

Fact Sheet: State and Federal Investigations

The agreement is the product of extensive investigations conducted by a variety of federal agencies and the state attorneys general. These investigations include:

- *U.S. Trustees Program.* In October 2010, the Justice Department's U.S. Trustee Program (USTP) launched an intensified investigation by 17 offices across the country that reviewed more than 37,000 bankruptcy claims and motions filed by the top five mortgage servicers over eight months. The USTP uncovered thousands of potentially inaccurate filings and litigated against the banks' attempts to stop almost 300 of the resulting bankruptcy investigations. To date, the USTP has obtained discovery in more than 175 cases.
- *Department of Housing and Urban Development (HUD) Inspector General.* In a review of robo-signing activities in foreclosures that led to insurance claims being submitted for reimbursement to FHA, the HUD Office of the Inspector General (HUD-OIG) initiated an intensive review by five regional offices involving 37 staff expending more than 10,450 staff hours to review nearly 300 claims submitted to FHA. In addition to the voluntary compliance it received from some of the servicers, OIG, along with the Department of Justice, issued six subpoenas and 54 civil investigative demands. HUD-OIG staff reviewed claims from Florida, Michigan, Ohio and California; worked onsite in locations in South Carolina, Pennsylvania, Ohio, Missouri, Texas and California; and interviewed notaries, document executors, management, and third-party vendor staff. The HUD-OIG looked at affidavits of indebtedness, FHA insurance claims, personnel files, policies and procedures, loan files and internal emails.
- *Federal Housing Administration (FHA).* In the Summer of 2010, prior to the robo-signing controversy, HUD initiated a large-scale review of FHA's 10 largest servicers. The investigations included on-site reviews, off-site evaluations, and the use of electronic monitoring tools. More than one dozen staff members were devoted full-time to this investigation in order to complete the review of servicing files for thousands of FHA-insured loans. HUD's Mortgagee Review Board issued notices of violation and notices of intent to seek civil money penalties in connection with 1,111 defaulted FHA insured loans.
- *State Attorneys General.* In October 2010, state attorneys general offices throughout the country began investigations into robo-signing. The scope of the investigation broadened to encompass a long list of mortgage servicing issues, such as lost paperwork, and long delays and missed deadlines for loan modifications. State attorneys general obtained and reviewed foreclosure files at local courthouses, issued information requests to banks and review thousands of documents. Long before they announced their investigation, attorneys general and state banking regulators across the country fielded thousands of mortgage servicing complaints. Many states took

part in mortgage-related working groups, launched foreclosure prevention efforts, and took action against subprime and predatory lenders.

- *U.S. Attorney's Office for the Eastern District of New York.* The additional \$1 billion settlement of origination claims against the Bank of America includes the resolution of a nearly three-year investigation by the U.S. Attorney's Office for the Eastern District of New York of fraudulent loan underwriting practices engaged in by the bank's Countrywide subsidiaries. The investigation included the issuance of multiple subpoenas, interviews of numerous key witnesses and the review of more than two million pages of documents as well as massive e-mail productions.
- *U.S. Attorney's Office for the District of Colorado.* Since 2010, the U.S. Attorney's Office for the District of Colorado has pursued investigations of two major servicers regarding their compliance with their obligations to borrowers for mortgage loans insured by the FHA. A team of attorneys and investigators, working with HUD-OIG in Denver, obtained and reviewed more than 90,000 pages of documents concerning scores of foreclosed properties in Colorado, comparing FHA loss mitigation rules with records obtained by subpoena from the servicers, as well as records provided by homeowners. Partnering with Colorado State Attorney General's Office, the team interviewed numerous individuals, including homeowners who faced foreclosure and individuals who already had been foreclosed upon and evicted.
- *Unprecedented federal-state coordination.* State and federal agencies entered into information-sharing agreements and shared evidence concerning robo-signing and other servicing abuses.
- Multiple other agencies from across the federal government contributed to this resolution, including: the Federal Trade Commission, the Consumer Financial Protection Bureau, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Federal Housing Finance Agency Office of the Inspector General, the Special Inspector General for the Trouble Asset Relief Program, the Justice Department's Civil Division, the Justice Department's Civil Rights Division, the Department of Veterans Affairs, and the U.S. Department of Agriculture.