

### Continues Aggressive Oversight of Illegal Actions by Mortgage Servicing Companies

(Washington, DC) – Today, Ranking Member Elijah E. Cummings [requested](#) that Chairman Darrell Issa issue so-called “friendly” subpoenas to federal financial regulators to obtain copies of “engagement letters” they have approved between mortgage servicing companies and independent firms hired to review past foreclosure abuses. Cummings asked that the issue be added to the Committee’s business meeting scheduled for next week if Issa decides against issuing the subpoenas.

“It is incumbent on our Committee to ensure that appropriate oversight and remediation actions are taking place,” wrote Cummings. “We cannot fulfill our duty without reviewing the full, unredacted engagement letters concluded between mortgage servicing companies and the firms they engaged to review their foreclosure actions.”

On April 13, 2011, the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision [issued a report](#) finding “critical weaknesses” and “widespread risk” with the foreclosure actions of 14 mortgage servicing companies, including foreclosures that violated federal law.

The regulators ordered the banks to hire private consultants to conduct more comprehensive reviews, but they allowed the banks to propose the terms, including the methodology of the reviews, the criteria for cases to be reviewed, and any proposed sampling techniques. [Some have criticized this approach](#) for providing insufficient oversight of the banks’ actions.

On May 31, Cummings [wrote to the regulators](#) seeking copies of the engagement letters. In their [responses](#), the regulators explained that, by law, they cannot produce the documents until they are legally compelled to do so.

During the Committee’s first business meeting this Congress, Issa explained that such subpoenas might be necessary to overcome legal barriers to disclosure. In fact, the first subpoena Issa issued as Chairman was a “friendly” subpoena for internal bank records.

“This is one of these cases. No agency has indicated a refusal to cooperate with this request. Instead, they have explained that they need subpoenas in order to legally produce the requested documents,” Cummings wrote to Issa. “In fact, you took this exact approach when you issued your first subpoena as Chairman on February 16, 2011, compelling Bank of America to produce internal bank records relating to Countrywide mortgages.”

The Oversight Committee voted unanimously on February 10, 2011, to investigate “the foreclosure crisis including wrongful foreclosures and other abuses by mortgage servicing companies.”