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Fighting Back Against Unfair Foreclosures – November 29, 2010

We all know the devastation that foreclosures inflict on American communities, homeowners, and families.

Communities are left with vacant properties and a depressed tax base. Neighbors see their property value decline and their neighborhoods subjected to more crime. Families face uncertainty and lose the security of having a roof over their head. As a father, I can't imagine what it must be like to tell a child that she has to move out of her home and away from her school.

So when we learn that some banks are foreclosing first and asking questions later, it's no wonder why Ohioans – including me – are outraged.

That is why I'm calling for action on the assembly-line foreclosure process that rushes families out of their homes, and then leaves municipal governments to deal with the aftermath.



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After a series of Ohio news reports documented banks and lending agencies foreclosing on homes only to abandon them – needlessly evicting families and leaving communities on the hook for bank-owned property – I requested an investigation by the nonpartisan Government Accountability Office. The report, unveiled this month, highlights the danger of so-called “bank walkways” – when banks and lending agencies have abandoned foreclosed homes rather than put them on the market. The report shows that, in the Cleveland area, banks have walked away from nearly 500 homes. The report found that half of bank walkaways are located in three Midwestern states, including Ohio.

How did we get here? Lending agencies streamlined their servicing, mortgage modification, and foreclosure processes by rubber-stamping and robo-signing foreclosure affidavits. There was little oversight of this process. Buried somewhere under this mountain of shoddy paperwork is the correct information about who owns these homes. But in most cases it's not clear if the banks even have the right to force homeowners out on the street.

In some cases, mortgage servicers realized that some of the homes on which they foreclosed weren't profitable enough, so they simply abandoned them. They didn't stay to

work out a payment plan with the former homeowner. They didn't even attempt to sell these homes. They simply walked away.

Last week, the Senate Banking Committee held a hearing on foreclosure fraud. In her testimony, Diane Thompson, an attorney at the National Consumer Law Center, told us that documents were altered in some cases to prevent homeowners in default from continuing their modified payments even when payments were made on time. Sometimes foreclosure was initiated when a homeowner wasn't even in default. Apparently, the fees earned from the foreclosure process were too attractive. Letters from Ohioans to me tell a similar tale.



An Ohioan from Geauga County told me, "In 1999, I was diagnosed with cancer...I endured two surgeries and a brutal year of chemotherapy...My experiences with [my servicer] have been worse than having cancer."

Congress is beginning to address the problems in mortgage servicing from modification to foreclosure. Now that we have a firmer grasp of the problem, it's time to start working toward a solution. I'm fighting to improve mortgage modification programs, which are not helping nearly enough Ohioans.

In July, I sent the four largest banks that service mortgages a letter describing Ohioans' frustrations with their failed attempts at mortgage modifications. The Home Assistance Modification Program (HAMP) has been riddled with paperwork errors – multiple requests, incorrect evaluations, and poor internal communications. As a result of poor communication from servicers, between 14,000 and 34,000 families in cities like Cleveland, Akron, and Columbus have been unnecessarily forced out of their homes.

Foreclosure prevention and mortgage counseling can work. When the Senate passed a housing bill two years ago, I fought to add funds for additional mortgage counseling. The amendment I introduced helped Ohioans stay in their homes longer. In February, I fought for Ohio to receive funds from the United States Treasury Department to fight foreclosures. So far, the state has received over \$570 million to help Ohioans who have lost their jobs, through no fault of their own, stay in their homes. In September, I had the chance to join a National Foreclosure Mitigation Counseling Program in Cleveland as the one millionth customer was served. These programs make a big difference in the lives of families seeking to stay in their homes, maintain stability for their children, and create safer neighborhoods.

Ohio homeowners have worked hard to achieve the American dream. Our communities and Ohio families cannot afford to have banks, mortgage servicers, and government just walk away from these challenges. Let's correct the problem of foreclosure fraud now.

Sincerely,

Sherrod Brown



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