

Washington, DC (Oct. 18, 2011) – Today, Congressman Elijah E. Cummings, Ranking Member of the Committee on Oversight and Government Reform, responded to an announcement by the Federal Housing Finance Agency (FHFA) that it has instructed Fannie Mae and Freddie Mac to begin “transitioning away” from their use of designated foreclosure attorney networks to a system under which “mortgage servicers select qualified law firms that meet certain minimum, uniform criteria.”

“Several of these law firms were able to engage in abusive and illegal behavior that violated the rights of borrowers, in part because of deficient oversight by FHFA, Fannie Mae, and Freddie Mac,” said Cummings. “In light of the extensive problems recently documented by the FHFA Inspector General, I urged FHFA to seriously consider terminating these attorney networks, and it appears they are implementing my request.”

“I remain concerned, however, that FHFA has not provided specific details about how mortgage servicers will select and oversee law firms to ensure that abusive behavior is prevented,” added Cummings. “I will continue my oversight efforts to ensure that specific measures are in place to require mortgage servicers to properly oversee the actions of law firms conducting foreclosure proceedings, including those involving mortgages owned or backed by the government sponsored enterprises.”

On February 25, 2011, Ranking Member Cummings [launched a major investigation](#) into abuses and illegal activities by mortgage servicing companies, including wrongful foreclosures, inflated fees, and the filing of improperly executed legal documents during the foreclosure process. As part of that investigation, Cummings [sent a letter](#) asking the FHFA Inspector General to examine “widespread allegations of abuse by private attorneys and law firms hired to process foreclosures as part of the ‘Retained Attorney Network’ established by Fannie Mae.”

On September 23, 2011, the FHFA Inspector General [issued a report](#) concluding that Fannie Mae and its regulators, including FHFA, were alerted repeatedly to serious problems with the legal firms in Fannie Mae’s retained attorney network (RAN) beginning as early as 2003, but failed to take corrective action. The Inspector General reported that “FHFA did not begin to act on foreclosure abuse issues involving Fannie Mae’s RAN until mid-2010,” despite “multiple indicators of foreclosure abuse risk prior to 2010 that could have led FHFA to identify and act earlier on the issue.”

On October 3, 2011, Cummings [sent a letter](#) to FHFA Acting Director Edward DeMarco requesting additional documents and information regarding these oversight failures. Cummings requested that the agency “give serious consideration to terminating the existing Fannie Mae Retained Attorney Network program.” He also requested that “FHFA take immediate and decisive action to remedy these failures and ensure that no additional borrowers suffer similar abuses.”