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FINANCIAL SERVICES

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JOINT ECONOMIC COMMITTEE



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April 8, 2013

The Honorable Thomas J. Curry
Comptroller of the Currency
Administrator of National Banks
US Department of the Treasury
Washington, DC 20219

The Honorable Ben Bernanke
Chairman
Board of Governors
of the Federal Reserve System
20th Street & Constitution NW
Washington, DC 20551

Dear Comptroller Curry and Chairman Bernanke,

Thank you for your letter of March 22 in response to my questions about the independent foreclosure review and the most recent settlement that was signed with the affected servicers. Since your letter, the GAO has completed a report (GAO-13-277 Foreclosure Review) that reviewed the process and found a number of “lessons learned” for future consent orders. In addition to the report, your agencies have missed a self imposed deadline of March 31, 2013 to begin sending out payments to injured borrowers. In light of these events, I urge you to do everything in your power to devote additional resources to making sure that relief is sent out as quickly as possible. I am also requesting additional information so that Congress can perform much needed oversight over this troubled effort.

The GAO report, which was issued on March 26, raises a number of questions surrounding the monitoring of the review process including the sampling conducted, inconsistencies with how the process was implemented by the independent consultants, and communications with borrowers. In particular, the GAO found, “discrepancies between the estimated number of harmed borrowers and the number found in the review would have helped to indicate the extent to which there may have been additional harmed borrowers who had not been identified.” (Report at page 25). The GAO ultimately found, “the complexity of the foreclosure reviews and limitations in regulators’ guidance and monitoring of the foreclosure review challenged their ability to achieve the stated goals” of the process (Report at page 52).

When your agencies entered into the settlement that was announced in January, you reported that payments ranging from a few hundred dollars to \$125,000 would be sent by the end of March. However, your communication of March 18 indicated that it would be another four to eight

weeks until these borrowers receive payments. Given all the delays and dysfunction surrounding this effort, I urge you to devote additional resources to this effort so that desperately needed assistance to injured homeowners can finally begin.

In addition, I request that you provide monthly status updates to members of the House Financial Services and Senate Banking Committees. These updates should include:

- how much direct assistance has been paid to injured borrowers in each state,
- how many injured borrowers in each state received direct assistance,
- the value and type of other assistance, such as loan modifications and forgiveness of deficiency judgments, that has been provided to injured borrowers in each state, and
- how many borrowers in each state have received each type of other assistance.

The IFR process has gone on for far too long. Millions of injured borrowers have been left waiting for years. That is unacceptable and it needs to end. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Carolyn B. Maloney". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

CAROLYN B. MALONEY

Member of Congress