



SIGTARP

Office of the Special Inspector General
For The Troubled Asset Relief Program

FOR IMMEDIATE RELEASE

Aug 26, 2021

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SIGTARP RELEASES EVALUATION OF TREASURY'S PUBLIC REPORTING ON THE HOME AFFORDABLE MODIFICATION PROGRAM

As of June 2021, there were more than 645,000 homeowners nationwide using the Home Affordable Modification Program to stay in their homes. HAMP's goals are to modify mortgages for at-risk homeowners to be affordable and sustainable. There are 118 bank and non-bank mortgage servicers that administer HAMP under contract with Treasury.

“Our biggest takeaway is that greater transparency is needed on the performance of banks and non-bank mortgage servicers that administer HAMP under contract with Treasury to bring accountability and insight into poor performance, violations of Treasury's rules, and homeowner abuse,” said Special Inspector General Christy Goldsmith Romero. “Some of these financial institutions have either been the subject of enforcement actions for breaking the law and abusing homeowners or the subject of Treasury's findings of wrongfully redefaulting homeowners out of HAMP, wrongfully labeling homeowners as delinquent, wrongfully setting mortgage payments too high, and other violations. Transparency is critical to accountability.”

SIGTARP found that Treasury complies with its requirement in the Dodd Frank Act to provide transparency by publishing loan-level data on participating homeowners. SIGTARP found that transparency can be further enhanced by Treasury analyzing and summarizing the data on current participating homeowners by geography (region, state, and city/county) and demographics (race, ethnicity, and income level).

SIGTARP found that Treasury does not publicly report on individual performance of mortgage servicers, missing an opportunity to bring greater accountability and insight into poor servicer performance. Key performance indicators, which SIGTARP recommends Treasury report, include reporting by servicer the number and rate of homeowners redefaulted out of HAMP. This could show above-average redefault rates, leading to greater Treasury scrutiny and potentially exposing a servicer's wrongful redefaults of homeowners. Redefaults that disproportionately affect minorities or communities of color could also lead to greater Treasury scrutiny.

Treasury does not report on its oversight of HAMP mortgage servicers, which SIGTARP recommends. For example, Treasury has not reported that it decreased its compliance reviews of servicers, only conducting reviews of the top 14 servicers, and decreased reviews for servicers like Wells Fargo, JP Morgan Chase, and Bank of America from four to two reviews in 2020.

Treasury has continued to find mortgage servicers that wrongfully redefaulted homeowners out of HAMP, or took action that could lead to redefaults, such as wrongfully labeling a homeowner as delinquent, incorrectly setting the mortgage payment too high, not timely recasting the mortgage which could lower the payment, or otherwise violating Treasury's HAMP rules. This includes Treasury's findings over the last two years in its oversight of Ocwen Loan Servicing, Bank of America, Citigroup, NewRez LLC, Specialized Loan Servicing, Carrington Mortgage, and Bayview.

Servicer misconduct that violates HAMP rules harms homeowners, even if only one or a few homeowners at a time. When Treasury finds a violation, it requires the servicer to remedy it for the specific homeowner. In certain cases, it requires the servicer to do a lookback review for other homeowners harmed. Treasury uses small sample sizes and when finding violations for individual homeowners would say the problem was not systemic, even for repeated violations. Treasury often did not increase its sample size and look back to determine in the mortgage servicer similarly harmed other homeowners, which SIGTARP recommends.

Treasury also does not publicly report on its oversight efforts after federal and/or state enforcement actions against HAMP servicers for homeowner abuse. Public reporting on the performance of the 118 mortgage servicers administering HAMP under contracts with Treasury, and of Treasury's oversight of the servicers, could lead to greater accountability and insight into poor servicer performance.

Treasury did not agree to implement SIGTARP's recommendations. The evaluation report including Treasury's response is posted in its entirety at www.sig tarp.gov/audits.

About SIGTARP

SIGTARP was created as an independent law enforcement agency to investigate fraud, waste, and abuse related to the Emergency Economic Stabilization Act (EESA). To date, SIGTARP investigations have resulted in the recovery of over \$11.3 billion, 397 criminal convictions and 311 defendants sentenced to prison.

To report a suspected crime related to TARP, call SIGTARP's Crime Tip Hotline: 1-877-SIG-2009 (1-877-744-2009). To receive alerts about reports, audits, media releases, and other SIGTARP news, sign up at www.SIGTARP.gov/pages/press.aspx. Follow SIGTARP on Twitter @SIGTARP.

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