Congress of the United States
Washington, DC 20515

October 4, 2010

Eric Holder, Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW, Room 1145
Washington, DC 20530

Ben S. Bernanke, Chairman
Board of Governors of the Federal Reserve System
Twentieth Street and Constitution Avenue, NW
Washington, DC 20551

John Walsh, Acting Comptroller
Office of the Comptroller of the Currency
U.S. Department of the Treasury
250 E Street, SW, Room 9048
Washington, DC 20219

Dear Attorney General Holder, Chairman Bernanke and Acting Comptroller Walsh,

As members of the California Democratic Congressional Delegation, we urge you and your respective agencies to investigate possible violations of law or regulations by financial institutions in their handling of delinquent mortgages, mortgage modifications, and foreclosures.

Over the last few years, thousands of our constituents have reported that many financial institutions, despite good faith efforts on the part of most homeowners to work out reasonable loan modifications or simply seek forbearance of foreclosure, routinely fail to respond in a timely manner, misplace requested documents, and send mixed signals about the requirements that need to be met to avoid foreclosures. We are particularly perplexed by this apparent pattern in light of the many incentives Congress and the Obama Administration have offered to servicers and lenders to avoid foreclosures where financially viable, including subsidies and loan guarantees from taxpayers. Avoidable foreclosures end up being unnecessarily costly for homeowners, lenders and servicers, and our housing market, whose health is essential to our economic recovery.

The apparent pattern reported by our constituents leads us to conclude that their problems are not just personal anecdotes anymore. Recent reports that Ally Financial (formerly GMAC), JP Morgan, and Bank of America may have approved thousands of unwarranted foreclosures only amplify our concerns that *systemic* problems exist in the ways many financial institutions have dealt with homeowners who are seeking to avoid foreclosures.

We are now in the third year of the worst housing crisis we have seen in decades. Far too many families in California, and across the country, continue to lose their homes. While Congress and the Obama Administration have taken steps to help mitigate the housing problem, this

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devastation has persisted and, in fact, worsened as the country's unemployment rate increased. We have heard numerous stories of financial institutions being uncooperative at best or misleading and acting in bad faith at worst. These heartbreaking stories are commonplace, persisting across the state and across lenders and servicers. As you can see from the attached document, which highlights examples of casework throughout California, it appears that banks have repeatedly misled and obstructed homeowners from receiving the help Congress and the Administration have sought to provide.

The excuses we have heard from financial institutions are simply not credible three years into this crisis. People in our districts are hurting. We have tried to help them in the face of the many challenges they have faced in their dealings with financial institutions. It is time that banks are held accountable for their practices that have left too many homeowners without real help.

Sincerely,

Zoe Lofgren
Member of Congress

Nancy Pelosi
Member of Congress

Joe Baca
Member of Congress

Xavier Becerra
Member of Congress

Howard Berman
Member of Congress

Lois Capps
Member of Congress

Judy Chu
Member of Congress

Jim Costa
Member of Congress

Anna Eshoo
Member of Congress

Sam Farr
Member of Congress

Bob Filner
Member of Congress

John Garamendi
Member of Congress

Jane Harman
Member of Congress

Michael M. Honda
Member of Congress

Barbara Lee
Member of Congress

Doris Matsui
Member of Congress

Jerry McNerney
Member of Congress

George Miller
Member of Congress

Grace Napolitano
Member of Congress

Laura Richardson
Member of Congress

Lucille Roybal-Allard
Member of Congress

Linda Sanchez
Member of Congress

Loretta Sanchez
Member of Congress

Adam Schiff
Member of Congress

Jackie Speier
Member of Congress

Pete Stark
Member of Congress

Maxine Waters
Member of Congress

Diane Watson
Member of Congress

Henry Waxman
Member of Congress

Lynn Woolsey
Member of Congress

Mike Thompson
Member of Congress