

Congress of the United States
Washington, DC 20510

May 5, 2011

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

The Honorable John E. Bowman
Acting Director
Office of Thrift Supervision
1700 G Street NW
Washington, DC 20552

The Honorable John G. Walsh
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
250 E Street SW
Washington, DC 20219

Professor Elizabeth Warren
Special Advisor to the Secretary of the
Treasury on the Consumer Financial
Protection Bureau
1500 Pennsylvania Avenue NW
Washington, DC 20500

The Honorable Sheila C. Bair
Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Chairman Bernanke, Acting Comptroller Walsh, Chairman Bair, Acting Director Bowman, and Professor Warren,

We write today to urge you to develop a coordinated plan to ensure comprehensive oversight of federally regulated mortgage servicers and to reiterate our calls for national servicing standards that specifically address the foreclosure process. The attached Government Accountability Office (GAO) report, which was requested by our offices and released today, specifically recommends that federal banking regulators take precisely these actions.¹

The report also confirms recent allegations that mortgage servicers under your jurisdiction improperly signed and notarized tens of thousands of affidavits that wrongly allowed the completion of foreclosures, a problem known as robo-signing. It is imperative to American families that this and other documentation problems do not occur in the future.

According to GAO, officials at your agencies reported that you have the necessary authority to oversee the banks within your jurisdiction, including monitoring compliance with state laws that govern the foreclosure process. Yet GAO also reports that oversight has been “fragmented” and that reviews of foreclosure activities has been “limited.”² Given the recent

¹ Mortgage Foreclosures: Documentation Problems Reveal Need for Ongoing Regulatory Oversight, GAO Report 11-433, May 3, 2011

² Ibid.

historically high level of foreclosures and the ongoing risks of financial losses, this oversight that GAO recommends is prudent and necessary to avoid further instances of wrongdoing by servicers.

The creation of national standards for mortgage servicers should specifically address standards for the foreclosure process. Accountability will improve when servicers have clear standards for foreclosure proceedings. For example, in a recent interagency review of the fourteen largest servicers, you have noted that developing “company standards that emphasize accuracy and quality in the processing and validation of foreclosure” could enhance future oversight.³

We have seen countless examples of servicers giving borrowers the run-around and continuing the foreclosure process when a loan modification has already been obtained. Perhaps the most egregious cases of servicer wrongdoing have been violations of the Servicemembers Civil Relief Act by wrongly foreclosing on active-duty servicemembers. Correcting these problems and ensuring they do not reoccur should be a priority for all of your agencies.

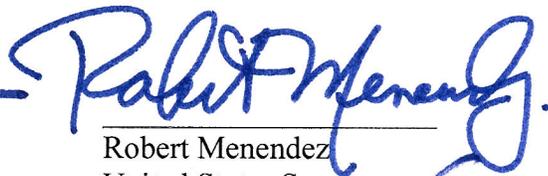
We appreciate your initial enforcement actions that followed the recent interagency review. Particularly, we are pleased that many servicers will be required to assign a single point of contact to borrowers and align staffing levels with foreclosure activity levels. However, you also have the responsibility to follow up this review with coordinated, ongoing oversight and implementation of national standards for mortgage servicers that address the foreclosure process.

Thank you for your attention to this matter. We look forward to your response and to continuing to work together to protect American families from mistreatment by mortgage servicers.

Sincerely,



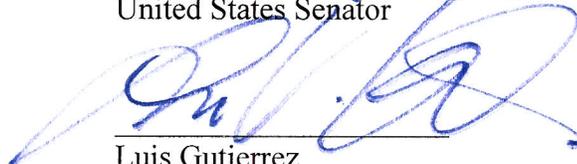
Al Franken
United States Senator



Robert Menendez
United States Senator



John Conyers
Member of Congress



Luis Gutierrez
Member of Congress



Michael Capuano
Member of Congress

³ Interagency Review of Foreclosure Policies and Practices, April 2011