

Memo

Date: May 4, 2011
To: Fairfax Town Council
From: Councilmember Reed
Subject: Responses received from letters sent to banking institutions to date, and consideration of possible actions by Town

In 2010, it had come to the attention of the Council that many constituents were being victimized by mortgage holders, despite several programs and policy changes that were touted in response to the economic situation and "mortgage meltdown". Among other complaints, citizens were often frustrated by repeated requests and communications that remained unanswered by the institutions.

In November of 2010, letters on Town letterhead and signed by the Mayor were sent to CEOs of the 5 largest banks (HSBC, Wells Fargo, Citibank, JP Morgan Chase, and Bank of America) requesting information about what efforts they were making to respond to customers' needs for loan modifications.

To date, only one response has been received, from Citibank. It detailed a number of programs designed to provide some measure of relief to their customers.

No response was received from the one Bank listed above that has a branch in Fairfax, namely Bank of America.

The Town of Fairfax has several accounts with Bank of America, and as such we are in a position to perhaps be heard in a more convincing way by considering the disposition of our Town's funds. There are several other institutions available locally that may not engage in predatory lending practices, may better serve the needs of the local community, and who may also give us a better rate.

I would humbly request that the Council discuss this matter and consider what actions we should take in the circumstances before us.



TOWN OF FAIRFAX

142 BOLINAS ROAD, FAIRFAX, CALIFORNIA 94930
(415) 453-1584 / FAX (415) 453-1618

*Also sent to CEO's
of HSBC, Wells Fargo,
B&A, JPMorgan Chase*

November 8, 2010

Mayor
Lew Tremaine

Vikram Pandit
Chief Executive Officer
Citibank
399 Park Avenue
New York, NY 10043

Vice Mayor
Larry Bragman

RE: Home Loan Foreclosure Crisis

Town Council
Pam Hartwell-Hererro
John Reed
David Weinsoff

Dear Mr. Pandit:

Town Manager
Michael Rock

Although the economy shows fragile signs of improvement, the foreclosure crisis remains unabated and continues to confound homeowners in the Town of Fairfax. It is increasingly clear that voluntary federal programs designed to encourage loan modifications are not having the full desired effect. To promote and encourage a change in the current state of loan modification efforts by the nation's largest mortgage lenders, the Fairfax Town Council adopted the attached Resolution on November 3, 2010 directing that this letter be sent to the designated banks, with further Council action to follow based on the correspondence we receive in reply.

Our nation's large institutional lenders can and must do more. Foreclosures not only force people from their homes, with the evident hardship on our neighborhoods and communities, they are having a long-term impact on our local and regional economy. It is in everyone's interest to reduce foreclosures and Citibank has a responsibility to revise its loan modification practices and to halt all foreclosures until those revisions have been made.

Accordingly, please provide the Fairfax Town Council with detailed responses to the following questions:

1. What efforts have been made to respond promptly to customers' requests and inquiries about loan modifications?
2. What efforts have been made to halt foreclosure proceedings while the bank evaluates a borrower's eligibility for a loan modification or other foreclosure prevention options?
3. What efforts have been made to expedite the loan modification process?
4. What efforts have been made to increase the number of loan modifications involving principal write-down, and to increase the number of loan modifications in which the principal is reduced to no more than the market value of the property?

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5. What efforts have been made to work with qualified non-profit housing developers to purchase the homes of borrowers not eligible for loan modifications, and to allow the current owner or renter to remain in the property?

Given the importance of this matter, we look forward to your expeditious response no later than January 1, 2011.

Sincerely,

A handwritten signature in black ink that reads "Lew Tremain". The signature is written in a cursive style with a large, stylized "L" and "T".

Lew Tremain
Mayor

LT:ja

Sanjiv Das
President and CEO
CitiMortgage, Inc.
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CitiMortgage

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DEC 21 2010

TOWN OF FAIRFAX

Via Fax : 415-453-1618

December 21, 2010

The Honorable Lew Tremaine
Mayor, Town of Fairfax
142 Bolinas Road
Fairfax, CA 94930
Fax: (415) 453-1618

Dear Mayor Tremaine:

Thank you for your inquiry dated November 8, 2010, addressed Vikram Pandit, regarding Citi's residential mortgage loan modification efforts. As the housing crisis has worsened, we have devoted considerable resources to helping our customers who are facing financial challenges. We have a specially trained and dedicated staff of approximately 5,000 employees, who work with at-risk homeowners to help them find workable solutions to avoid foreclosure. To further these efforts, we partner with community organizations across the country, including Neighborhood Assistance Corporation of America, National Community Reinvestment Coalition, Consumer Credit Counseling Service, Consumer Counseling Resource Center, Consolidated Board of Realtists, National Council of La Raza, NeighborWorks America, East Los Angeles Community Corporation and Los Angeles Family Housing. Since 2007, we have helped more than a million distressed borrowers in their efforts to avoid potential foreclosure.

Our efforts to help borrowers include our participation in the federal Home Affordable Modification Program ("HAMP") and our creation of additional, proprietary Citi modification programs. We believe that we have been a leader in HAMP modifications. We actively identify eligible borrowers and conduct extensive outreach to contact them and guide them through the process of applying for trial modifications and obtaining permanent modifications. Throughout this process, we offer borrowers the assistance of housing counselors, provide detailed instructions for completing required documents, and follow up with applicants by phone, email, text messages and in-home visits. As of September 30, 2010, 44% of our eligible borrowers have obtained a permanent modification under HAMP.

Borrowers who do not qualify for a HAMP modification may be eligible for one of the proprietary modification and other assistance programs we have developed. These programs include the Citi Homeowners Unemployment Assistance Program, which provides temporarily lowered monthly payments to borrowers who have lost their jobs, and the Citi Supplemental Modification Program, which provides a two-year interest rate reduction for eligible borrowers who successfully complete a three-month trial period.

In addition, for those borrowers who face severe hardship, we have in place short sale and deed in lieu of foreclosure programs, which provide alternatives to foreclosure and allow families to make planned transitions to the next phase in their lives. Through September of this year alone, our short sales have increased more than six-fold from the number of short sales we completed in 2007. Under our deed in lieu of foreclosure program, a borrower may sign the property deed over to Citi and vacate the property, and may receive a monetary relocation incentive. In a pilot program available in six states, eligible borrowers may stay in their homes for a period of up to six months and will receive a relocation incentive as well as counseling by trained professionals.

Every loan is reviewed for eligibility for the modification and assistance programs described above, and any other applicable programs, before any foreclosure is initiated. Citi is ranked among the top of the U.S. Treasury's rankings for HAMP. In addition, the re-default rate for our customers who obtain modifications is well below the re-default rate of other major lenders. We at Citi are committed to achieving affordability in a responsible manner while helping families stay in their homes, and we support Treasury's programs to help consumers.

All of us at Citi recognize the hardship that can be suffered by a family losing its home. This is why foreclosure is always a last resort for us. In the event that a foreclosure cannot be avoided, however, we have processes in place that are designed to make sure that foreclosures comply with all relevant state and federal laws, and that we do everything we can to make the transition for our customers as smooth as possible.

As previously indicated, as the housing crisis worsened, Citi's main focus has been to work with borrowers to keep them in their homes. Citi has dedicated both staff and resources to this worthy goal and as a result, during the period January 1, 2007 through September 30, 2010, Citi has helped more than one million homeowners in their efforts to avoid potential foreclosure. That has always been our first priority.

If you have any other questions or concerns, please direct all inquiries to Briget Polichene at (317) 283-6268.

Sincerely,



Sanjiv Das
President and CEO
CitiMortgage, Inc.