

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

June 18, 2013

The Honorable Christy Romero
Special Inspector General
SIGTARP
1801 L Street NW, 4th Floor
Washington, DC 20220

Dear Special Inspector General Romero:

As you are aware, the Office of the Comptroller of the Currency (OCC) and the Board of Governors of the Federal Reserve (Fed) recently reached a settlement with 14 servicers based on a review of their foreclosure practices from 2009 to 2010. The Independent Foreclosure Review (IFR), which sought to identify individual harms caused to borrowers, was ended upon agreement to that settlement.

While the IFR was a flawed process, the failure to appropriately administer the Home Affordable Mortgage Program (HAMP) was a central error identified during the time of the reviews. As you know, the OCC and Fed settled HAMP type claims on behalf of borrowers for as little as \$300.

It has come to my attention, via a June 14th Bloomberg article I have enclosed, that employees at one of the nation's largest servicers are alleged to have "falsified records and were told to delay U.S. loan-assistance applications by requesting paperwork that the (bank) had already received." The goal of the delay, according to the article, was to ensure that rather than receiving a HAMP modification, the borrower would be foreclosed upon. It has been noted in numerous studies that foreclosure is often the most profitable end result for a servicer that does not own the loan they are servicing.¹ It goes without saying that this is an outright abuse of consumers and government mortgage assistance programs.

According to your agency's most recent report, Bank of America has received \$992 million in Incentive Payments related to HAMP, making them the second largest beneficiary of such payments. While that figure pales in comparison to the other Troubled Asset Relief Program (TARP) funds that the bank has benefited from, I do think it represents a significant amount of assistance from taxpayers.

¹ Levitin, Adam J. and Twomey, Tara, Mortgage Servicing (December 15, 2010). Yale Journal on Regulation, Vol. 28, No. 1, 2011; Georgetown Public Law Research Paper No. 11-09; Georgetown Law and Economics Research Paper No. 11-01. Available at SSRN: <http://ssrn.com/abstract=1324023>

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The OCC and Fed did not report any violations uncovered by the IFR that match the descriptions in this article; and, many claims within the scope of the IFR and the National Mortgage Settlement have already been released by the government. However, as it is SIGTARP's stated mission to investigate waste, fraud and abuse of TARP funds, which include HAMP incentive payments, I am writing to request that you investigate these claims at Bank of America or any other servicer which you have reason to believe may have benefitted by misleading borrowers eligible for HAMP.

Sincerely,

A handwritten signature in blue ink that reads "Maxine Waters". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

MAXINE WATERS
Ranking Member