

In the Wake of Enforcement Actions Against Mortgage Servicers, Brown Introduces Bill to Keep Ohioans in Their Homes; Stem Foreclosure Crisis

Foreclosure Fraud and Homeowner Abuse Act would Expand Protections for Investors and Homeowners, Increase Access to Foreclosure Mitigation Services

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WASHINGTON, D.C. – In the wake of a settlement between 14 U.S. mortgage servicers and foreclosed homeowners, U.S. Sen. Sherrod Brown (D-OH) introduced landmark legislation to prevent future servicer fraud and errors, improve foreclosure counseling and prevention, and reform oversight of mortgage-based investing. Brown, who chairs the Senate Banking Subcommittee on Financial Institutions and Consumer Protection, introduced the *Foreclosure Fraud and Homeowner Abuse Prevention Act of 2011* which would expand access to foreclosure prevention services, while increasing protections for homeowners and investors in mortgage-backed securities. Companion legislation was introduced in the U.S. House of Representatives by Rep. Brad Miller (D-NC).

“This foreclosure crisis affects all of us – homeowners, families, neighbors, and state and local governments. It is clear that the current system isn’t working and unfortunately federal regulators have failed to bring meaningful reform to the mortgaging servicing,” Brown said. “Ending the foreclosure mill requires stronger oversight, streamlined modification procedures, and meaningful penalties when servicers break the law. We should be finding ways to keep people in their homes, not gouging homeowners and forcing more houses onto an already depressed housing market.”

“The rampant abuses, incompetence and outright fraud by mortgage servicers must end if we are going to stabilize our housing market” Rep. Miller said. “This bill will lead to realistic modification of mortgages to help families keep their homes and avoid foreclosure.”

In 2010, there were 85,483 new foreclosure filings, according to Policy Matters Ohio’s recent “Home Insecurity” report; it was the first time in 15 years that Ohio did not have an increase in foreclosure filings over the previous year. The number of foreclosure filings would likely have continued to increase but for a temporary foreclosure suspension of new foreclosure filings by several of the largest servicers as a result of the so-called “robo-signing” scandal.

The *Foreclosure Fraud and Homeowner Abuse Prevention Act of 2011* would:

- Protect homeowners from servicer errors, miscommunications, and abusive fees.
- End the rush to foreclosure and require servicers to work with homeowners to find sustainable mortgages.
- Improve standards for staffing and casework by mortgage servicers.
- Protect the interests of investors who buy securities backed by residential mortgages.
- Reform oversight of pools of securitized mortgages.

The *Foreclosure Fraud and Homeowner Abuse Prevention Act of 2011* is endorsed by the Alliance for a Just Society, Center for Responsible Lending, Community Organizations in Action, National Association of Consumer Advocates (NACA), National Consumer Law Center (on behalf of its low-income clients), Coalition on Homelessness & Housing in Ohio (COHHIO), Neighborhood Housing Services of Greater Cleveland, and Columbus Housing Partnership (CHP). Click here for additional information on the bill.

Brown, chair of the Financial Institutions and Consumer Protection Subcommittee, is a leading proponent of providing assistance to communities affected by the housing crisis and population loss. In July 2010, he sent a letter to the executives of the nation’s four largest banks calling on them to work with responsible homeowners to avoid foreclosure. Brown fought for the creation of the Neighborhood Stabilization Program (NSP) in the *Housing and Economic Recovery Act of 2008* and the continuation of the program in the *American Recovery and Reinvestment Act (ARRA) of 2009*.

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