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Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
FACSIMILE (202) 225-3974
MINORITY (202) 225-5051

<http://oversight.house.gov>

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Opening Statement

Ranking Member Elijah E. Cummings

Forum on "Fighting on the Home Front: Military Families Facing Wrongful Home Foreclosure"

July 12, 2011

Chairman Rockefeller, I want to thank you personally for hosting this forum today. I have been trying for the past six months, as the new Ranking Member of the House Oversight Committee, to bring attention to these illegal actions, but I have not been able to convince Chairman Issa or my colleagues on the other side of the aisle at the Oversight Committee.

What you are doing here today will help our men and women in uniform. It will shine a spotlight on these illegal activities. And it will protect military families across the country from mortgage servicing companies that illegally foreclose on their homes and charge millions of dollars in inflated fees.

Mrs. Petraeus and Mr. Vladeck, thank you for your leadership and ongoing work helping U.S. servicemembers. Captain Wright and Commander Nelson, thank you for the extraordinary efforts of your organizations to keep servicemembers and their families in their homes. And I especially thank Chief Warrant Officer Pickett and Captain Gonzales, both for your service to our country, and for coming here today to share your experiences with Congress.

One of the most troubling aspects of this issue is that the abuses we will hear about today are already illegal. Congress enacted the Servicemembers Civil Relief Act to protect Warrant Officer Pickett, Captain Gonzales, and millions of other servicemembers and their families from just these kinds of abuses.

Here is the bottom line: None of our troops fighting overseas in Iraq or Afghanistan should also have to fight here at home just to keep a roof over the heads of their loved ones.

Right now, we have no idea how far these problems extend. We are just beginning to understand the full scope and devastating consequences of actions that have been occurring for years.

When reports of illegal foreclosures and inflated fees first arose, the banks downplayed these problems as isolated. But as thousands and thousands of affected servicemembers were identified, the widespread and systemic nature of this wrongdoing became more evident.

Over the past several months, three major banks have been forced to pay multi-million dollar settlements relating to these abuses. The largest was JPMorgan. It announced initially that it would pay \$2 million, but it later agreed to pay \$56 million to settle claims that it seized the homes of active duty servicemembers and overcharged military personnel in violation of federal law.

Similarly, in announcing a \$20 million settlement against Bank of America, Justice Department officials condemned the bank's actions, finding that it "failed to protect and respect the rights of our servicemembers, failed to comply with clearly mandated procedures, and foreclosed against homeowners who are valiantly serving our nation."

More recently, on April 13, four federal agencies that regulate mortgage servicing companies issued a report finding "critical weaknesses in servicers' foreclosure governance processes." They found systemic deficiencies at all 14 banks they examined, including multiple violations against servicemembers. But since their review was based on only a sampling of files, they have now directed the banks to conduct a much more comprehensive review to identify additional servicemembers and other borrowers "that have been financially harmed."

It is now obvious that illegal actions by mortgage banks against servicemembers are much more widespread than originally believed. But the full scope of these problems is not yet known. That is why this forum is so important, and why further investigation by Congress is so critical.

Chairman Rockefeller, thank you again for hosting this forum, and I look forward to hearing from our panelists.

Contact: Ashley Etienne, Communications Director, (202) 226-5181.