

September 30, 2008

Dear Friends and Colleagues:

Included is a letter I have sent to Congressional leaders and the Executive Branch as well as the media. I am very frustrated with the current "TARP" (Troubled Assets Relief Program) and am glad that Representatives of Congress had the courage to turn down a legislative bill for economic recovery that will never reach Main Street in their haste to save Wall Street.

Within this "Emergency Stabilization Act of 2008" is a lot of rules relative to Executive Compensation and Golden Parachutes which I agree are necessary. However, when are our representatives going to reign in their spending habits? Within this proposed legislation is \$50,000,000 available for a "Special Inspector General" to carry out his duties (see page 67 (9) Funding of the proposed legislation).

I have included a 10 point proposal which I believe should be made a part of this legislation. I am interested in seeing our tax dollars reach Main Street. If you agree that my simple proposal helps accomplish those goals, please write to your President, Congressmen and Senators stating that you support the correspondence titled "The Great Greedession" of the 21st Century as written by Thomas P. Dobron.

I know that these simple points need refinement, however, it is a start and I encourage you to add your own thoughts when you write our elected representatives. We are Americans first and none of us want a hasty piece of legislation approved which could ultimately bankrupt Main Street.

Please help me stand up and be heard.

Sincerely,

Thomas P. Dobron
CEO

“The Great Greedession” of the 21st Century
A Main Street Homebuilder’s Point of View on How to Fix the Problem
By Thomas P. Dobron, CEO (Innovative Communities, Inc.)

September 29, 2008

Madam Speaker Nancy Pelosi
Office of the Speaker
H-232, US Capital
Washington DC 20515

Via Facsimile: 202-225-4188

Dear Madam Speaker:

I understand the need for an economic recovery plan. However, I am a concerned taxpaying citizen and a small business owner forced out of business this year as a result of bad lending practices. I have employed 50 - 80 people on a fairly consistent basis since 1983. Therefore, I want a plan that ensures that Main Street, not Wall Street, will benefit. Wall Street, by my definition includes large banks, investment banks, public homebuilders and corrupt government on both sides of the aisle.

I do not want a plan put together in haste that will reward the greed of big business which caused the unprecedented credit meltdown and literally annihilated an entire industry of small to medium entrepreneurial homebuilders. The trickle down effect of shutting down these small businesses is enormous economically. It has created “ghetto-like” communities meaning half completed projects with vagrants and drug dealers invading empty, boarded up homes located next to homes where innocent taxpayers bargained for the “American Dream” not the American nightmare. The trickle down effect is the 80+ hard working people I employed now out of work. The trickle down effect includes the 40 + trade subcontractors that have not been paid for work completed on projects as a result of banks refusing to further fund that project. Now those subcontractors are going out of business. To add insult to injury, homebuilders are now faced with multiple lawsuits brought on by banks suing on personal guarantees. The 800 pound gorilla that caused the problem wants to blame and attack small businesses and the families that you were elected to serve and protect. How can we ever be expected to recover and re-employ if they take every last penny and force us into personal bankruptcy?

Earlier this year, I helped form a coalition of entrepreneurial homebuilders that have had their businesses devastated by bad lending practices. Our mission is very clear, “expose and reform bad lending practices.” Although our coalition is grass roots, we are becoming known and our roster of builders is rapidly growing. We will be heard in Congress and the courts if necessary. This year we have listened to both Presidential candidates’ rhetoric regarding change and reform. This is a historic moment. Our

elected representatives hold the key to American economic recovery not a Republican or Democrat recovery. Will this \$700 billion plan find its way to Main Street, or will it be business as usual and find its way into the hands of the culprits that are responsible for "The Great Greedession" of the 21st century?

Although I am not a Harvard graduate, nor do I hold a business degree from any University, I do believe that after twenty-five years of owning a small business I have learned a common sense approach to solving problems. Accordingly, I ask that you consider the following 10 points in your economic recovery program before passing hasty legislation of historic proportions that could lead to the economic demise of Main Street!

