

# United States Senate

WASHINGTON, DC 20510

COMMITTEES:  
ENVIRONMENT AND  
PUBLIC WORKS  
HEALTH, EDUCATION,  
LABOR, AND PENSIONS  
BANKING, HOUSING,  
AND URBAN AFFAIRS  
BUDGET

October 4, 2010

The Honorable Timothy Geithner  
U.S. Secretary of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20520

The Honorable Shaun Donovan  
U.S. Secretary of Housing and Urban Development  
451 7th Street, SW  
Washington, DC 20410

Dear Secretary Geithner and Secretary Donovan:

I am deeply concerned about recent reports that Ally Financial and several leading banks have been processing home foreclosures without adequate review of key documents, and perhaps with fraudulent approval signatures of company representatives.

As you know, more than two million American families are expected to lose their homes this year, setting a sobering new record for foreclosures in our country. Having one's home foreclosed upon is a devastating experience for any homeowner, and it has repercussions for many years into the future. Our families deserve to know that an action with such a huge and lasting impact is the absolute last resort, and that every effort has been made to keep them in their homes prior to foreclosure. Given the dramatic impact of the foreclosure epidemic on the larger economy, avoiding unnecessary foreclosures is also in the larger public interest.

According to credible reports in the *Washington Post* and other media, Ally Financial did not exercise proper professional standards as decisions were made about the fate of families struggling to maintain their homes. These reports are even more disturbing because the U. S. Government is a majority stakeholder in Ally Financial. The recent freeze in foreclosures announced by J.P. Morgan Chase, GMAC Mortgage, and Bank of America while internal investigations take place suggests that this problem may be widespread and not limited to poor management at a single company.

Accordingly, I request that the full resources of your departments, and of other relevant agencies of the U. S. Government, be brought to bear on this situation. Specifically, I urge you to jointly appoint an independent investigator to examine the foreclosure actions at the major loan

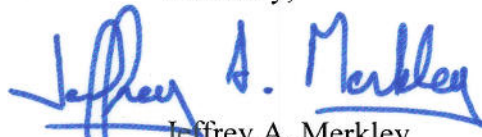
servicers. I believe that foreclosures initiated by Ally Financial and other servicers with established problems should not be allowed to move forward until it can be ascertained that all proper steps were followed for any affected homeowner. Furthermore, it is essential that completed foreclosure actions be reviewed, and that proper restitution under the law be made for every family not treated properly during the foreclosure process.

Millions of families have applied to the Home Affordable Modification Program (HAMP) or sought to access programs offered by the Federal Housing Administration in an effort to remain in their homes. It is essential that we can assure these homeowners that their applications are being reviewed in a fair and accurate manner. Organizations that are receiving incentive payments from our government programs should not resort to "foreclosure mills" and utilize inappropriate shortcuts to expedite foreclosures, at the expense of fair treatment for their customers.

Please inform me as to the steps you intend to take to deal with this situation, so that we can be sure American families are not unjustly evicted from their homes.

I appreciate the efforts you have made in recent months to implement new foreclosure prevention programs. I look forward to your prompt response to this letter and to continuing to work with you to speed those efforts.

Sincerely,

  
Jeffrey A. Merkley  
United States Senator

CC: Elizabeth Warren, Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau