

Cummings Investigates Widespread Abuses by Mortgage Servicing Companies

Baltimore Committee hearing discusses multitude of servicer errors, fraud occurring nationwide.

(Washington, DC) – Congressman Elijah E. Cummings (MD-07), Ranking Member of the House Committee on Oversight and Government Reform (OGR), today joined Committee Democrats in the beginning stages of an investigation into foreclosure fraud, robo-signing and other errors committed by the private mortgage servicer industry.

“This crisis not only threatens our nation’s economic recovery. . . but it also drains state and local budgets that rely on property tax revenues for schools, police and emergency services,” said Cummings in his opening statement. “It destroys neighborhoods and devastates families. The foreclosure crisis is a wrecking ball smashing through communities across the nation, and Baltimore is one example of the destruction left behind. It is a national crisis with very local consequences.

“There are no national standards for these companies and they have engaged in systematic abuses across the country. These companies have signed false affidavits by the tens of thousands, inflated fees, performed illegal actions against military service members and veterans and aggressively pursued foreclosures when modifications made more sense and were already underway.”

The hearing was held in Baltimore, which has been affected by thousands of foreclosures. Maryland Governor Martin O’Malley testified, along with Baltimore Mayor Stephanie Rawlings-Blake, about the devastation that foreclosures have wreaked on their state. Congressman Cummings also represents Baltimore and has been fighting to keep Americans in their homes since the economic downturn began.

The effect on veterans was brought sharply into focus with the testimony of Maryland resident and retired Army Sgt. Kevin Matthews, whose home was wrongly repossessed, and whose personal effects were seized and never returned.

Matthews' home was damaged due to a lack of winterizing, and he was given a citation for an overgrown lawn after his lawnmower was taken by the bank and never returned. A disabled veteran, Matthews is now attending college and, thanks to a legal service group, he has regained possession of his home after the foreclosure proceedings were dropped due to faulty paperwork.

Matthews explained why he was appearing before the Committee, "I am here to not only tell my story, but to ask of each of you that you assist not only me, but the tens of thousands of homeowners throughout this country to receive the equal protection of the law and rights to due process that are guaranteed to each of us by that very same Constitution I was asked to defend. I am an example for everything that can go wrong when lenders abuse the system and are not held accountable. Hopefully through your actions, other homeowners trying to be proactive and do the right thing will not have to endure what I have suffered through and continue to suffer through each day."

Cummings has asked ten mortgage servicing companies for documents regarding error and fraud, and hopes to have another hearing soon with witnesses from the servicing industry.

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