

TOGETHER WE CAN



Stop Preventable Foreclosures

2008...

JOBS: 2.6 million jobs lost (worst since 1945)¹

HEALTH CARE: 5.9 million people estimated to have lost employer coverage²

HOUSING: 2.3 million foreclosures³

Sources

¹ Bureau of Labor Statistics www.bls.gov

² John Holahan & A. Bowen Garrett, Rising Unemployment, Medicaid and the Uninsured, The Urban Institute, Jan. 2009

³ RealtyTrac Inc.

Jobs, housing and health care are interconnected



Every 10 Seconds



**10 seconds = 1 family loses
their home**

1 month = 250,000 families

'08-'09 = 3,000,000 families

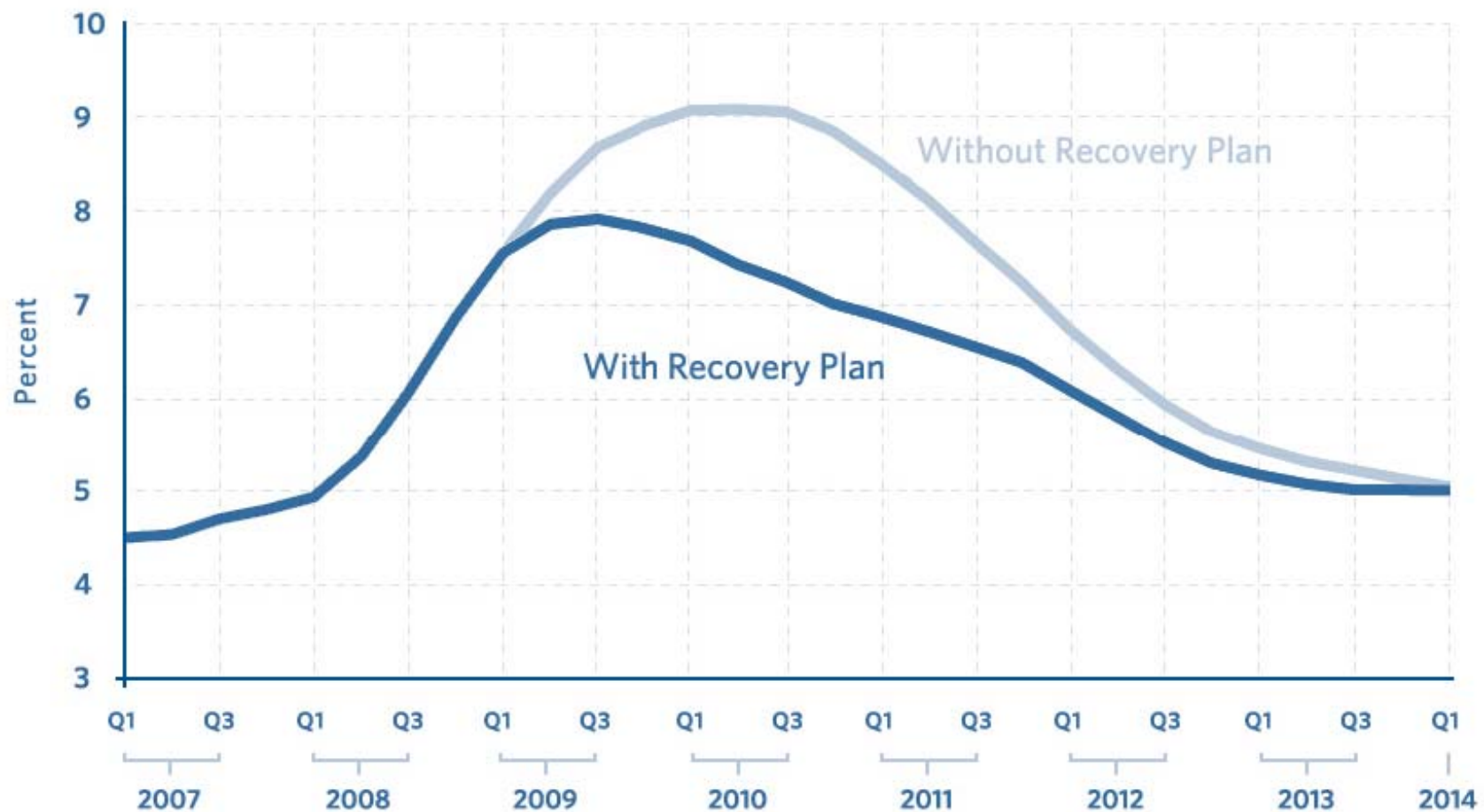
**By 2012 = over 6,500,000
families**

The ARITHMETIC of the CRISIS

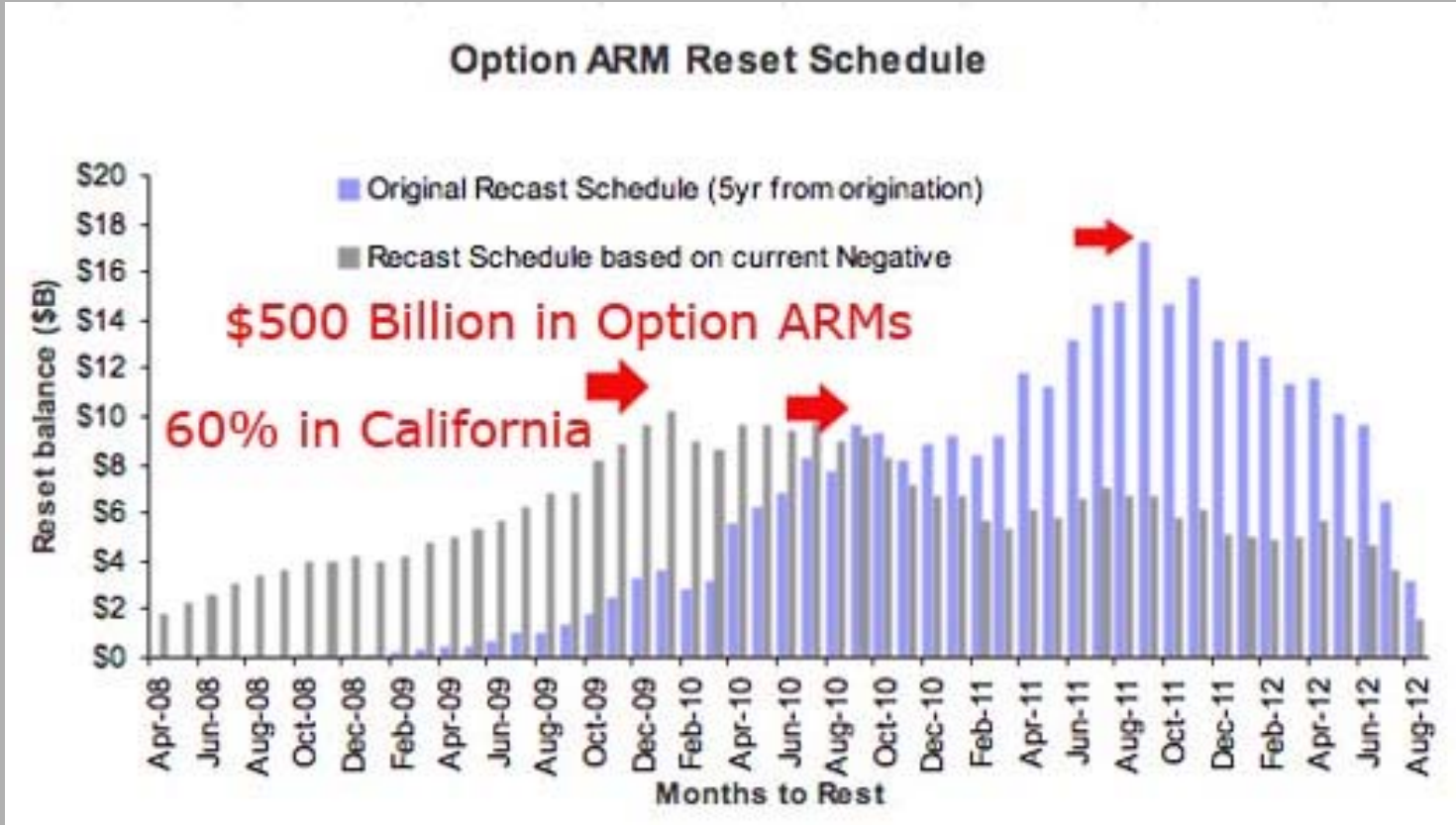
**The trends if we don't take
action to make the economy
work for families....**

