

May 4, 2009

Chairman Christopher Dodd
Senate Banking Committee
U.S. Senate
Washington, D.C.

Dear Chairman Dodd:

The undersigned representatives of homeowners strongly urge you to support the amendment offered by Senator Boxer which would only require that homeowners be informed of who owns their mortgage loans. This simple disclosure bill mandates that when a mortgage loan is transferred, the homeowner be informed of how to reach an agent of the new owner with the authority to act on its behalf.

There are many examples of homeowners who were unable to exercise their federal rights, unable to work out a reasonable solution to all parties, unable to avoid a foreclosure, even when the foreclosure will cost the investor money, just because the homeowner did not know, and could not find out the identity of the owner of their home mortgage.

A recent reported case in Pennsylvania illustrates the need for this straightforward amendment (*Meyer v. Argent Mortgage Co. (In re Meyer)*, 379 B.R. 529 (Bankr. E.D. Pa. 2007).) James and Mary Meyer took out a high-rate home loan with Argent Mortgage in 2004. However, when they later attempted to exercise their rights under TILA to rescind that loan, their servicer, Countrywide, refused to identify the current holder. By the time the Meyers discovered that the current holder was Deutsche Bank, the deadline for rescinding the loan had passed. As a result, the court dismissed their claim, even though it found that there were grounds to rescind the loan. Had the Meyers known who their note holder was, they could have exercised their rights under TILA to rescind the loan and cancel the lien against their home.

Current law does require that homeowners be informed when the *servicer* is changed. Yet, servicers too often refuse to modify loans, because their remuneration will be greater if there is a foreclosure. And, federal law requires that servicers tell the homeowner the identity of the note holder. Yet this provision – 15 U.S.C. § 1641(f)(2) – has completely failed to protect homeowners because there is no private right of action, and no specific requirement to name a particular party with authority to act on behalf of the owner.

Senator Boxer's simple amendment provides borrowers with the basic right to know who owns their loan by requiring that within 30 days after a mortgage loan is transferred, the new owner would be required to provide the following information:

- the identity, address, and telephone number of the new creditor;
- the date of transfer;
- how to reach an agent or party having authority to act on behalf of the new creditor;
- the location of the place where the transfer is recorded ; and

➤ any other relevant information regarding the new creditor.

This is merely a disclosure requirement – to bring a bit of clarity and transparency to the opaque mortgage market. The cost to the industry is small. The benefit to homeowners and communities would be tremendous.

Thank you for your consideration. Please contact Margot Saunders at the National Consumer Law Center with any questions – (202) 452 6252, ext. 104.

Sincerely,

Consumer Action

Consumer Federation of America

Consumers Union

National Association of Consumer Advocates

National Association of Neighborhoods

National Consumer Law Center

National Council of La Raza

National Fair Housing Alliance