April 6, 2011

Ben Bernanke, Chairman Board of Governors of the Federal Reserve System

John Walsh, Acting Comptroller Office of the Comptroller of the Currency

Sheila Bair, Chairman Federal Deposit Insurance Corporation

John Bowman, Acting Director Office of Thrift Supervision

Re: Withdrawal of Proposed Consent Orders Regarding Mortgage Servicing Illegalities

Dear Federal Regulators of the Financial Institutions of the United States:

The undersigned national labor, civil rights, consumer and community organizations call on you to withdraw the proposed consent orders issued to the nation's mortgage servicers and to work with the state Attorneys General and United States Department of Justice to obtain a joint settlement that addresses illegal servicing practices in a meaningful manner. The draft consent orders that have been released to the press do not hold servicers accountable for illegal practices and do not stop avoidable foreclosures.

While homeowners and communities continue to face breached contracts, obstruction and misrepresentations from servicers, the proposed consent orders provide no new directions or standards to the financial institutions subject to your supervision. Rather, the proposal permits the perpetrators of these abuses to design a plan to comply with existing laws and contracts. This is insufficient to halt the abuses. Specific and protective measures regarding loss mitigation, account management and documentation must be included in any settlement, as well as an appropriate penalty for past illegalities.

The existence of these proposed consent orders validates the repeated allegations that the servicers have been blatantly and repeatedly violating state and federal laws and contracts. Yet these consent orders permit the perpetrators of these recognized illegalities to create their own process for fixing the problems in the future. These as-yet-to-be-revealed plans apparently will be secret. Without transparency, there cannot be accountability.

Certain federal regulators of this nation's financial institutions have allowed servicers to flout the laws under which they operate as well as the mortgage contracts with homeowners, government agencies, and investors. For example, during the years leading up to the current foreclosure crisis, the OCC aggressively tried to block state enforcement actions that could have dealt effectively with many of the industry practices that are wreaking havoc upon the American public today. These consent orders continue that pattern of attempting to block effective action at the state level, while permitting abusive practices by federally-regulated institutions to continue unchecked. Millions of homeowners have been victimized by the fraudulent and abusive practices of mortgage servicers whose staff are trained for collection activities rather than loss mitigation, whose infrastructure cannot handle the volume and intensity of demand, and whose business records are a mess. Servicers falsify court documents in large part because they have not kept the accurate records of ownership, payments and escrow accounts that would enable them to proceed legally. The robo-signing allegations are the most obvious evidence that servicers are routinely failing to comply with the requirements of the laws and contractual provisions to which they are subject and the tip of the iceberg of servicer noncompliance.

These proposed consent orders also appear to do nothing to ensure that homeowners will be protected from past and existing abuses in the mortgage servicing process. The standards and methodology for the third-party review are vague. The proposed orders also provide no guidelines on loss mitigation or on evaluations for core servicing abuses, including application of payments, assessment of fees, or force placed insurance. Finally, the servicers may seek to inappropriately use these self-fashioned reviews as shields against other actions against them by homeowners or government enforcement agencies.

The proposed consent orders do not provide the accountability and rigor required to right this foreclosure crisis. They are clearly not intended to do so. We request that you withdraw the proposed orders and work with the state Attorneys General and United States Department of Justice on a joint settlement.

Thank you for your consideration.

Sincerely,

cc: Attorney General Working Group United States Department of Justice

Advocates for Neighbors, Inc. Affordable Housing Services AFSCME Americans for Financial Reform Alliance for a Just Society Atlanta Legal Aid Society, Inc. Beyond Housing California Reinvestment Coalition Causa Justa::Just Cause CCISCO Center for NYC Neighborhoods Center for Responsible Lending Community Economics Community Housing Development Corporation of North Richmond Community HousingWorks Community Legal Services of Philadelphia Community Organizations in Action Connecticut Fair Housing Center Consumer Action Consumer Federation of America Empire Justice Fair Housing Council of the San Fernando Valley Fair Housing Federation Fair Housing of Marin Greenlining Institute Housing and Economic Rights Advocates (HERA) Iowa Citizens for Community Improvement Korean Churchs for Community Development Law Foundation of Silicon Valley Law Office of David Valdez Jr. Law Office of Kirk D. Miller, P.S. Legal Aid Foundation of Los Angeles Massachusetts Communities Action Network MFY Legal Services, Inc. NAACP National Association of Consumer Advocates National Association of Consumer Bankruptcy Attorneys National Coalition for Asian Pacific American Community Development (National CAPACD) National Community Reinvestment Coalition National Consumer Law Center (on behalf of its low-income clients) National Council of La Raza National Fair Housing Alliance National People's Action National Urban League Neighborhood Economic Development Advocacy Project (NEDAP) North Carolina Justice Center Philadelphia Unemployment Project Phillips Law Group, LLC PICO National Network Project Sentinel Service Employees International Union (SEIU) Vallejo Neighborhood Housing Services, Inc. Western Massachusetts Legal Services