

The Honorable Barack Obama  
President-Elect of the United States  
c/o Presidential Transition Team  
Washington, DC

1 December 2008

[Via electronic delivery to John Podesta, Larry Summers, Tim Geithner]

Dear President-Elect Obama,

We, the undersigned leaders of the nation's foremost consumer, community, civil rights and legal services organizations, write to you to state our urgent concerns regarding the need to guarantee consumer and marketplace protections as a fundamental principle guiding both your nominee selections and policy proposals for agencies that deal with housing and credit policy. Collectively, our organizations represent tens of millions of consumers throughout the United States.

First, we were very pleased that you made fighting mortgage fraud and protecting consumers against abusive practices a priority in the economic plan of your presidential campaign.

Second, we look forward to working with your transition team and administration on implementing a final plan based on this proposal, which includes many of the important consumer protection issues on which we have been working for years.

We urge you in your economic program to maintain full accountability, strong protections and enforcement of existing laws as priorities. While dangerous lending and a lack of enforcement of existing laws were at the root of the devastating economic downturn that the nation and the world face, a lack of effective regulation across the financial system has contributed to it. Any restructuring of the financial system must impose comprehensive consumer and marketplace protections on all financial products.

Our organizations may take differing approaches on other efforts you will be undertaking to stimulate the economy. However, we are united in our belief that any long-term solution to the economic downturn must treat consumers, depositors, homeowners, tenants and taxpayers fairly and be guided by the following principles:

- Financial regulation must recognize that giving consumer and marketplace protections high priority is essential to achieving safety and soundness;
- Financial regulation must create an effective, proactive federal financial regulatory structure that controls risk for individuals, families and our economy, and honors the role of the states;
- Your administration must place a high priority on housing, housing finance, and credit reform.
- Financial regulation must involve aggressive steps to prevent foreclosure and stabilize neighborhoods in a manner that is consistent with fair housing and fair lending principles, including allowing the judicial modification of loans.

**Letter to President-Elect Obama From Consumer/Community/Civil Rights Groups**

No one can deny that our economy is in a deep slump—a trend that has largely been driven by the decline in the housing market. One in 11 mortgages was delinquent or in foreclosure in the second quarter of this year—an enormous burden on American families who are already faced with stagnant wages and high prices. Moreover, home equity as a share of home values has fallen to a record low, meaning that Americans are losing the wealth built up in their homes. The collective credit card debt held by American families reached an all-time high earlier this year as households tried to cope with the pressures of stagnant wages and higher priced necessities, like health care. Millions of other Americans who don't have access to banking services use high-priced options like payday loans and pawnshops. These costs have been disproportionately borne by communities of color, draining billions of dollars from their communities.

These problems have been exacerbated by the last eight years of failed policies and woefully inadequate oversight. Without common-sense oversight, lenders misrepresented terms of loans and ignored homeowners' ability to repay, leading to today's national crisis. When states wanted to protect homebuyers from predatory lenders, the current administration protected the lenders and stopped the states from providing needed oversight.

We strongly believe that consumer protection is integral to safety and soundness, which will not be achieved without it. As your transition team and administration plan how to stabilize the financial system, we hope they highlight this fact.

Again, we are also very encouraged that your campaign focused on putting the priorities of consumers first. Your economic plan put forth substantive proposals on mortgage reform, credit card regulation and other protections. As you consider the policies and appointees for the new administration, we hope that these proposals remain a central part of your administration's economic agenda.

We would very much welcome the opportunity to meet with your transition team and share our expertise and views on consumer protection and abusive lending.

Thank you again for your strong commitment to these issues.

Sincerely,

Maude Hurd  
President  
ACORN

Jim Campen  
Executive Director  
Americans for Fairness In Lending

Sarah Rosen Wartell  
Executive Vice President  
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