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Foreclosure Review Process Flawed and Should Be Reassigned to the CFPB
NCLC Asserts that More than 4 Million Consumers May be Harmed

(WASHINGTON, DC) The current foreclosure review process proposed by the national banking regulator could harm up to 4.5 million homeowners, according to testimony given by National Consumer Law Center (NCLC) Attorney Alys Cohen before a U.S. Senate Banking, Housing and Urban Affairs subcommittee on December 13, 2011. “The foreclosure review process as proposed by the Office of the Comptroller of the Currency is opaque, leaves too much control in the hands of the mortgage servicers—the firms that created the mess in the first place—and threatens to strip further rights from homeowners,” asserted Cohen during her testimony. “Due to the OCC’s history of siding with banks over consumers and the potential for homeowner injury, the National Consumer Law Center recommends that the Consumer Financial Protection Bureau take over implementation of the process.” Cohen also testified on behalf of 20 other national and state consumer, housing, and civil rights organizations.

Cohen noted that in the face of a foreclosure crisis of unprecedented proportions, the federal regulatory response has been staggeringly inadequate. The banking agencies’ consent orders and foreclosure reviews have repeatedly favored banks over homeowners, and left homeowners without assistance. The program, by design, discourages homeowner participation and limits review of servicers’ past misconduct. Worse, the foreclosure review process whitewashes servicers’ continuing abuses and gives the mortgage servicers another chance to perpetuate abuses unchecked while hiding behind a fig leaf of reform and accountability. The result is likely to be further harm to homeowners, including millions of dollars of financial injury and thousands of additional wrongful foreclosures.

Links:

NCLC Attorney Alys Cohen’s written testimony:

http://www.nclc.org/images/pdf/foreclosure_mortgage/mortgage_servicing/testimony-occ-cohen.pdf

More information on the U.S. Senate Banking subcommittee hearing “Helping Homeowners Harmed by Foreclosures: Ensuring Accountability and Transparency in Foreclosure Reviews,” (includes links to testimony of all witnesses):

http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=7a885a91-a322-4ec1-854b-f5bea50ddcc5

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National Consumer Law Center® (NCLC®) is a non-profit organization specializing in consumer issues on behalf of low-income and other vulnerable people. Since 1969, NCLC has worked with legal services and nonprofit organizations as well as government and private attorneys across the United States, to create sound public policy for low-income and elderly individuals on consumer issues.