

THE WHITE HOUSE
Office of the Press Secretary

FOR IMMEDIATE RELEASE
October 20, 2010

**FACT SHEET: Federal Government Efforts to Support
Accountability, Stability and Clarity in the Housing Market**

Today the Department of Housing and Urban Development, the Department of the Treasury, the Department of Justice, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Trade Commission, the Securities and Exchange Commission, the Federal Housing Finance Agency and the Office of Thrift Supervision met to discuss ongoing interagency action to support accountability, stability, and clarity in the housing market and residential mortgage backed securities markets.

We are working together to review practices that do not comply with state foreclosure law or applicable federal laws, including taking the following actions:

- The Federal Housing Administration (FHA) has been reviewing servicers for compliance with loss mitigation requirements. These reviews are being broadened to include a larger range of processes, focusing in particular on servicer procedures during the final stages of the foreclosure process. These reviews are expected to be complete within nine weeks.
- The Financial Fraud Enforcement Task Force, led by the Department of Justice, has brought together more than 20 federal agencies, 94 US Attorney's Offices and dozens of state and local partners to share information about foreclosure and servicing practices. The Task Force's collaborative efforts are ensuring that the full resources of the federal and state regulatory and enforcement authorities are being brought to bear in addressing this issue.
- The Financial Fraud Enforcement Task Force has also been coordinating with State Attorneys General in their joint review of "robo-signing" practices in foreclosure cases.
- The Department of Justice, including through the Executive Office for U.S. Trustees, is also working with regulators to investigate and, where appropriate, litigate against servicers, their law firms, and third-party providers regarding their foreclosure and bankruptcy processes.
- The Federal Housing Finance Agency (FHFA) directed Fannie Mae and Freddie Mac to remind servicers of their contractual and legal responsibilities in foreclosure processing. On October 13, FHFA directed Fannie Mae and Freddie Mac to implement a policy framework for dealing with possible foreclosure process deficiencies that requires servicers to review their foreclosure processes and fix any processing problems they identify. The FHFA policy framework includes specific steps servicers should take to remedy mistakes in foreclosure affidavits so that the information contained in the affidavits is correct and that the affidavits are completed in compliance with applicable law.

- The Office of the Comptroller of the Currency (OCC) directed all large national bank servicers on September 29 to review their foreclosure management processes, including file review, affidavit processing and signatures, to ensure that the processes are fully compliant with all applicable state laws.
- The Office of the Comptroller of the Currency and the Federal Reserve System are jointly examining foreclosure and securitization practices at the nation's largest servicers. The examinations will include intensive review of the firms' policies, procedures, and internal controls related to loan modifications, foreclosures and securitizations, seeking to determine whether systematic weaknesses are leading to improper foreclosures. The reviews will also evaluate controls over the selection and management of third-party service providers.
- In coordination with the work of the other agencies, the Office of Thrift Supervision (OTS) is reviewing the mortgage related policies, foreclosure processes and staffing levels of the largest servicers it supervises. The OTS has gathered preliminary information through its regional offices about the servicer practices across the country. It also issued correspondence on October 8 to all savings associations involved in servicing residential mortgages requiring the immediate review of their actual practices associated with the execution of documents related to the foreclosure process.
- The Federal Deposit Insurance Corporation is participating in the reviews by the OCC, the Federal Reserve System, and the OTS of the foreclosure and securitization practices of the largest mortgage servicers in its role as back-up supervisor. The FDIC also is verifying that the servicers it supervises do not exhibit the problems that others have identified as well as reviewing the processes used by servicers of loans subject to loss share agreements and other loans from receiverships of failed banks. The regulators are also evaluating foreclosure and securitization practices in electronic registration systems.
- The Federal Trade Commission (FTC) is monitoring servicers under existing public orders to confirm proper servicing and foreclosure processes, is conducting reviews in line with past servicing abuses and monitoring the market closely for any fraud or foreclosure scams.
- The US Treasury has implemented a strong compliance framework for the Home Affordable Modification Program (HAMP) servicers. On October 6, Treasury issued a notice to HAMP servicers reminding them of their requirement to comply with all applicable state and federal laws, as well as a reminder that prior to foreclosure sale, servicers must certify to the foreclosure attorney or trustee that all loss mitigation options have been considered and exhausted. Treasury also recently instructed its HAMP compliance agent to review internal policies, procedures, and processes for completing the pre-foreclosure certifications at the ten largest servicers.
- In addition to its role enforcing the federal securities laws, the Securities and Exchange Commission (SEC) has issued proposed rules that would provide greater transparency and disclosures in the securitization market and provide investors with additional tools to evaluate actions in the securitization market.

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