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United States Senate

WASHINGTON, DC 20510

January 15, 2013

The Honorable Benjamin Bernanke
Chairman
Board of Governors of the Federal Reserve
Washington, D.C. 20551

Mr. Thomas Curry
Comptroller of the Currency
Administrator of National Banks
Washington, D.C. 20219

Dear Chairman Bernanke and Comptroller Curry:

Last week's settlement between the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), and 10 of the nation's largest mortgage servicers will bring a welcome end to the drawn-out and costly Independent Foreclosure Review (IFR) process. Terminating this process, which covered more than 3.8 million foreclosure proceedings between 2009 and 2010, promises to speed vital relief to homeowners across the country, including potentially more than 96,000 Ohioans. I commend you for recognizing that homeowner assistance is essential in resolving the problems of robo-signing and foreclosure fraud.

Ending the IFR will reportedly stop more than \$1.5 billion in payments to independent groups evaluating mortgage practices – money which could have been better spent helping homeowners. But it may well result in some borrowers being overcompensated, while others are undercompensated. If the \$8.5 billion in funds for direct payments, loan modifications, principle reductions, and other homeowner assistance were evenly distributed, each homeowner would receive just over \$2,000 in cash or other assistance. Given the extremely limited funds available for relief, the OCC must create equitable guidelines that will provide the maximum relief to homeowners and correct recognized flaws in the IFR process.

Outreach on the IFR process was clearly insufficient – just 13 percent of eligible homeowners filed claims for an independent review during the time that the process was open. Making matters worse, many homeowners who had suffered a wrongful foreclosure were skeptical of the IFR and feared the process was a scam that would take their remaining wealth. It is vital that the OCC and the Federal Reserve learn from the outreach strategies devised in the final weeks of the IFR process and correct their difficulties notifying borrowers, particularly those in low-income and minority communities.

The OCC and FRB should also learn from the flawed National Mortgage Settlement process and ensure that servicers do not use the settlement as an opportunity to simply force consumers into short sales or to defer further responsibility. Every effort should to be made to ensure that

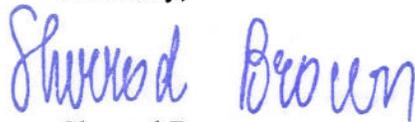
borrower relief is focused on loan modification or principal reduction. Further, any communication should clearly inform homeowners that accepting the settlement does not require the homeowner to forfeit their legal right to pursue additional complaints against their mortgage servicer. Servicers should be monitored to ensure full compliance with this settlement term and any servicer in violation should be subject to harsh penalties.

The OCC and the FRB should make all information from the IFR and settlement process available to Members of Congress, other regulators, and the public. To avoid future abuses in the mortgage servicing market, we must understand the scale and scope of the errors in 2009 and 2010. We must also have adequate information on the scope, costs, and challenges of the foreclosure review process to provide both adequate oversight and efficient uses of funds. Such information will further our understanding of the review's challenges and ways to improve the process.

Finally, the information gained from this process must be used to develop effective policy responses that will clean up the mortgage servicing market. While the agencies' consent orders with servicers address some of the most egregious mortgage servicing practices, the difficulty of the IFR process itself demonstrates the need for more sweeping reforms in to the mortgage servicing model.

I look forward to working with you to ensure that homeowners who suffered wrongful foreclosures receive the compensation that they deserve while creating a more transparent foreclosure process to prevent the need for such settlements in the future.

Sincerely,



Sherrod Brown
United States Senator