Unemployment is expected to increase in 2009

Unemployment Rate With and Without the Recovery Plan

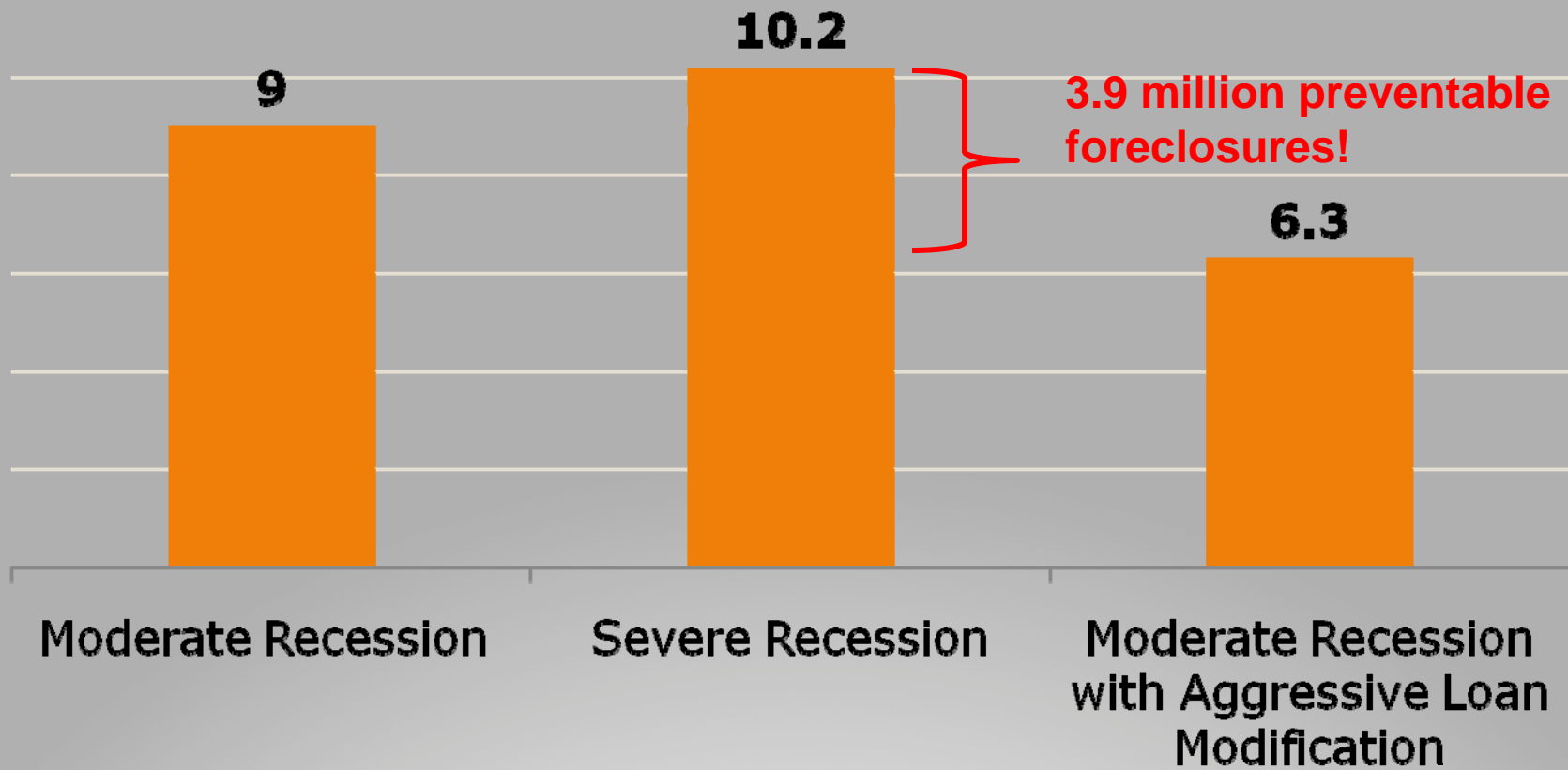


Option ARM Reset Schedule



The crisis is far from over....

Projected number of foreclosures over the next four years with or without action to stop preventable foreclosures



Source: Credit Suisse, Foreclosure Update: over 8 million foreclosures expected, December 4, 2008

