



THE SENATE
STATE OF NEW YORK
ALBANY 12247

MALCOLM A. SMITH
NEW YORK STATE SENATE
MINORITY LEADER

December 23rd, 2008

President-elect Barack Obama
451 6th Street NW
Washington, DC 20001

Mr. President-elect:

In less than one month, you will be sworn into office as the 44th President of the United States. While the hopes and prayers of a nation are with you, by that time, tens of thousands of families will have lost their homes due to foreclosure.

Facing the worst fiscal crisis since the Great Depression, where millions of Americans have lost or are in immediate danger of losing their jobs and homes, it is outrageous for banks to be given taxpayer money without the precondition of assisting homeowners in foreclosure.

The implementation of the second part of the federal assistance package for financial institutions must be contingent upon the establishment of adequate provisions to protect homeowners. I am urging you, and my colleagues from the New York Congressional Delegation, not to support any further assistance to our financial institutions unless the following conditions are met: 1) banks and other lenders must be required to use a portion of the funding for a temporary moratorium on foreclosures while borrowers are provided the opportunity to renegotiate the terms of their loans; and 2) banks and other lenders must commit that a substantial percentage of the funds they receive will be used to renegotiate mortgages for those already in foreclosure and to avoid foreclosure for those at risk. Anything less is an unacceptable standard for the allocation of taxpayer money.

In the New York State Senate, the Democratic Conference has led the charge and continues to fight for a moratorium on foreclosures. Last year, we launched Operation Protect Your Home, keeping 1,600 New York families facing foreclosure in their homes by helping them find new financing options. We also joined with our Republican colleagues to pass legislation which would delay the foreclosure process. But as you well know, our job is far from over.

Yesterday, joined by Congressmembers Jerrold Nadler, Yvette Clarke and Edolphus Towns and State Senators Jeff Klein and Diane Savino, I had the opportunity to meet George and Claire Gerald, who after 20 years of ownership are in danger of losing their home. The Gerald's are good, hard-working people, forced into foreclosure and dealing with a lender that is unwilling to work with them. They turned to ACORN Housing Corp. to help mediate their mortgage and get back on track as responsible home owners. However, the bank has begun proceedings to evict and repossess the Gerald family home. This is not the American dream they signed up for.

The devastating effects of the subprime mortgage crisis have prevented millions of families in New York and across the nation from being home for the holidays. I urge you to insist that there is greater federal protection

for homeowners in the next bailout so families can remain where they belong- in their homes- this holiday season. There should be no more holiday gifts for banks from our taxpayer dollars.

Yours truly,

A handwritten signature in black ink, reading "Malcolm A. Smith". The signature is written in a cursive style with a prominent initial "M".

Malcolm A. Smith
New York State Senate Democratic Leader

Senator Charles E. Schumer
Senator Hillary Rodham Clinton
New York Congressional Delegation