October 8, 2010

President Barack Obama
The White House
Washington, DC 20500

Dear Mr. President,

We are writing to thank you for your decision not to sign H.R. 3808, the "Interstate Recognition of Notarization Act." As you have recognized, now is not the time to loosen protections against fraud in the foreclosure process; it is a time to strengthen them.

The bill would have required any court to recognize notarizations that are made lawful by any single state. While legal experts continue to examine the implications of the proposed language, the concern is that the bill may have permitted a state to loosen notarization requirements to make lawful questionable practices, such as notarizing documents not signed in the presence of the notary or notarizing documents signed by someone with purported authority to sign on behalf of another. We want to be sure to avoid a situation where a state would be in the position to export bad practices to other states, much as certain states have eliminated usury laws in order to attract the business of the credit card industry, thereby undermining the protections instituted by other states and resulting in a "race to the bottom."

Furthermore, while the language in H.R. 3808 has the potential to undermine the integrity of judicial proceedings, it also appears to be the proverbial "solution in search of a problem." Litigators report that they are unaware of problems with any court accepting out of state notarizations.

In closing, we note that the systemic problems in the foreclosure system require a much greater government response than has been taken thus far. There should be a national moratorium on all foreclosures until regulators and other agencies can ensure that mortgage servicers are complying with all applicable laws, regulations, and contractual requirements, and these problems should lead us to renew efforts to find a more effective way to prevent unnecessary foreclosures. Many powerful solutions have been proposed, such as requiring servicers to evaluate homeowners for loan modifications prior to foreclosure, or permitting bankruptcy judges to modify mortgages for a family's primary home. We hope those solutions can be explored in a serious way to help America's struggling homeowners, housing market, and the economic recovery.

Sincerely,

Alliance of Californians for Community Empowerment (ACCE)
Americans for Financial Reform
Beyond Housing
Center for Responsible Lending
Community Legal Services Philadelphia

Consumer Action
Leadership Conference on Civil and Human Rights
Missourians Organizing for Reform and Empowerment
National Association of Consumer Bankruptcy Attorneys
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low income clients)
National Council of LaRaza
National Fair Housing Alliance
National People's Action
Neighborhood Economic Development Advocacy Project
Philadelphia Unemployment Project
PICO
Western States Center