

FOR IMMEDIATE RELEASE
October 16, 2007

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CFO SINK JOINS NATIONAL COALITION CALLING FOR MORTGAGE CHANGES

TALLAHASSEE –With the mortgage crisis continuing to affect the country and the financial markets, Florida Chief Financial Officer Alex Sink today has joined a coalition of national elected officials and consumer organizations to call on mortgage companies and lenders to adhere to basic principles of transparency and fairness. Led by North Carolina Treasurer Richard Moore, the coalition includes Kentucky Treasurer Jonathan Miller, New York State Comptroller Thomas DiNapoli, the leaders of the American Federation of State, County and Municipal Employees (AFSCME) and UNITE HERE and several other financial organizations.

By joining the coalition, CFO Sink is calling on companies to follow these Mortgage Protection Principles in order to strengthen their business operations going forward and to prevent yet another mortgage meltdown.

“As Florida's Chief Financial Officer, I am highly concerned about our state's economy and the financial health of our consumers,” said CFO Sink, who oversees the Department of Financial Services. “Today we are asking all financial institutions to help consumers avoid foreclosure, to be more diligent in their efforts to increase disclosure and to assist homeowners understand more about the financial decisions they make.”

“As investors, as leaders and as citizens, we are deeply concerned about the mortgage crisis that has hit our country on so many fronts,” said Treasurer Moore. “We call on mortgage companies and lenders of all sizes to abide by these basic principles of fairness and transparency. We have the holdings, the clout and the conviction to encourage positive behavior, and we hope that all companies will adopt these principles.”

The Mortgage Protection Principles include:

- Matching borrowers with the most appropriate, fair and affordable loans for which they qualify;
- Verifying and documenting the borrower's ability to repay the loan for all subprime loans;
- Ensuring that subprime loans with an adjustable rate feature are affordable, rather than basing a borrower's loan qualification on a teaser rate;
- Not charging prepayment fees or penalties on any subprime loans;
- Not incentivizing employees or brokers to place borrowers into higher cost loans than those for which they qualify;
- Clearly disclosing all expected broker compensation, from lenders or elsewhere, for any loan options presented to the borrower;
- Providing borrowers with a fixed-rate option whenever presenting adjustable rate products;

- Making the same services available to all similarly-situated borrowers and ensuring that they do not discriminate on any prohibited basis; and
- Conducting criminal background checks to ensure that mortgage brokers are of high moral character.

Kentucky Treasurer Jonathan Miller added: “Owning a home is a key component of the American Dream. Given the recent mortgage quandary this country is facing, it is imperative that mortgage lenders are held accountable, ensuring fair business practices and the utmost quality of service to all potential homebuyers.”

New York State Comptroller Thomas P. DiNapoli said the principles are also good for business. “Following these principles isn’t just the right thing to do; it’s good business,” he said. “Consumers need to understand their mortgage fully before entering into what will most likely be the biggest purchase of their lives. Profits in the mortgage industry should be made through innovation, not because consumers lacked the information needed to make a sound financial decision.”

The mortgage crisis has wreaked havoc on investors, consumers and homeowners. Subprime mortgages have been resetting, meaning that a low introductory rate resets to the market rate, and leaving many Americans with higher rates that they are unable to afford. In August and September, \$32.6 billion worth of mortgages reset, and the high volume of resets is expected to continue through next year. The August 2007 U.S. Foreclosure Market Report shows a total of 243,947 foreclosure filings nationwide for the month, up 36 percent from the previous month and up 115 percent from August 2006. In addition, the report showed a foreclosure rate of one filing for every 510 households – the highest figure ever noted in the report.

Since the end of last year, more than 80 mortgage lenders, mainly subprime, have closed their doors or suspended new loan activity. Some of the largest, like New Century Financial and American Home Mortgage, filed for bankruptcy, and Countrywide Financial shares have lost almost 60 percent of their value. The world’s largest bank, Citigroup, announced just yesterday that its earnings were off by 57 percent for the third quarter – due in large part to subprime impacts.

The full list of principles and signatories is attached.

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As a statewide elected officer of the Florida Cabinet, Chief Financial Officer Alex Sink oversees the Department of Financial Services, a multi-division state agency responsible for management of state funds and unclaimed property, assisting consumers who request information and help related to financial services, and investigating financial fraud. CFO Sink also serves as the State Fire Marshal.

MORTGAGE PROTECTION PRINCIPLES

We, the undersigned, are concerned about the financial health of our citizens and our markets. Recent events in the housing market, particularly in subprime lending, threaten the well-being of our neighborhoods and our economic security. We call upon mortgage lenders and brokers to commit to fairness and transparency in the market, and to adopt and abide by the following principles:

- 1) *We shall match borrowers with the most appropriate, fair and affordable loans for which they qualify;*
- 2) *We shall verify and document the borrower's ability to repay the loan for all subprime loans;*
- 3) *We shall not base a borrower's loan qualification on a teaser rate, but rather will ensure that subprime loans with an adjustable rate feature are affordable;*
- 4) *We shall not charge prepayment fees or penalties on any subprime loans;*
- 5) *We shall not incentivize employees or brokers to place borrowers into higher cost loans than those for which they qualify, and we shall clearly disclose all expected broker compensation, from lenders or elsewhere, for any loan options presented to the borrower;*
- 6) *We shall provide borrowers with a fixed-rate option whenever presenting adjustable rate products;*
- 7) *We shall make the same services available to all similarly-situated borrowers, and will ensure that we do not discriminate on any prohibited basis; and*
- 8) *We shall conduct criminal background checks to ensure that our brokers are of high moral character. (For mortgage brokers.)*

SIGNATORIES

Richard Moore, North Carolina State Treasurer
Alex Sink, Florida Chief Financial Officer
Jonathan Miller, Kentucky State Treasurer
Thomas DiNapoli, New York State Comptroller
*Bill Lucy, Secretary Treasurer, American Federation of State,
County and Municipal Employees*
Bruce Raynor, General President, UNITE HERE!

Center for Responsible Lending/Self-Help
North Carolina Housing Coalition
North Carolina Justice Center
State Employees Credit Union
Cape Fear Regional Bureau for Community Action
*Leslie Barber, Director of Community Credit Counseling Service
and Emergency Housing Assistance, Triangle Family Services*
*Celeste Collins, Executive Director, CCCS WNC d/b/a OnTrack
Financial Education & Counseling*
Ann Estes, Vice President, ClearPoint Financial Solutions
*Bruce G. Hamlett, Director, Economic Independence, United
Family Services*
Douglas Hammond, Alliance Credit Counseling, Inc.
Howard Jones, Executive Director, Wilson O.I.C.
*Bob Kucab, Executive Director, North Carolina Housing Finance
Agency*
*Peter Laroche, President & CEO, Consumer Credit Counseling
Service of Forsyth County*
*Rich Lee, Executive Director, Durham Affordable Housing
Coalition*
*Ann C. Peele, Consumer Credit Counseling Service of Catawba
Valley*
*Shayna Simpson-Hall, Executive Director, North Carolina IDA
Collaborative*
*Peter Skillern, Executive Director, Community Reinvestment
Association of North Carolina*
Gregg Warren, President, DHIC, Inc.

National Community Reinvestment Coalition
National Association of Human Rights Workers
International Association of Official Human Rights Agencies