

Press Releases

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OTS 11-008 - OTS Takes Action to Correct Foreclosure Deficiencies

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Washington, D.C. — The Office of Thrift Supervision (OTS) has taken enforcement actions against four OTS-regulated mortgage loan servicers for critical weaknesses in processing home foreclosures, the OTS announced today.

After an interagency review of foreclosure policies and procedures at 14 nationwide mortgage servicers, the OTS issued enforcement orders against the four servicers supervised by the agency: Aurora Bank, EverBank, OneWest Bank and Sovereign Bank. The orders require swift and comprehensive action to remedy the widespread and significant deficiencies identified by the review.

At the end of 2010, the four OTS-regulated institutions serviced about 3 percent of all first-lien mortgages.

The OTS also issued orders against EverBank Financial Corp. and IMB HoldCo LLC, the parent companies of EverBank and OneWest, respectively, requiring them to improve their oversight of mortgage servicing by their subsidiaries.

Mortgage servicers act as intermediaries between borrowers and lenders, collecting payments and administering funds—tasks that grow more complicated when borrowers default on their loans and homes go into foreclosure.

About 54 million first-lien mortgage loans were outstanding in the U.S. at year-end 2010, including 2.4 million in foreclosure and another 2 million that were seriously delinquent (90 or more days past due) and at risk of foreclosure.

During the review by federal bank and thrift regulators during the fourth quarter of 2010, examiners evaluated the accuracy of foreclosure documentation, as well as the servicers' foreclosure procedures, staffing resources to handle the surging volume of foreclosures and outsourcing of foreclosure work to law firms and other vendors.

The review uncovered unsafe and unsound practices, violations of law and foreclosure processes geared toward speed and quantity, instead of quality and accuracy.

The enforcement orders require each of the servicers to hire an independent firm to conduct another comprehensive review, overseen by the OTS, of foreclosure actions pending at any time in 2009 and 2010 to identify borrowers financially harmed by foreclosure errors,

misrepresentations or other deficiencies, and to provide appropriate remediation and reimbursement.

Findings of the review are contained in a report released today, "Interagency Review of Foreclosure Policies and Practices," by the Office of the Comptroller of the Currency, the OTS and the Federal Reserve Board.

Attachments:

- "Interagency Review of Foreclosure Policies and Practices" - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2011-08a.pdf>
- Consent Order for Aurora Bank, FSB - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2011-08b.pdf>
- Consent Orders for EverBank (<http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2011-08c.pdf>) and EverBank Financial Corp. (<http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2011-08d.pdf>)
- Consent Orders for OneWest Bank, FSB (<http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2011-08e.pdf>) and IMB HoldCo LLC (<http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2011-08f.pdf>)
- Consent Order for Sovereign Bank (<http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2011-08g.pdf>)

Related Files

- **Interagency Review of Foreclosure Policies and Practices** - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2011-08h.pdf>