

United States Senate

WASHINGTON, DC 20510-2309

September 29, 2010

The Honorable Timothy Geithner
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

The Honorable Shaun Donovan
Secretary
U.S. Department of Housing and Urban
Development
451 7th Street, S.W.
Washington, D.C. 20410

The Honorable Eric H. Holder, Jr.
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

The Honorable John G. Walsh
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
250 E St., S.W.
Washington, D.C. 20219

The Honorable Sheila Bair
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Dear Secretary Geithner, Secretary Donovan, Attorney General Holder, Chairman Bernanke, Acting Comptroller Walsh, and Chairman Bair:

I'm deeply concerned about recent reports of misconduct by Ally Financial and the company's policies and procedures that resulted in the routine filing of false affidavits in foreclosure proceedings. Ally Financial services loans from hundreds of lenders, and its actions may have resulted in numerous illegitimate foreclosures across the country. As you know, our nation is in the midst of a historic foreclosure crisis and there is no end in sight -- 2010 is expected to have the highest number of foreclosures since the crisis began. The impact of foreclosure on American families is devastating, and the scope of the current crisis makes Ally's alleged misconduct all the more troubling.

Each of your agencies has an important role to play in addressing this egregious situation and holding all appropriate actors fully accountable. As such, I respectfully request that you collaborate to conduct a thorough investigation into the alleged misconduct. As part of this investigation, it is crucial that Ally and its employees are held fully accountable for any criminal misconduct. Additionally, all homeowners who may have experienced illegitimate foreclosure sales, those who have been forced to defend against illegitimate foreclosure actions, and those who have been harmed must be identified. These individuals must receive proper restitution and compensation, as provided for under the law. It is also critical to confirm that no loans provided

through the Federal Housing Administration or in conjunction with the Home Affordable Modification Program were associated with Ally's misconduct.

Unfortunately, concerns have been raised that Ally's practices are not an anomaly in this industry, and that these bad practices are used by numerous other companies as well. Therefore, I request that you report on the actions your agencies are taking (and plan to take) to improve oversight of mortgage servicers overall. In particular, please inform me of steps that you will take to ensure that similar misconduct is not currently occurring within other mortgage service companies and how future improper activity can best be prevented. This should include any measures that may be taken within the Home Affordable Modification Program and by the Federal Housing Administration.

Thank you for your prompt and full attention to this request. As American families struggle to stay in their homes, we must do all we can to protect them from mistreatment by mortgage servicers.

Sincerely,

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

Al Franken
United States Senator

CC: Elizabeth Warren, Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau