

HUD SECRETARY DONOVAN: BANKS SHOULD FIX PROBLEMS CAUSED BY THEIR LAW BREAKING

Check out the following passage in HUD Secretary Shaun Donovan's statement opposing a moratorium on foreclosures:

No one should lose their home as a result of **a bank mistake**. No one. That is why the Obama Administration has a comprehensive review of the situation underway and will respond with the full force of the law where problems are found. The Financial Fraud Enforcement Task Force that President Obama established last November has made this issue priority number one. Bringing together more than 20 federal agencies, 94 US Attorney's Offices and dozens of state and local partners to form the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud, the Task Force is examining this issue and the Attorney General has said publicly that **if it finds any wrongdoing the members of the task force will take the appropriate action**. The Federal Housing Administration and Federal Housing Finance Agency have launched reviews to make sure servicers are in full compliance with the law. The Office of the Comptroller of the Currency has directed seven of the nation's largest servicers to review their foreclosure processes, fix the processing problems and determine whether there is specific harm that has been caused in individual cases.

The message all these institutions are sending is the same: **banks must follow the law – and those that haven't should immediately fix what is wrong.** [my emphasis]

Donovan offers a list of government agencies which have regulatory and legal authority to penalize the banks, but ultimately says that the banks themselves will be directed to police themselves.

The message these regulatory and law enforcement agencies are sending, Donovan says, is that **the banks that haven't followed the law should immediately fix what is wrong.** Not, "the banks that haven't followed the law should be prosecuted." But "the banks that haven't followed the law should make it right on their own."

And while Donovan brags that the Financial Fraud Enforcement Task Force has been on the job for almost a year, it has done nothing about the multiple bank employees who have given sworn dispositions admitting to committing fraud on courts.

But that's not all that surprising. After all, Donovan is also propagating the myth that this systemic fraud is just bank "mistakes."

The rest of Donovan's statement is no better. It tries to personalize the harm that hypothetically would result from a moratorium. But the examples make no sense and all basically assume that banks owning properties lead to declining property values; if that's the case, then let's crack down on deadbeat bank landlords. And it certainly misunderstands how a generalized problem with titles—the Administration's refusal to address the underlying problem—will affect the housing market a lot more than a delay to address to address that underlying problem.

It all appears to be further indication that the Administration hopes that by letting the banks

fix this themselves, the problems caused and covered up by the banks' crimes will just go away.