

**Congress of the United States**  
**Washington, DC 20515**

October 4, 2010

Eric Holder, Attorney General  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW, Room 1145  
Washington, DC 20530

Ben S. Bernanke, Chairman  
Board of Governors of the Federal Reserve System  
Twentieth Street and Constitution Avenue, NW  
Washington, DC 20551

John C. Dugan, Comptroller  
Office of the Comptroller of the Currency  
U.S. Department of the Treasury  
250 E Street, SW, Room 9048  
Washington, DC 20219

Dear Attorney General Holder, Chairman Bernanke and Comptroller Dugan,

As members of the California Democratic Congressional Delegation, we urge you and your respective agencies to investigate possible violations of law or regulations by financial institutions in their handling of delinquent mortgages, mortgage modifications, and foreclosures.

Over the last few years, thousands of our constituents have reported that many financial institutions, despite good faith efforts on the part of most homeowners to work out reasonable loan modifications or simply seek forbearance of foreclosure, routinely fail to respond in a timely manner, misplace requested documents, and send mixed signals about the requirements that need to be met to avoid foreclosures. We are particularly perplexed by this apparent pattern in light of the many incentives Congress and the Obama Administration have offered to servicers and lenders to avoid foreclosures where financially viable, including subsidies and loan guarantees from taxpayers. Avoidable foreclosures end up being unnecessarily costly for homeowners, lenders and servicers, and our housing market, whose health is essential to our economic recovery.

The apparent pattern reported by our constituents leads us to conclude that their problems are not just personal anecdotes anymore. Recent reports that Ally Financial (formerly GMAC), JP Morgan, and Bank of America may have approved thousands of unwarranted foreclosures only amplify our concerns that *systemic* problems exist in the ways many financial institutions have dealt with homeowners who are seeking to avoid foreclosures.

We are now in the third year of the worst housing crisis we have seen in decades. Far too many families in California, and across the country, continue to lose their homes. While Congress and the Obama Administration have taken steps to help mitigate the housing problem, this

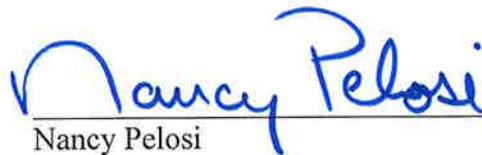
devastation has persisted and, in fact, worsened as the country's unemployment rate increased. We have heard numerous stories of financial institutions being uncooperative at best or misleading and acting in bad faith at worst. These heartbreaking stories are commonplace, persisting across the state and across lenders and servicers. As you can see from the attached document, which highlights examples of casework throughout California, it appears that banks have repeatedly misled and obstructed homeowners from receiving the help Congress and the Administration have sought to provide.

The excuses we have heard from financial institutions are simply not credible three years into this crisis. People in our districts are hurting. We have tried to help them in the face of the many challenges they have faced in their dealings with financial institutions. It is time that banks are held accountable for their practices that have left too many homeowners without real help.

Sincerely,



Zoe Lofgren  
Member of Congress



Nancy Pelosi  
Member of Congress



Joe Baca  
Member of Congress



Xavier Becerra  
Member of Congress



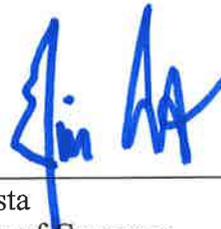
Howard Berman  
Member of Congress



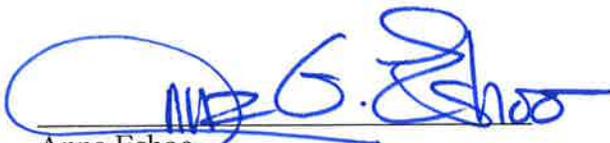
Lois Capps  
Member of Congress



Judy Chu  
Member of Congress



Jim Costa  
Member of Congress



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Anna Eshoo  
Member of Congress



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Sam Farr  
Member of Congress



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Bob Filner  
Member of Congress



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John Garamendi  
Member of Congress



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Jane Harman  
Member of Congress



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Michael M. Honda  
Member of Congress



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Barbara Lee  
Member of Congress



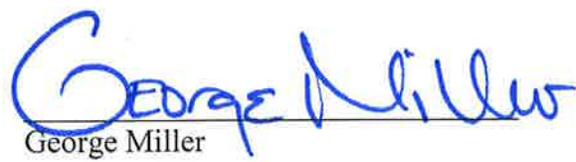
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Doris Matsui  
Member of Congress



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Jerry McNerney  
Member of Congress



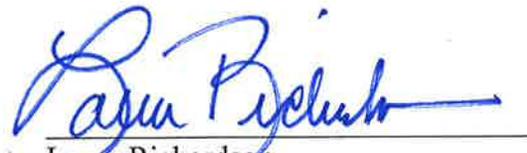
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George Miller  
Member of Congress



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Grace Napolitano  
Member of Congress



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Laura Richardson  
Member of Congress



Lucille Roybal-Allard  
Member of Congress



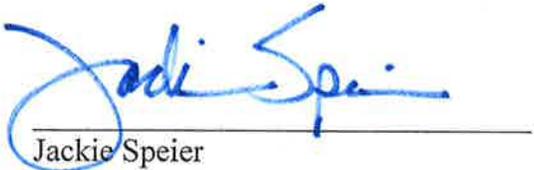
Linda Sanchez  
Member of Congress



Loretta Sanchez  
Member of Congress



Adam Schiff  
Member of Congress



Jackie Speier  
Member of Congress



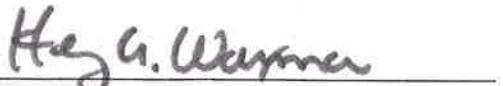
Pete Stark  
Member of Congress



Maxine Waters  
Member of Congress



Diane Watson  
Member of Congress



Henry Waxman  
Member of Congress



Lynn Woolsey  
Member of Congress



Mike Thompson  
Member of Congress