



STATE OF ARIZONA

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GOVERNOR

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The Honorable John McCain
United States Senate
241 Russell Senate Office Building
Washington, D.C. 20510-0303

Dear Senator McCain:

As you are well aware, the State of Arizona has been hit extremely hard by the sub-prime mortgage crisis. The Pew Center on the States projects that 1 in 18 Arizonans will be in foreclosure on their homes, compared to 1 in 33 nationally. The Pew Center on the States also reports 63% of all Arizona homeowners are expected to suffer the secondary economic effects from this sub-prime mortgage crisis, including an average loss of over \$7,000 on property values on each home. Many Arizonans need help and they need it soon.

I fully support efforts in both the Senate and House to expand the Federal Housing Administration's authority to insure refinancing of troubled mortgages, expand housing counseling resources, increase the Mortgage Revenue Bond cap and create a National Housing Trust Fund. I support the passage of such a bipartisan housing package immediately. I want to highlight the importance of including emergency neighborhood stabilization funding at a level no less than that included in the Senate-passed *Foreclosure Prevention Act of 2008* as a crucial part of the housing relief package.

Although efforts to prevent further foreclosures are an absolute necessity, Congress must also address the neighborhoods blight that occurs when homes are foreclosed upon and abandoned. Abandoned homes invite crime and arson and drag down property values in the surrounding neighborhood for years. An abandoned, foreclosed home does not just affect those who have defaulted on their mortgages, but also homeowners who are not in default. Further, declining property values also lower funds for schools, local infrastructure and other crucial services.

Emergency neighborhood stabilization funding is a vital step towards reversing the downward cycle of property abandonment, declining property values, shrinking tax bases and community asset deterioration. I urge you to support this community stabilization funding as an important part of rebuilding Arizona's communities.

Yours very truly,

A handwritten signature in black ink, appearing to read "Janet Napolitano", with a long horizontal flourish extending to the right.

Janet Napolitano
Governor