas, Lorain, Erie, and Ottawa Counties foreclosure listings