



Ben S. Bernanke, Chairman
Board of Governors of the Federal Reserve System
20th and Constitution Avenue, NW
Washington, DC 20551

Dear Chairman Bernanke:

Our neighborhoods are being torn apart by predatory lending and foreclosures.

- Hard-working families are being put into loans that they can't pay back or sold mortgages that they think they can afford until they find out they have an adjustable rate and their payment goes up.
- Prepayment penalties keep these homeowners trapped in their loans or strip their equity in order to let them out.
- More and more homeowners have to come up with large lump sum payments for their taxes and insurance when they find out they weren't included in their payment, and are put in a situation where they have to refinance in order to pay these amounts.

How many more families have to lose their homes before the Federal Reserve will take action? The time is now. The Federal Reserve must do more than just regulate the disclosures that mortgage lenders give their customers.

We urge you to use your authority and issue regulations to protect hard-working families from predatory lending practices. We call on the Federal Reserve to:

- ▶ Prohibit lenders from making loans that become unaffordable after the interest rate increases
- ▶ Stop the misuse and abuse of stated income loans
- ▶ Reduce or eliminate prepayment penalties on subprime loans
- ▶ Hold lenders responsible for the actions of brokers
- ▶ Require subprime lenders to escrow for taxes and insurance

Sincerely,

Members of Minnesota ACORN

Members of Minnesota ACORN have submitted a petition signed by residents of Minnesota.