

**Statement of**  
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**Consumer Financial Protection Bureau**

**Forum: “Fighting on the Home Front: Wrongful Foreclosures Against Military Families”**

**July 12, 2011**

Thank you Senator Rockefeller and Congressman Cummings for inviting me to take part in this important discussion.

When it created the Consumer Financial Protection Bureau, Congress recognized the unique financial challenges of military families by establishing an Office of Servicemember Affairs (OSA), which I have the honor to lead. We are directed to see that military personnel and their families receive a strong financial education, to monitor their complaints about consumer financial products and services – and responses to those complaints – and to coordinate efforts by federal and state agencies to improve consumer financial protection measures for military families.

Congress, in creating the OSA, recognized that protecting our servicemembers from suffering financial repercussions for answering the call to service is not only the right thing to do – it is also important to our national security. Military personnel who are distracted by financial problems cannot do their jobs to the best of their abilities. In fact, hundreds of servicemembers have their essential security clearances revoked each year due to financial problems.

In the 6 months since I assumed this job, I’ve made it a priority to hear directly from the military community about the financial issues they are facing. I’ve been to military bases all over the United States and have also met with National Guard and Reserve troops and families.

During these conversations, I’ve heard about the impact the housing crisis has had on our military families and the challenges that some servicemembers face when they invoke their SCRA rights. As you know, the SCRA protects military personnel who are called to active duty by lowering the interest rate to 6 percent on certain debts incurred before entering active duty, including mortgage and credit card loans. And it also provides certain protections from foreclosure for the home of a servicemember on active duty.

Obviously I was dismayed to learn earlier this year about alleged mortgage-related violations of the SCRA. I hope that the recent attention to this issue will cause all lenders to take steps to ensure compliance, and in March I wrote our largest banks to that effect. Servicemembers

should not have to struggle to get the protections they are due under the law. A National Guard wife once told me that her husband had been activated three times, and each time she had had to fight with their bank for months to get the SCRA interest rate reduction applied. And as we've seen from the recent settlements with Bank of America, Saxon Mortgage, and JP Morgan Chase over SCRA-related incidents, experiences like hers, reflecting lenders' lack of compliance with other SCRA protections, have been far too common. And while a foreclosure is devastating for any American family, it can be especially painful for military families. Both the family back home and the deployed servicemember, who feels helpless to take action to prevent the foreclosure, are put in a terrible situation. It is vital that servicemembers receive all the protections afforded to them by the SCRA.

While the CFPB will not enforce the SCRA, we are actively working with the Department of Defense (DoD) and the Department of Justice (DOJ) to determine how our Bureau can best assist servicemembers who come to us with SCRA complaints. We intend to create a process to refer the SCRA complaints that we receive to the appropriate agencies, and to make sure we do what we can, within the limits of our authority, to address complaints of military families and the issues affecting them. As a first step, on July 6<sup>th</sup>, we signed a Statement of Principles with the Judge Advocate Generals of the Army, Navy, Air Force, Marine Corps, and Coast Guard, signaling our intent to work with them to address military consumer financial issues. And while the DOJ Civil Rights Division and the prudential regulators will continue to be the ones who enforce the SCRA, I intend to raise awareness of the law and its protections both in the military community and in the financial community. And I should note that in the aftermath of the recent SCRA violations, we have now heard from some financial institutions that they are going above and beyond the requirements of the SCRA to provide enhanced protections, benefits and service to military families.

Again, I'm very pleased to be part of the conversation here today, and I look forward to hearing from the other participants.