Office *of the* Comptroller *of the* Currency

Ensuring a Safe and Sound National Banking System for all Americans.

FOR IMMEDIATE RELEASE
April 13, 2011
Contact: Robert Garsson
(202) 874-5770

OCC Takes Enforcement Action against Eight Servicers for Unsafe and Unsound Foreclosure Practices

WASHINGTON — The Office of the Comptroller of the Currency today announced formal enforcement actions against eight national bank mortgage servicers and two third-party servicer providers for unsafe and unsound practices related to residential mortgage loan servicing and foreclosure processing.

The eight servicers are Bank of America, Citibank, HSBC, JPMorgan Chase, MetLife Bank, PNC, U.S. Bank, and Wells Fargo. The two service providers are Lender Processing Services (LPS) and its subsidiaries DocX, LLC, and LPD Default Solutions, Inc.; and MERSCORP and its wholly owned subsidiary, Mortgage Electronic Registration Systems, Inc. (MERS).

"These comprehensive enforcement actions, coordinated among the federal banking regulators, require major reforms in mortgage servicing operations," said acting Comptroller of the Currency John Walsh. "These reforms will not only fix the problems we found in foreclosure processing, but will also correct failures in governance and the loan modification process and address financial harm to borrowers. Our enforcement actions are intended to fix what is broken, identify and compensate borrowers who suffered financial harm, and ensure a fair and orderly mortgage servicing process going forward."

The enforcement actions require the servicers to promptly correct deficiencies in residential mortgage loan servicing and foreclosure practices that examiners identified in reviews conducted during the fourth quarter of 2010. The actions require the servicers to make significant improvements in practices for residential mortgage loan servicing and foreclosure processing, including communications with borrowers and dual-tracking, which occurs when servicers continue to pursue foreclosure during the loan modification process. The enforcement actions require the servicers to ensure that foreclosures are not pursued once a mortgage has been approved for modification and to establish a single point of contact for borrowers throughout the loan modification and foreclosure processes. In addition, the actions require servicers to establish robust oversight and controls pertaining to their third-party vendors, including outside legal counsel, that provide default management or foreclosure services.

The OCC's actions also require each servicer to engage an independent firm to conduct a multi-faceted review of foreclosure actions between January 1, 2009, and December 31, 2010. This requirement includes a comprehensive "look back" to assess whether foreclosures complied with federal and state laws, whether foreclosures occurred when grounds for foreclosure were not present, such as when loans were performing, and whether any errors, misrepresentations or other deficiencies resulted in financial injury to borrowers. The actions also require each servicer to establish a process for borrowers who believe they have been financially harmed by such deficiencies to make submissions to be considered for remediation. Each servicer must also submit a plan to remediate all financial injury to borrowers caused by any errors, misrepresentations, or other deficiencies identified in the independent consultant's findings.

The OCC based its enforcement actions on the findings of examinations conducted as part of the interagency horizontal reviews undertaken by the federal banking regulators in the fourth quarter of 2010. Examinations of these eight national bank servicers identified significant weaknesses in mortgage servicing and foreclosure governance that resulted in unsafe and unsound practices. The scope and degree of these practices differed among the servicers; however, based on the sample of files reviewed by OCC examiners, borrowers in the sample were seriously delinquent at the time of foreclosures and servicers held the notes and documents required to foreclose. A summary of the findings of the interagency reviews is available in the *Interagency Review of Foreclosure Policies and Practices*, which was produced by the OCC, the Board of Governors of the Federal Reserve System, and the Office of Thrift Supervision.

The enforcement actions do not preclude determinations regarding assessment of civil money penalties, which the OCC is holding in abeyance.

Related Links

- *Interagency Review of Foreclosure Policies and Practices* (PDF)
- Consent Order for Bank of America (PDF)
- Consent Order for Citibank (PDF)
- Consent Order for HSBC Bank (PDF)
- Consent Order for JPMorgan Chase Bank, N.A. (PDF)
- Consent Order for LPS; DocX, LLC; and LPD Default Solutions, Inc. (PDF)
- Consent Order for MetLife Bank, N.A. (PDF)
- Consent Order for MERSCORP and Mortgage Electronic Registration Systems, Inc. (MERS) (PDF)
- Consent Order for PNC Bank, N.A. (PDF)
- Consent Order for U.S. Bank National Association, U.S. Bank National Association ND (PDF)
- Consent Order for Wells Fargo Bank, N.A. (PDF)