In the Bay Area

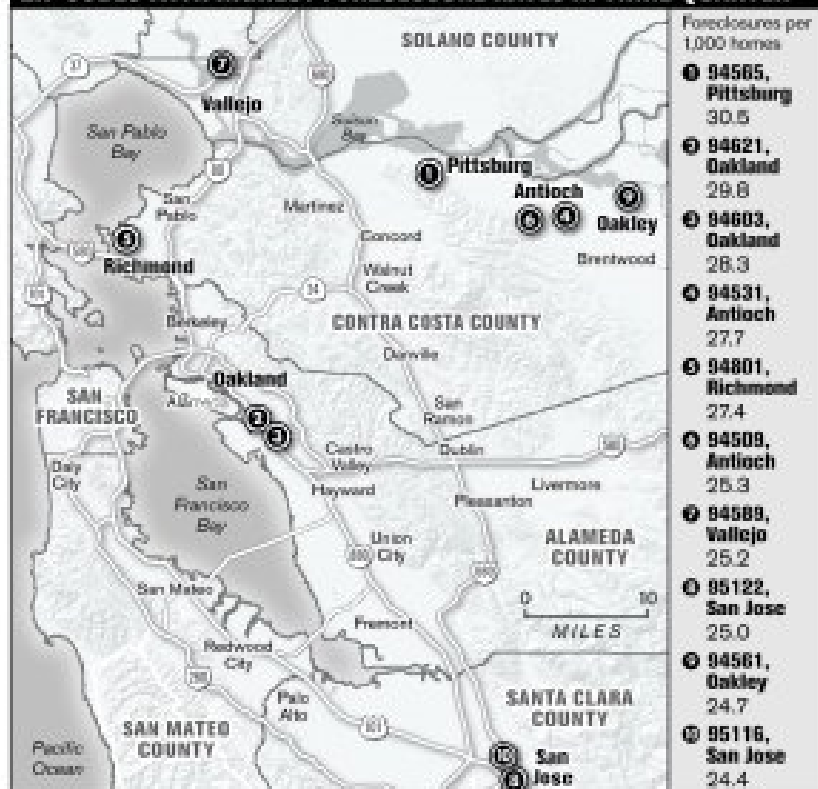
Dramatic rise in Bay Area foreclosures

Lenders repossessed 12,093 Bay Area homes in the third quarter, nearly four times as many as a year ago. Notices of default – the first step in the foreclosure process – while still up sharply, slowed their pace of acceleration.

