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February 1, 2010

Jennifer J. Johnson Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Supplemental Comments on Interim Rule Implementing Section 404(a) of the
Helping Families Save Their Homes Act

Dear Ms. Johnson:

Please accept these supplemental comments relating to the Board's Interim Rule implementing Section 404. Industry commentators raised additional issues relating to the extent of appropriate exemptions from the rule, on which we would like the opportunity to comment. Given the paucity of comments from representatives of consumers, we hope that our input on these exemptions will be accepted, even after the deadline for comments have passed.

Some industry comments suggested that the Board's proposed exemption for short-term holders of the mortgage notes (in §226.39(c)(1)) for temporary holders of the loans of thirty days or less be extended to sixty days.

As we said in our main comments, we do not object to the idea that temporary holders of mortgage notes be relieved of the obligation to notify homeowners of their temporary ownership, *so long as* subsequent holders include information about the entire chain of title in their §404 notices to §404 homeowners. If the exemption period is extended from thirty to sixty days, we also suggest that during the time of this interim ownership, no foreclosure action be permitted to be taken by the servicer against the homeowner – without first providing up to date information about the current holder of the homeowner's note and mortgage.

As one of the most important principals behind the notice requirement is to ensure that homeowners know who owns their mortgages during the foreclosure process, no foreclosure should be permitted to be initiated in the name of an owner of the mortgage who no longer owns it. If the homeowner has not been provided with the name of the new (albeit temporary) owner, a foreclosure initiated in their name would potentially be very confusing to homeowner. At the same time, it would be inappropriate for a foreclosure to be initiated in the name of someone who is not currently the holder of the mortgage. So, our caveat to both the current and proposed exemption from the notice requirement for temporary holders would effectively require servicers to ensure that the owner had provided notice of the transfer to homeowners before the servicer could initiate a

foreclosure.

We also suggest that the Board take this opportunity to bridge the information gap between what homeowners don't know now and will know in the future. As Section 404 and these regulations only apply to transfers that occur after the effective dates, most homeowners in the United States will still be in the dark regarding the identity of the real owner of their mortgage. To address this serious but temporary deficiency, the Board should require all owners of mortgages who have *not* had to provide a Section 404 notice because the loans were purchased the effective date, to provide this notice in the next 180 days. This would be a one-time mandate on all current owners of mortgage loans to ensure that all homeowners in the United States were provided this essential information.

Thank you for considering our views.

Sincerely,

John Rao
Staff Attorney

Margot Saunders
Of Counsel

Diane Thompson
Of Counsel