



All 50 States Start Inquiry Into Foreclosures

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As the nation's attorneys general announced a joint investigation into flawed paperwork filed to support home foreclosures, federal housing regulators urged lenders Wednesday to vet their foreclosure procedures and fix them.

The regulatory body, the Federal Housing Finance Agency, [made it clear](#) that the foreclosure process should "proceed without delay" if no problems were found, even though some Democratic lawmakers have called for a nationwide moratorium.

"The country's housing finance system remains fragile, and I intend to maintain our focus on addressing this issue in a manner that is fair to delinquent households, but also fair to servicers, mortgage investors, neighborhoods and most of all, is in the best interest of taxpayers," Edward J. DeMarco, the agency's acting director, said.

The agency is the regulator for [Fannie Mae](#) and [Freddie Mac](#), the mortgage holding companies that were taken over by the government after they collapsed in the financial crisis. Big banks sell their mortgages to Fannie and Freddie and then service them.

In its guidance, the agency urged mortgage servicing companies to work with lawyers to "take appropriate remedial actions" where paperwork was not filled out properly. Those actions depend on the status of the foreclosure case and may involve filing a motion in court to substitute a properly prepared and executed document for the flawed one.

Some of the nation's largest home lenders are already heeding the agency's advice and have said that they would halt some, if not all, of their foreclosures while they review the paperwork.

On Wednesday, the nation's attorneys general vowed to do their own inquiry into whether mortgage servicers filed flawed paperwork to justify foreclosures. Attorneys general from all 50 states will participate, with state bank and mortgage regulators.

The inquiry will focus on signed affidavits that mortgage loan servicers have filed with the court without confirming their accuracy, a practice known as robo-signing. Some were signed without a notary public present, in violation of state law. Others were signed by

employees who spend their day signing one affidavit after another, raising questions about whether they could possibly attest to knowing the facts claimed in each document.

At a news conference on Wednesday, Iowa Attorney General Tom Miller, who is leading the joint investigation, said the inquiry was not a “silver bullet” to keep delinquent homeowners in their homes. Rather, he said, “this is a chance to right the law and get the process right.”

Previously, several attorneys general announced their own inquiries into the use of robo-signers. Ohio Attorney General Richard Cordray went beyond that last week. He sued MAC Mortgage, saying that it had filed fraudulent affidavits against Ohio homeowners.