

# IF VOLUNTARY MORATORIA MEAN BANKS ARE SOLVING THE PROBLEM, WHAT ABOUT WELLS FARGO?

Elizabeth Warren, presumably laying the foundation for an Administration deal with banks to not unwind the entire securitization paperwork problem in exchange for loan modifications, points to banks' voluntary foreclosure moratoria as proof the banksters are trying to solve this problem (presumably meaning the foreclosure fraud, but not the larger problems).

She additionally stated that major servicers' voluntary foreclosure freezes mean two things. First, this problem "is big, and it is serious," and second, the voluntary moratoria represent evidence that "the issuers themselves are trying to get this problem solved," she said.

But only three of the top five servicers have issued moratoria of any sort (and some of those are limited to judicial states). Citi (with 6.3% of the market) and Wells Fargo (with 16.9%) have not issued moratoria at all.

And yesterday, an FT story reported that contrary to Wells' claims, it too engages in foreclosure fraud.

In a sworn deposition on March 9 seen by the FT, Xee Moua, identified in court documents as a vice-president of loan documentation for Wells, said she signed as many as 500 foreclosure-related papers a day on behalf of the bank.

Ms Moua, who was deposed as part of a foreclosure lawsuit in Palm Beach

County, Florida, said that the only information she verified was whether her name and title appeared correctly, according to the document.

Asked whether she checked the accuracy of the principal and interest that Wells claimed the borrower owed – a crucial step in banks' legal actions to repossess homes – Ms Moua said: "I do not."

Now, I'm all in favor of loan modifications. But Administration talk about deals for loan mods is far too early, not least because all the banks haven't issued moratoria (not to mention the fact that banks with moratoria seem to be continuing the foreclosures). The banks aren't yet ready to solve the problem.

One of Obama's signature traits is conceding on the most critical issues at the start of any negotiation, thereby preventing him from crafting a really useful deal. I fear the Administration is about to do the same with foreclosure fraud, too.