

United States House of Representatives  
Committee on Financial Services  
Washington, D.C. 20515

February 19, 2014

The Honorable Thomas J. Curry  
Comptroller  
Office of the Comptroller of the Currency  
400 7th Street SW, Suite 3E-218  
Washington, DC 20219

Joseph A. Smith, Jr.  
Monitor of the National Mortgage Settlement  
Office of Mortgage Settlement Oversight  
301 Fayetteville St., Suite 1801  
Raleigh, NC 27601

Dear Comptroller Curry and Mortgage Settlement Monitor Smith:

I write to you to request that you carefully scrutinize the sale of mortgage servicing rights (MSRs) from banks to nonbank servicers to ensure that nonbank servicers have the capacity to handle the increased volume in loans, and that borrowers are not suffering from deterioration in the protections afforded to them because of such transfers.

As you are likely aware, the New York Department of Financial Services recently took action to halt the sale of \$39 billion in MSRs from Wells Fargo to Ocwen Financial Corporation, because the Department had concerns about the operational capacity of Ocwen to manage the servicing of an additional 184,000 loans. This comes shortly after the Consumer Financial Protection Bureau (CFPB) entered into a \$127 million settlement with Ocwen related to improper mortgage loan servicing, unauthorized fees, and engagement in illegal foreclosure practices.

More generally, consumer advocates, housing counselors and other stakeholders have raised concerns about the transfer of MSRs to nonbank servicers from the banks that are subject to the National Mortgage Settlement (the Settlement), the February 2012 agreement between five mortgage servicing companies and 49 state attorneys general. When these servicing rights are transferred to an entity not covered by the Settlement, the underlying loans are no longer subject to the servicing protections afforded by the Settlement. And while the CFPB has recently implemented servicing standards to cover the entire market, including for nonbank servicers, I am concerned that these standards offer fewer borrower protections than those contained in the Settlement.

I request that you closely scrutinize all transfer of MSRs from banks to nonbank servicers to ensure that these nonbank servicers have the operational capacity to manage the increased volume. Additionally, I request you to exam the extent to which these servicing transfers are potentially

The Honorable Thomas J. Curry  
Joseph A. Smith  
Page Two  
February 19, 2014

being used to evade the modification of loans for borrowers who would benefit most from the terms of the Settlement, and to work to ensure that borrowers are not subject to any degradation in the protections afforded to them because of an MSR sale.

Sincerely,

A handwritten signature in black ink that reads "Maxine Waters". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

MAXINE WATERS  
Ranking Member

cc: The Honorable Richard Cordray, Director, Consumer Financial Protection Bureau  
The Honorable Shaun Donovan, Secretary, Department of Housing and Urban Development  
The Honorable Melvin Watt, Director, Federal Housing Finance Agency  
Ms. Katherine Porter, Katherine Porter, California Monitor, National Mortgage Settlement