County	NOTICES OF DEFAULT			FORECLOSURES		
	Q3, 2007	Q3, 2008	Percent change	Q3, 2007	Q3, 2008	Percent change
Alameda	2,126	3,482	63.8%	674	2,521	274.0%
Contra Costa	3,216	4,103	27.8%	1,159	3,662	216.0%
Marin	172	258	50.0%	41	149	263.4%
Napa	163	265	62.6%	41	202	392.7%
San Francisco	252	353	40.1%	66	192	190.9%
San Mateo	581	797	37.2%	155	615	292.3%
Santa Clara	1,655	2,814	70.0%	410	2,165	428.0%
Solano	1,513	1,934	27.8%	495	1,754	254.3%
Sonoma	749	1,021	36.3%	201	933	364.2%
Bay Area	10,427	15,027	44.1%	3,242	12,093	273.0%

Source: MDA DataQuick

ZIP CODES WITH HIGHEST FORECLOSURE RATES IN THIRD QUARTER

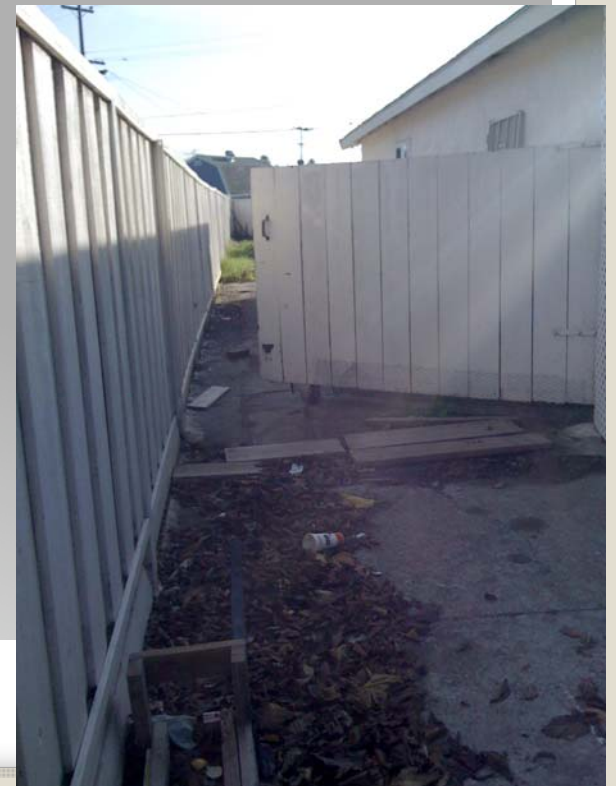


In Santa Clara County...

*A jump from 410 foreclosures
in the 3rd quarter of 2007*

*to 2,165
foreclosures in the
3rd quarter of 2008:*

428% increase



In San José....



Of the top 10
highest foreclosure zip
codes
in the Bay Area,

2 are in San José:
95122 & 95116

Impact in San José

- Falling property values
- Social blight
 - Families displaced
 - Children displaced from schools
- New renters are charged exorbitant rental prices



Irresponsible Lending (one of many factors...)



Foreclosures



**Falling
Property
Values**



**Credit
Crisis**



Job cuts



**People
stop
spending**



**Local and state
tax revenues fall**



**Breaking the
cycle!**

**Cities cut
their budgets
in recessions**



**States cut
their budgets
in recessions**



**Only the
Feds can
spend to
stimulate the
economy**



But what about the bailout? What's still not working...

Despite the \$700 billion that Congress authorized for the Treasury's financial rescue plan, lenders are still not modifying loans.



Keeping families in their homes is
“good business sense”

“By turning troubled loans into performing loans, we enhance their overall value.”



FDIC
Chairwoman
Sheila Bair
August 20, 2008

3,500 loans modified to date
 Average reduction = \$430

FDIC's Indy Mac Plan...
 A plan that works....

Because you are a valued IndyMac Federal Bank, FSB[®] customer
 We want to help you stay in your home.

September 12, 2008

Reduce your monthly payment of principal and interest to \$2,504.26 and bring your loan current!

