



OFFICE OF THE GOVERNOR

August 5, 2008

Ms. Kelly Tong
Financial Mechanics Group
9000 Crow Canyon Road, Suite 5-118
Danville, California 94506

Dear Ms. Tong,

Thank you for writing about the foreclosure crisis in California. I appreciate hearing from people who care about the important issues facing families in our state.

When Californians lose their homes, nobody wins. Foreclosures not only devastate families, they hurt neighborhoods and they depress California's economy. A recent survey said 7 of the 16 metropolitan areas with the highest foreclosure rates in the nation are right here in California. Another half a million Californians have subprime loans that will reset to higher rates within the next two years.

Behind these statistics are families who thought they had achieved the American Dream but are now losing their homes or in danger of losing their homes. Think about that – there are people spending their days and nights wondering when the bank will post a notice on their doors.

We don't have to sit idly by and watch the American Dream become the American Nightmare. We've met with lenders, and some of the biggest companies have agreed to help. They will allow certain homeowners to maintain their initial lower interest rate and avoid foreclosure. This will keep tens of thousands of Californians in their homes, and hopefully, it will inspire more lenders to join us.

I am also excited that President Bush and our federal representatives continue to work toward providing relief for at-risk homeowners. In the meantime, I strongly encourage concerned borrowers to continue to work with their lenders; so borrowers should answer the phone and respond to mail when lenders try to contact them. This is a two-way street. Foreclosures are bad for lenders, too, and if they are willing to meet borrowers halfway, borrowers should take action to save their homes.

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We have also launched a campaign to help educate homeowners about their options. If you or anyone you know needs information, I hope you'll visit our Consumer Home Mortgage Information website: www.yourhome.ca.gov.

Our approach does not involve government subsidies or bailouts. It involves common sense, pragmatism and doing the right thing. By working together, we can protect the American Dream and our American economy without hurting the American taxpayer.

Again, thank you for writing. During times like this, it's more important than ever for me to hear the voices of my fellow Californians.

Sincerely,

A handwritten signature in black ink, appearing to read "Arnold Schwarzenegger". The signature is fluid and cursive, with a long horizontal stroke at the end.

Arnold Schwarzenegger