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ONE HUNDRED ELEVENTH CONGRESS

# Congress of the United States

## House of Representatives

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October 7, 2010

Mr. Luke Hayden  
President of Mortgage  
PHH Corporation  
2001 Bishop's Gate Boulevard  
Mt. Laurel, NJ 08054

Dear Mr. Hayden:

Over the last few days, several major banks have suspended further residential foreclosure proceedings in 23 states due to a variety of suspect practices, including allegations of incorrect information, unverified documentation, false certifications, and forged signatures. I am writing to request that you voluntarily suspend further processing of foreclosures in all 50 states and the District of Columbia, pending the completion of a thorough, internal investigation of your company's mortgage servicing and foreclosure practices. In addition, I am requesting that you provide me with a full and complete report on the results of your internal investigation.

We are now in the third year of one of the worst housing crises in our history. Given that many families continue to struggle financially, it is incumbent upon all of us—particularly lending institutions—to do all we can to prevent families from losing their homes. As thousands of Americans continue to reach out to their banks to make good faith efforts to restructure loans or explore other ways to avoid foreclosure, the practices recently revealed by some institutions are both troubling and egregious.

For example, it has been widely reported that employees at some institutions have admitted they did not verify key information, such as the amounts owed by borrowers or other critical information. Additionally some bank employees—known as “robo signers”—reportedly have said they signed thousands of foreclosure affidavits per month certifying they had personally reviewed each file. Now these same workers say they had no time to review those files, despite their signatures certifying they did. Other allegations have surfaced that key signatures and notarizations necessary for processing foreclosures were suspect for a variety of reasons.

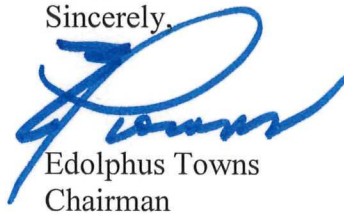
Mr. Luke Hayden

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In some cases, lenders, mortgage servicers, and courts are even having difficulty determining which institution has the right to foreclose on some properties. This has become much more difficult in recent years, when home loans change hands multiple times before eventually being pooled, securitized, and resold as investment instruments.

Without a doubt, losing a home can be one of the most traumatic experiences faced by an American family. Anyone forced to go through this process should be treated fairly. Sadly, it appears this may not have been the case for some borrowers. This needs to be rectified as soon as possible.

Sincerely,

A handwritten signature in blue ink, appearing to read "Edolphus Towns". The signature is stylized and cursive.

Edolphus Towns  
Chairman

cc: The Honorable Darrell Issa  
Ranking Minority Member  
Committee on Oversight and Government Reform