

CHRISTINE O. GREGOIRE  
Governor



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November 7, 2007

Carol Nelson, Chair  
Task Force on Homeowner Security  
President & CEO, Cascade Bank  
2828 Colby Avenue  
Everett, WA 98020

Dear Chair Nelson and Task Force Members:

I appreciate the incredible amount of time, energy and commitment you are bringing to the Task Force for Homeowner Security. As headlines report growing numbers of home foreclosures in many parts of our nation, your work takes on added importance and I look forward to your recommendations.

Many states and the Congress have either passed or are considering legislation banning or limiting a number of lending practices and mortgage product provisions. As you consider possible recommendations for legislative or regulatory reforms to Washington lending practices, I ask you to review recently enacted legislation or pending activity in other states and the Congress addressing lending issues involving sub-prime loans including, but not limited to:

- Prepayment penalties.
- Interest only and negative amortization loans.
- The ability of a borrower to repay a loan.
- Income verification requirements for "no" and "low document" loans.
- Consideration of the net tangible benefit to the borrower on refinances.
- Clear loan term disclosures, including upfront disclosure of broker fees.
- A prohibition on steering borrowers to a mortgage loan that is not in their best interests.
- Revisions to foreclosure laws that promote fairness while protecting lender interests.

I look forward to your recommendations and to the possibility of legislation on these topics for the upcoming legislative session. Thank you again for your service and commitment to the citizens of Washington State.

Sincerely,

A handwritten signature in cursive script that reads "Chris".

Christine O. Gregoire  
Governor

