

Washington, D.C. (Feb. 9, 2012)—Rep. Elijah E. Cummings, the Ranking Member of the House Committee on Oversight and Government Reform, issued the following statement in response to today’s announcement of a multi-billion dollar settlement relating to widespread and illegal abuses by mortgage servicing companies:

“First and foremost, I commend the hundreds of officials in the offices of state attorneys general and numerous federal agencies for their dedication and hard work over the course of the last year to achieve this settlement. This landmark bipartisan deal will begin to address the wrongs committed by banks over the past several years, and it will continue the difficult process of helping our nation’s economic recovery to continue its solid gains. As the Attorney General in my home state of Maryland has said, this settlement is a ‘first step, but it’s a giant first step.’

“I believe these state and federal officials exercised their best judgment in brokering this deal while preserving their rights to pursue criminal charges for fraud and misconduct in the securitization of mortgages that cost states and investors untold sums. I am also pleased that the settlement does not prevent any homeowners from pursuing individual claims against banks or servicers that violated their legal rights.

“Although I had been prepared to offer my full endorsement of this settlement, I was concerned to hear reports earlier this week that the Federal Housing Finance Agency (FHFA) refused to allow the loan modification provisions of the settlement to extend to loans owned or guaranteed by Fannie Mae or Freddie Mac. I do not understand the rationale for this decision since these loans make up a majority of the nation’s mortgage market, and we need more information to fully evaluate this situation.

“As I wrote in a [letter](#) yesterday, FHFA’s acting director, Edward DeMarco, has consistently refused to carry out the mission Congress gave him to maximize assistance to homeowners. He has refused to allow Fannie and Freddie to utilize principal reduction programs—even though his own data demonstrate that they could save the American taxpayers billions of dollars. And now, a former Fannie employee has come forward to inform us that a principal reduction pilot program was cancelled in 2010 by officials who were ‘philosophically opposed’ to the concept of reducing principal.

“Although today’s announcement is welcome news, much more needs to be done. Five banks have agreed to this settlement, but we must press forward aggressively to ensure that

remaining banks are held to the same standard. In addition, as the Ranking Member of the House Oversight Committee, I will continue my own investigation of the banks' illegal practices and will continue to seek the accountability the American people deserve."