

April 28, 2014

Senator Sherrod Brown
713 Hart Senate Office Bldg.
Washington, DC 20510

Dear Senator Brown:

The undersigned organizations write to express our strong support for your section 803 amendment to the Johnson Crapo amendment to S. 1217.

The amendment protects the Mortgage Insurance Fund, investors, and homeowners when the servicing of a loan is transferred to another servicer. Transfers of servicing are increasingly common and they also are contemplated by the bill as a means of ensuring quality servicing of loans in the FMIC system. Yet, investors and homeowners often lose when sloppy transfers require a restart to loss mitigation or when account records and payments are not transferred smoothly or accurately.

Currently, transferred loans often include additional fees that appear only after the transfer, without any documentation or justification. These fees impede loan performance and infringe on the ability of investors to maximize returns. The amendment ensures that any fees charged must be disclosed prior to transfer. The amendment also requires disclosure of the default status of the loan and whether a loss mitigation application is pending upon transfer. Payments made to the transferor servicer during the transfer period also must be properly applied to the loan without penalty. Finally, the amendment clarifies certain servicing provisions of the Truth in Lending Act to facilitate compliance.

Thank you for your support for these important provisions.

Sincerely,

Beyond Housing

California Reinvestment Coalition

Center for Responsible Lending

Consumer Action

Center for American Progress

Community Legal Services, Inc. (Philadelphia, PA) (on behalf of its low-income clients)

Connecticut Fair Housing Center

Empire Justice Center

Empowering and Strengthening Ohio's People

Esperanza
Grow Brooklyn
Housing and Economic Rights Advocates
Justice Protection Project
Legal Services of Central New York
Massachusetts Communities Action Network
MFY Legal Services Inc.
NAACP
National Association of Consumer Advocates
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)
National Council of La Raza
National Fair Housing Alliance
National Housing Law Project
National Housing Resource Center
National People's Action
New Economy Project
Northwest Consumer Law Center
Nueva Esperanza
The Leadership Conference on Civil and Human Rights
The Legal Aid Society of Southwest Ohio

cc: Members of the United States Senate Committee on
Banking, Housing and Urban Affairs