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December 21, 2010

The Honorable Darrell Issa
Ranking Member
House Committee on Oversight and Government Reform
2347 Rayburn House Office Building
Washington, DC 20515

Dear Ranking Member Issa,

As the incoming Chairman and Ranking Member of the House Committee on Oversight and Government Reform, our respective tenures do not officially begin until January 2011. Nonetheless, we both understand that the challenges facing our nation and the American people will not wait until the New Year. One crisis that continues unabated is the foreclosure crisis and therefore, I write to you today to request that the Committee make this issue the subject of its first hearing in the 112th Congress.

As you know, since 2007, our nation has experienced 2.5 million foreclosures. Currently, four million homeowners are at risk of foreclosure, and millions more are "underwater," owing more on their mortgages than their homes are worth. Because of the severe toll that foreclosure takes on individuals, families, communities, and the global economy, this Congress and the administrations of Presidents Bush and Obama have put forth programs like the Home Affordable Modification Program (HAMP), aimed at stemming the foreclosure tide and restoring strength and stability to the housing market. These programs are premised on the fact that an effective response to this crisis requires a collective national effort and shared responsibility among the government, the mortgage industry and individual borrowers. Yet available data demonstrates that the mortgage industry lacks the infrastructure or the willingness to mitigate foreclosures in a consistent, transparent or responsible manner. Moreover, recent reports indicate that the servicing industry may be undermining the guidelines set forth in HAMP and other government programs, and potentially violating the law.

As you know, since September 2010, ongoing reports have revealed the widespread utilization of flawed and fraudulent practices, most notably "robo-signing," throughout the mortgage servicing industry. These revelations prompted the nation's largest mortgage servicers to halt foreclosures in 23 states and conduct internal reviews, and also led all 50 state attorneys general to initiate a joint investigation into these practices.

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However, recent reports demonstrate that the problems have not subsided and may be more egregious and widespread than initially revealed. Just yesterday, the chief justice of New Jersey's highest court announced that the state's courts would stop foreclosures if the banks cannot show that they are following state law when processing foreclosures. On Friday, December 17, 2010, the attorneys general of Arizona and Nevada filed a lawsuit against Bank of America, accusing it of engaging in "widespread fraud" by misleading customers with "false promises" about their eligibility for modifications on their home mortgages.

These allegations mirror the countless complaints about loan modification practices that I have heard from my own constituents, as well as the information and evidence that have been compiled by the Congressional Oversight Panel for the Troubled Assets Relief Program (TARP), the Special Inspector General for the TARP, and numerous Congressional committees. In August 2010, I personally wrote to approximately 20 loan servicers, including Bank of America, to relay concerns and request information regarding their loan modification and loss mitigation practices. The responses I received were vague and glossy, and assurances made in these letters have been contradicted by widespread reports of shoddy practices and disregard for the law.

I share the concerns of our Congressional colleagues, federal oversight authorities, and the American public that the current foreclosure mitigation processes are wholly insufficient to shore up the housing market; further, they do not duly acknowledge the substantial sacrifice that has been borne by the taxpayers as government has extended unprecedented levels of aid to financial institutions at risk of failure. Given this Committee's responsibility to ensure the prudent and responsible use of tax dollars, and the effective and capable administration of government, I believe it is essential that we examine the veracity of these reports and the extent to which existing government programs and provisions of public support are being undermined or abused.

As you have previously said, the prerogatives and responsibilities of this Committee include preventing the government from taking away people's liberties or spending tax dollars less efficiently than the American people would spend it themselves. Integral to those duties are ensuring that others are not undermining government programs or utilizing them to deprive the American people of their due process rights or inappropriately deprive them of their property. Therefore, I request that our first hearing examine these reports and the ongoing foreclosure crisis. Please do not hesitate to contact me if you wish to discuss this or any other matter. I look forward to working with you throughout the next two years to ensure the efficient and effective use of public resources and government operations.

Sincerely,

Elijah E. Cummings
Member of Congress