

ONE HUNDRED THIRTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
2157 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6143

Majority (202) 225-5074  
Minority (202) 225-5051

January 4, 2013

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

The Honorable Thomas Curry  
Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

Dear Chairman Bernanke and Comptroller Curry:

The Committee on Oversight and Government Reform has been investigating allegations of improper foreclosures that have surfaced in recent years. Last Congress, the Committee held three hearings on foreclosure and servicer abuses, including a field hearing in Baltimore, Maryland.<sup>1</sup> As we continue this oversight work, we ask for your assistance in understanding a potential settlement reportedly under consideration between your agencies and 14 major banks.

In April 2011, the Federal Reserve and the Office of the Comptroller of the Currency (OCC) issued consent agreements with 14 mortgage servicers regarding improper actions during loan servicing and foreclosure processing.<sup>2</sup> As part of those agreements, the mortgage servicers were required to establish an Independent Foreclosure Review process under which borrowers who had loans in 2009 or 2010 could request reviews of their files if they believed they had been subjected to an illegal or improper practice. In response to a Committee request from 2011,

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<sup>1</sup> House Committee on Oversight and Government Reform hearings entitled "Bailouts and the Foreclosure Crisis: Report of the Special Inspector General for the Troubled Asset Relief Program" Jan. 26, 2011; "The Foreclosure Crisis" March 8, 2011; "Failure to Recover: The State of Housing Markets, Mortgage Servicing Practices and Foreclosures" March 19, 2012.

<sup>2</sup> Board of Governors of the Federal Reserve System, Press Release Date: April 13, 2011 (online at <http://www.federalreserve.gov/newsevents/press/enforcement/20110413a.htm>); *OCC Takes Enforcement Action Against Eight Services for Unsafe and Unsound Foreclosure Practices*, (April 13, 2011) (online at <http://www.occ.gov/news-issuances/news-releases/2011/nr-occ-2011-47.html>).

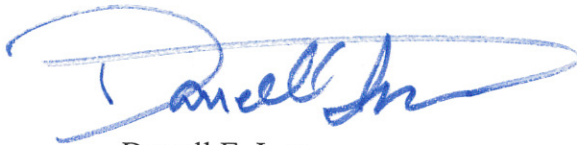
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representatives from your agencies have kept staff up to date with the enforcement actions and the interagency review process.<sup>3</sup>

Media reports indicate that discussions now may be underway regarding a potential settlement between the Federal Reserve and the OCC that could end the Independent Foreclosure Review process.<sup>4</sup> In 2011, the OCC, the Board of Governors of the Federal Reserve System, and the then-Office of Thrift Supervision issued an Interagency Review of Foreclosure Policies and Practices that identified “critical weaknesses” in the foreclosure practices of these 14 federally regulated mortgage servicers.<sup>5</sup> The Review found that these weaknesses resulted in “unsafe and unsound practices and violations of applicable federal and state law and requirements.”<sup>6</sup>

In light of these recent press reports suggesting that a settlement may replace the Independent Foreclosure Review process, we respectfully request a staff briefing prior to the conclusion of the reported settlement agreement. We would like more information about how the potential settlement amount is to be determined in light of potential wrongdoing identified to date, how such aid may be distributed and in what form, and what may happen to homeowner files that are still awaiting review. Please contact Katelyn Christ of the majority staff at (202) 225-5074 or Lucinda Lessley of the minority staff at (202) 225-5051 to arrange this briefing. Thank you for your consideration of this request.

Sincerely,



Darrell E. Issa  
Chairman



Elijah E. Cummings  
Ranking Member

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<sup>3</sup> See, Letter from the Hon. Darrell Issa to Mr. John Walsh, Acting Comptroller of the Currency, Office of the Comptroller of the Currency, the Hon. Ben Bernanke, Chairman, Federal Reserve and Martin Gruenberg, Acting Chairman, Federal Deposit Insurance Corporation, Oct. 3, 2011.

<sup>4</sup> *Settlement Expected on Past Abuses in Home Loans*, New York Times (Dec. 30, 2012) (online at [www.nytimes.com/2012/12/31/business/settlement-expected-with-banks-over-home-loans.html?hp](http://www.nytimes.com/2012/12/31/business/settlement-expected-with-banks-over-home-loans.html?hp)).

<sup>5</sup> Federal Reserve System, Office of the Comptroller of the Currency, and Office of Thrift Supervision, *Interagency Review of Foreclosure Policies and Practices* (Apr. 13, 2011) (online at [www.occ.treas.gov/news-issuances/news-releases/2011/nr-occ-2011-47a.pdf](http://www.occ.treas.gov/news-issuances/news-releases/2011/nr-occ-2011-47a.pdf)).

<sup>6</sup> *Id.*