

# STATE OF MARYLAND

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October 9, 2010

The Honorable Robert M. Bell  
Chief Judge  
Robert C. Murphy Courts of Appeal Building  
361 Rowe Boulevard  
Annapolis, MD 21401

Dear Chief Judge Bell:

We write to request that you consider taking such action as you deem appropriate to suspend all foreclosures in Maryland for a period of at least 60 days. We believe immediate action is necessary to ensure that defects in lenders' procedures and documentation that have come to light in recent days have not and will not result in miscarriages of justice for Maryland homeowners in Maryland courts. We commend what we understand to be an effort already underway on the part of the courts to explore possible steps in response to these events. The likelihood that lenders and servicers are filing foreclosure actions in Maryland tainted by the same fraudulent and illegal practices to which several large financial institutions have already admitted must give us all pause. Such ethical and legal lapses strike at the heart of the judicial system, which at its core relies on the integrity and veracity of its processes and participants. These lapses cannot be permitted to constitute the basis for foreclosures that will inflict immeasurable harm on Maryland families and neighborhoods.

As you are no doubt aware, three large financial institutions, GMAC Mortgage (now a subsidiary of Ally Financial Inc.), J.P. Morgan Chase & Co., and Bank of America have acknowledged submitting hundreds of thousands of defective foreclosure-related affidavits to courts in twenty-three "judicial foreclosure" states, or jurisdictions in which foreclosures are obtained through the court system. Recognizing the gravity of the defects in their own procedures, Ally Financial, J.P. Morgan Chase and PNC Bank have frozen foreclosures in these 23 states, and Bank of America announced yesterday that it would suspend foreclosures nationwide. Employees of several companies have admitted in sworn testimony that as "robo-signers," they routinely executed thousands of affidavits every month without reviewing the underlying mortgage documents, without personal knowledge of their veracity or accuracy, without personally appearing before the attesting notary, and without even reading the affidavits. Because most banks outsource document preparation and often use the same service providers or law firms to prepare foreclosure documents, it is highly likely that these practices are industry-wide. Recent reports and lawsuits indicate also that these fraudulent practices have not only resulted in flawed affidavits and other documentation but also likely mask widespread and fundamental problems in chain of ownership and legal title which may call into question lenders' rights to foreclose on affected properties at all. Indeed, U.S. Attorney General Eric Holder announced this week that the Justice Department is launching an investigation into these allegations.



The Honorable Robert M. Bell

Chief Judge

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While Maryland is not considered a strictly “judicial foreclosure” state and is therefore not among the 23 states in which all four mortgage companies have voluntarily frozen foreclosures, our foreclosure process has been crafted carefully to ensure significant oversight by the courts. As such, lenders are required to file affidavits with every Order to Docket attesting to certain facts about the loan, including the ownership of the debt instrument, the amount due and payable, and whether the loan has been reviewed for loss mitigation pursuant to the new foreclosure mediation law. Thus, precisely the same potential for fraudulent documentation and affidavits at issue in the 23 judicial foreclosure states exists here in Maryland. In fact, we understand that some foreclosure attorneys handling large volumes of cases for major loan servicers have already begun filing “corrective affidavits” in which they acknowledge that, notwithstanding the filing of original affidavits with their signatures, they “neither signed, nor personally appeared when certain of those documents were being signed.” These developments provide clear indication that the same problems with robo-signed affidavits and other flawed documentation acknowledged in other states are also occurring in Maryland. Many homeowners lack the legal and financial resources to mount meaningful challenges in order to bring these defects to light, and the large number of foreclosure filings renders it impossible for the courts in the ordinary course to discover this fraud on their own. Because we can no longer have confidence in the process by which the documentation justifying a foreclosure is produced, the fundamental fairness of the entire foreclosure process is now in serious doubt.

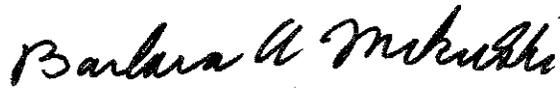
Last week, alarmed by these concerns, we requested the major lenders and servicers operating in Maryland to suspend all foreclosures proceedings, sales, and evictions voluntarily until they can ascertain whether the same fraudulent practices acknowledged elsewhere have been employed here. As additional details emerge, however, and the breadth and scope of the problem mount daily, we are increasingly concerned that a voluntary and incomplete freeze of foreclosures is inadequate. Several of the major market participants have not voluntarily suspended proceedings even in the 23 judicial foreclosure states.

Thus, we urge you to pursue whatever means you believe most effective and appropriate to halt foreclosure proceedings in Maryland for at least the next 60 days. Our court system is second to none in its efforts to ensure the effective administration of justice, and we commend your leadership in protecting the interests of all who come before it. We stand ready to support and work with you to ensure that our foreclosure process lives up to the same exemplary standards of integrity and fairness.

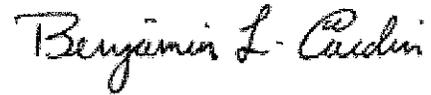
Sincerely,

A handwritten signature in black ink, appearing to read "Robert M. Bell", written in a cursive style.

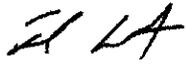
Governor



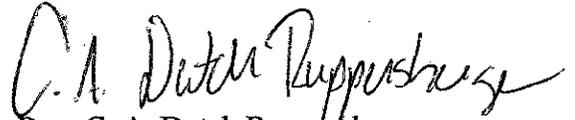
U.S. Sen. Barbara A. Mikulski



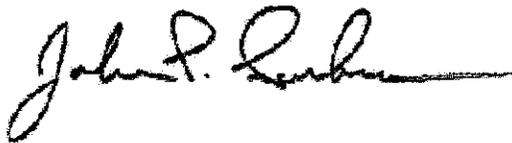
U.S. Sen. Benjamin L. Cardin



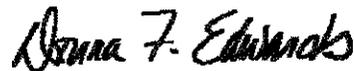
Rep. Frank Kratovil  
1<sup>st</sup> Congressional District



Rep. C. A. Dutch Ruppertsberger  
2<sup>nd</sup> Congressional District



Rep. John P. Sarbanes  
3<sup>rd</sup> Congressional District



Rep. Donna F. Edwards  
4<sup>th</sup> Congressional District



Rep. Steny H. Hoyer  
5<sup>th</sup> Congressional District



Rep. Roscoe Bartlett  
6<sup>th</sup> Congressional District



Rep. Elijah E. Cummings  
7<sup>th</sup> Congressional District



Rep. Chris Van Hollen  
8<sup>th</sup> Congressional District