1. All banks receiving recovery funds should be required to complete the projects that were left uncompleted. Further, they should be required to work with the builders that owned the projects because they have the most intimate knowledge which can create value. Personal guarantees of these builders should be set aside and they should be allowed to rehire their personnel and subcontractors. These funds must find their way back to small business and not the public homebuilding companies beholden to Wall Street. The result: Create jobs and infuse value back into those communities that have been halted.
2. Create a tax incentive for municipalities that agree to substantially lower and defer impact fees. Currently, many municipalities are in jeopardy of bankruptcy because they are no longer collecting those fees as a result of the homebuilding standstill. The result: More private sector jobs created and less government jobs lost.
3. Create a tax incentive for homeowners that keep their mortgage payments current over the next three (3) years. The result: Less foreclosures, more dollars infused into Main Street and less housing inventory on the market which will help to shore up the decline in housing values.
4. Create a tax incentive for new home owner occupied homebuyers. In order to qualify, you must live in your home for three (3) years and keep the mortgage payment current. The result: Creation of more construction jobs and a reduction in current new home inventory as well as shoring up of home values.
5. Give homeowners a one (1) year window to convert their current adjustable mortgage to a 15 year fixed rate with a 60 year amortization. The result: Much lower principle and interest payments resulting in fewer foreclosures. This refinancing program will also create jobs in the mortgage banking industry.
6. Fannie Mae and Freddie Mac should create direct warehousing lines for small mortgage businesses. Fannie and Freddie will directly underwrite and securitize these mortgage pools for sale. The result: Creation of more small businesses and cutting out of the middleman (Wall Street) who is the culprit in our current credit crises when rating then scrutinizing the paper.
7. Require banks that must foreclose on properties to maintain the property so that the values of the surrounding neighborhoods do not decline and become an unattractive nuisance and harbor for the criminal element. The result: More Main Street jobs and the protection of property values and the safety of our taxpayers.

8. No hoarding of government workout funds. Institutions receiving the government funds must disperse those funds within a scheduled timeframe and for the purpose as outlined in the workout plan. Non-compliance will require the institution to return the funds with interest and penalties. The result: An orderly disbursement of funds into Main Street for the purposes intended.
9. Lobbying and contributions to our elected representatives should be eliminated if the government has formal oversight as was the case with Fannie Mae and Freddie Mac. The result: Less government corruption on both sides of the aisle.
10. Staged taxes on the sale of any owner occupied home:
 - First Year: Ordinary Income of gains over \$50,000
 - Second Year: 15% of gain over \$50,000
 - Third Year: 10% of gain over \$50,000
 - Fourth Year: 5% of gain over \$50,000
 - Fifth Year: Zero tax paidThe result: The tax payer would retain more dollars to reinvest in homeownership and a decline in the sale of homes to speculators which fueled the last housing boom.

This may be viewed by the intellectuals on Wall Street and their “cronies in Washington DC as too simplistic an approach. Nonetheless, as a taxpayer and a small business owner on Main Street, I want straight forward solutions that I can understand and policies and procedures that can be easily monitored. This will ensure the economic workout package gets into the hands of the ones that are deserving, the American taxpayer.

I have also included two attachments. One is a recent article by Builder Magazine with respect to the builder coalition I previously mentioned. The other is an article written by TCW’s Chief Investment Officer, Jeffrey Gundlach. Mr. Gundlach is a very intelligent man. After you have read the article, be honest and ask yourself if you truly have a grasp of what has taken place on Wall Street.

God Bless America and I pray that God gives our American representatives the wisdom and direction to help the American people in this troubled economic time.

Our homebuilding coalition stands ready to meet with you immediately. We look forward to you hearing and understanding our story. Collectively, the homebuilding industry shouldered the faltering economy after “9/11.”

Respectfully Submitted,

Thomas P. Dobron
CEO