If you have questions, call toll-free: 1.866.293.3232

Sample A. Sample
 1 Banting
 Irvine, CA 92618-3601


Loan #: 999999992
 Property Address: 1 Banting
 Irvine, CA 92618

Dear Sample A. Sample,

IndyMac Federal Bank proposes to permanently modify your mortgage, bring past due amounts current, and provide you with an affordable monthly payment.¹

What we offer.	What you do.
<ul style="list-style-type: none"> Specifically, based on income information you have provided, we will cap your interest rate at the current prime rate of 6.500% set by Freddie Mac for your remaining loan term. In addition, to provide time for you to regain a more secure financial footing, we will reduce that rate to 3.000% for the first five years of your loan. This will result in a monthly principal and interest payment of \$2,504.26 for the first five years, a reduction of \$798.87. You will continue to be responsible for taxes and homeowners' insurance on your home. We will provide you with an estimate of your monthly expenses for taxes and insurance by separate letter in the coming days. Please note that the payment for principal and interest on your modified mortgage does not include monthly amounts to cover your taxes and insurance. However, you should include taxes and insurance amounts in determining your monthly housing expenses. After five years, your loan will slowly readjust to 6.500% by no more than 1% each year. The enclosed Modification Agreement includes a chart showing your payments during the life of your modified loan.² There are no fees or other charges for this modification. In addition, to help make your mortgage more affordable, we have reduced your payments by extending the amortization on your mortgage by an additional ten years. However, the maturity date of your mortgage has not changed. This means that you will continue to make monthly payments until the original maturity of your mortgage, but since payments are now calculated over an extended term, a substantial balloon payment will be due then. Our offer to modify your mortgage to provide you with an affordable payment is based on currently available information from you about your income. However, to finalize this modification, we must verify your income to confirm that you qualify. To verify your income, please sign and return the enclosed Request for Transcript of Tax Return (4506). If you wish to provide alternative verification, please contact us at 1.866.293.3232. To remain eligible for this modification, you also must continue to make timely modified mortgage payments. 	<p>All it takes for you to bring your mortgage current and confirm you qualify for this modified mortgage is to:</p> <ol style="list-style-type: none"> Sign and return the enclosed Modification Agreement along with a check for \$2,504.26 to be credited for your monthly principal and interest payment and Provide verification of your income to confirm that you qualify for the proposed modification.³ <p>If your verified income is different from our information, we will contact you to discuss a different modification to your mortgage that may help you keep your home.</p> <p>We want to help you stay in your home, so please return the signed Modification Agreement, your check, and verification of your income by 9/30/2008.</p>

Other options. Can't afford the reduced payments?
 If after reviewing this offer you decide you still cannot afford your home, please call us at 1.877.808.4357. We may be able to help you. We look forward to hearing from you.

Sincerely,

 Brandon Letman
 First Vice President
 IndyMac Federal Bank, FSB

imfb IndyMac Federal Bank

We can help break the cycle and come out stronger at the end, if we work together nationally, and in our states and in our cities and counties.

What can the federal government do?

1

Dedicate at least \$40b in bailout funds to a massive loan modification program to help 2.7 million families stay in their homes

2

Require banks to modify at 31-34 percent of income.

3

Congress can respond to the foreclosure crisis by supporting the reorganization of HUD, thereby helping communities create stable and affordable housing markets, including resources for effective models of community-based development.

What can our states do?

1

California can put a 180-day moratorium on foreclosures and make certain that during that time lenders follow a streamlined loan modification program.

2

Our state can monitor and enforce through publicly available data reporting which companies are helping borrowers stay in their homes.

What can our cities and counties do?

1

Our city can create foreclosure diversion that encourages lenders to modify loans.

2

NHSSV can continue to work with people in danger of foreclosure. The City could use federal funds and their own local funds to support NHSSV in their efforts to develop a foreclosure department and fund additional foreclosure counselors.

3

Increase funds for proactively reaching, assisting, and educating community members about foreclosure prevention, including door-to-door outreach to families at risk of foreclosure.

Where can people go for help in our community?

What resources are available?

Neighborhood Housing Services of Silicon Valley has 2 foreclosure counselors on hand to help homeowners keep their homes and minimize their losses.

On December 3, 2008 PACT fought for 2 more foreclosure counselors for San José. They have been put in the City budget, but in order for those positions to not be cut, the City needs to hear from the community just how critical this issue is.

What can we do together?

Together our organizations can be powerful bridges to jobs, housing, health care and other important needs at a time of crisis.



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