

Cummings Launches Major Investigation of Mortgage Servicer Abuses

Ranking Member continues aggressive pursuit of foreclosure fraud

(Washington, DC) – Congressman Elijah E. Cummings (MD-07), Ranking Member of the House Committee on Oversight and Government Reform, today launched a wide-ranging investigation into increasingly widespread allegations of foreclosure fraud and abuse, seeking documents, audits, and investigations to provide the Committee with a more comprehensive understanding of these allegations and the national foreclosure picture. The requests include:

Document Requests to Mortgage and Legal Service Companies: Rep. Cummings sent letters to 11 mortgage servicers and legal service companies throughout the country, seeking documents regarding allegations of abuse.

Specific allegations include:

- wrongful foreclosures
- “robo-signing”
- deficient recordkeeping

- inflated fees
- deceptive practices
- fraud in lending
- noncompliance with federal housing policy
- improper foreclosures and fees charged to military families

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Request for IG Audit of Homeowner Claims: Rep. Cummings sent a letter to the Special Inspector General for TARP requesting an audit of reports by homeowners of servicer abuses. In the Oversight Committee's first hearing of the 112

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Congress, the Special Inspector General testified that the performance of mortgage servicing companies has been "abysmal."

He described "daily accounts of errors and more serious misconduct," and he testified that his hotline has "received more than 24,000 contacts," many of which "are complaints from homeowners dealing with mortgage servicers."

As he stated, "stories of servicer negligence and misconduct are legion."

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Request for IG Investigation of Attorneys Conducting Foreclosure Activity: Rep. Cummings sent a letter to the new Inspector General of the Federal Housing Finance Agency requesting an investigation into attorneys who specialize in handling foreclosures and working with servicers.

Many of these attorneys have been accused of wrongdoing in their attempts to speed foreclosures through the legal system.

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Letter to Chairman Issa on March Hearing: Rep. Cummings sent a letter thanking Committee Chairman Darrell Issa for agreeing to his December 21 request for a hearing on mortgage servicer abuses.

Chairman Issa scheduled the hearing for March 8th in Baltimore, and Maryland Governor Martin O'Malley, Baltimore Mayor Stephanie Rawlings-Blake, and state regulatory agency officials have agreed to testify.

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This year, foreclosure filings are expected to reach a new all-time high of more than three million. This crisis affects not only the families who are losing their homes, but the broader national economy.

Congressman Cummings has been a staunch advocate for solutions to the foreclosure crisis in America since the beginning of the economic downturn. He has hosted five Foreclosure Prevention Seminars in the Seventh District, helping thousands of people speak one-on-one to their lender or servicer about opportunities to prevent foreclosure. As well, in the Dodd-Frank Wall Street Reform bill passed in 2010, Cummings authored a “bridge loan” provision that offers up to \$50,000 interest-free for as long as 24 months to assist borrowers who have lost their jobs through no fault of their own, who are underemployed or who face debilitating medical bills.

Cummings joined with Maryland Governor Martin O’Malley in October of last year to request a judicial moratorium on foreclosures in Maryland, while issues with robo-signing, faulty document preparation and fraud were examined by judges and a nationwide investigation initiated by state Attorneys General.