

**STATEMENT OF
JULIE L. WILLIAMS
FIRST SENIOR DEPUTY COMPTROLLER AND CHIEF COUNSEL
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

**Before the
SUBCOMMITTEE ON HOUSING, TRANSPORTATION, AND COMMUNITY
DEVELOPMENT**

**Of the
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS**

UNITED STATES SENATE

DECEMBER 13, 2011

Chairman Menendez, Ranking Member DeMint, and members of the Subcommittee, I appreciate the opportunity to appear before you this afternoon to provide information on the status of the OCC's implementation of enforcement actions that direct the country's largest mortgage servicers to correct deficient and unsafe and unsound servicing and foreclosure processing practices, and to provide remediation to borrowers financially injured by those practices.

The OCC appreciates the subcommittee's concerns regarding transparency and accountability throughout this process. My written testimony provides up-to-date information describing in detail the independent foreclosure review process required by our enforcement orders and other required comprehensive corrective actions that are underway.

Our goals are clear: fix what was broken; identify borrowers who were financially harmed; provide compensation for that injury; and, make sure this doesn't happen again.

The work to correct mortgage servicing and foreclosure process defects involves many components. Efforts include establishing single points of contact to improve communication

with borrowers, addressing how to eliminate dual tracking, improving oversight and management of third-party service providers, and enhancing operations related to the Mortgage Electronic Registration Systems (MERS), and improvements in management information systems, risk assessment and management, and compliance oversight.

The OCC has also required the servicers to retain independent consultants to conduct an independent review of each servicer's foreclosure activities spanning 2009 through 2010. The independent review has two parts: first, a claims process whereby borrowers who believe they were financially harmed by defective servicing and foreclosure practices during that period may obtain an independent review of their case, and second, a file review component.

The most public aspect is the claims process, which was launched on November 1. Since that date, more than 2.7 million letters have been sent to borrowers explaining how they may request an independent review of their case. More than 4 million letters will be sent by the end of the year. To date, less 5 percent of those letters have been returned as undeliverable, and the independent claims processor is working to identify addresses for those undeliverable letters.

The OCC is requiring servicers to use advertising, a Web site, a toll-free number, and various other forms of outreach to increase awareness and understanding of the review process. Advertising will kick off at the beginning of next year and will include full-page advertisements in widely read national publications as well as publications that serve minority and underserved audiences.

The OCC will monitor the effectiveness of this advertising, and additional advertising may be required.

As of December 9, the Independent Foreclosure Review Web site has been visited more than 280,000 times, and the toll-free number has answered nearly 49,000 calls.

The OCC also will launch a series of public service announcements in January that will include both print and radio spots in English and Spanish. We are working with a number of public interest organizations to explain the foreclosure review process. We are discussing their concerns about the scope and effectiveness of the outreach program and their suggestions for improvements.

In addition to this claims process, our enforcement orders require the independent consultants to perform file reviews of identified segments of borrowers. They are using sampling and other tools to identify files for review, subject to guidance and oversight from the OCC. Currently, 56,000 files are under review.

We are requiring 100 percent review of some borrower segments, including cases involving the Servicemembers Civil Relief Act (SCRA), bankruptcy cases involving foreclosures in 2009 and 2010, cases referred by state or federal agencies, and reviews requested through the coordinated claims process described above.

With respect to SCRA cases, I would like to close by offering particular thanks to the Defense Manpower Data Center of the Department of Defense and to the Department of Justice. We reached out to both to explore how to effectively identify servicemembers whose cases should be reviewed as part of the 100 percent review. As a result of that collaboration, processes have been developed that will ensure that all eligible servicemembers are identified for inclusion in the 100 percent file review.

Again, I appreciate the opportunity to testify and look forward to answering your questions.