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GAO

Report to Congressional Requesters

June 2012

# FORECLOSURE REVIEW

# Opportunities Exist to Further Enhance Borrower Outreach Efforts

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GAO-12-776

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# Highlights

Highlights of GAO-12-776, a report to congressional requesters

June 2012

# FORECLOSURE REVIEW

## Opportunities Exist to Further Enhance Borrower Outreach Efforts

### Why GAO Did This Study

In April 2011 consent orders, the Office of the Comptroller of the Currency (OCC), Federal Reserve, and the Office of Thrift Supervision directed 14 mortgage servicers to engage third-party consultants to review 2009 and 2010 foreclosure actions for cases of financial injury and provide borrowers remediation. To complement these reviews, the regulators also required servicers to establish an outreach process for borrowers to request a review of their case. This report examines (1) the extent to which the development of the outreach approach and content of the communications materials and website reflected best practices, and (2) the extent to which the planning and evaluation of the outreach and advertising approach considered the characteristics of the target audience. To conduct this work, GAO reviewed the design and implementation of borrower outreach activities and materials against best practices and federal guidelines and interviewed representatives of servicers, consultants, community groups, and regulators.

### What GAO Recommends

OCC and the Federal Reserve should enhance the language on the foreclosure review website, include specific remediation information in outreach, and require servicers to analyze trends in borrowers who have not responded and, if warranted, take additional steps to reach underrepresented groups. In their comment letters, the regulators agreed to take actions to implement the recommendations, while the Federal Reserve took issue with GAO's criteria. OCC also took issue with GAO's criteria in its technical comments.

View GAO-12-776. For more information, contact Lawrance L. Evans, Jr. at (202) 512-8678 or evansl@gao.gov.

### What GAO Found

Regulators and servicers have gradually increased their efforts to reach eligible borrowers and have taken steps to improve communication materials. Conducting readability tests or using focus groups are generally considered best practices for consumer outreach, but regulators and servicers did not undertake these activities. Staff at the Board of Governors of the Federal Reserve System (Federal Reserve) said that this was, in part, a trade off to expedite the remediation process. Regulators also did not solicit input from consumer groups when reviewing the initial communication materials. Readability tests found the initial outreach letter, request-for-review form, and website to be written above the average reading level of the U.S. population, indicating that they may be too complex to be widely understood. Regulatory staff noted limitations to such readability tests and told us they discussed using plain language, but that the use of some complex mortgage and legal terms was necessary for accuracy and precision. Clear language on the independent foreclosure review website is particularly important as current outreach encourages borrowers to submit requests for review online. Communication materials developed by mortgage servicers with input from regulators and consultants included information about the purpose, scope, and process for the foreclosure review and noted that borrowers may be eligible for compensation. However, the materials do not provide specific information about remediation—an important feature to encourage responses as suggested by best practices and reflected in notification examples GAO reviewed. Without informing borrowers what type of remediation they may receive, borrowers may not be motivated to participate.

The outreach planning and evaluation targeted all eligible borrowers with some analysis conducted to tailor the outreach to specific subgroups within the population. In approving the outreach plan, regulators considered the extent to which the plan promoted national awareness and was appropriate to reach the demographics of the target audience. The outreach process was largely uniform with some targeted outreach to Spanish-speaking and African-American borrowers. GAO has previously found that effective outreach requires analysis of the audience by shared characteristics, but regulators did not call for servicers to analyze eligible borrowers by characteristics, such as limited English proficiency, that may have affected their response. While regulators have identified community groups as effective messengers and encouraged servicers to reach out to them, servicers have leveraged these groups to varying degrees. According to consumer groups, borrowers may have ignored communication materials because they did not understand who provided the information and believed the materials were fraudulent. Regulators regularly monitored the status of the outreach activities and analyzed the effect of advertising on response rates. GAO has previously found that analyzing past performance when expanding activities is important. Regulators did not analyze characteristics of respondents and nonrespondents in introducing a second wave of outreach activities. Without this analysis, regulators may not know if certain groups of borrowers are underrepresented in the review. As a result, whether additional outreach to target these groups or changes to the file review process are needed to help ensure that all borrowers have a fair opportunity for review is unclear.

# Contents

## Abbreviations

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| FDIC | Federal Deposit Insurance Corporation |
| FJC | Federal Judicial Center |
| FOG | Frequency of Gobbledygook |
| HUD | U.S. Department of Housing and Urban Development |
| MSA | Metropolitan Statistical Area |
| NACA | National Association of Consumer Advocates |
| NFMC | National Foreclosure Mitigation Counseling |
| OCC | Office of the Comptroller of the Currency |
| OTS | Office of Thrift Supervision |
| SCRA | Servicemembers Civil Relief Act |
| SMOG | Simplified Measure of Gobbledygook |

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Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

June 29, 2012

Congressional Requesters

In April 2011, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Federal Reserve), and the Office of Thrift Supervision (OTS) announced consent orders against 14 residential mortgage servicers for unsafe and unsound practices in residential mortgage servicing and foreclosure processing.[1] Among other things, these consent orders directed the servicers to engage third-party consultants to conduct a file review of the servicers' 2009 and 2010 foreclosure actions to evaluate whether borrowers suffered financial injury through errors, misrepresentations, or other deficiencies in servicers' foreclosure practices.[2] Where a borrower suffered financial injury as a result of such practices, the regulators' orders require the servicers to provide borrowers with remediation. As an unprecedented step not found in prior enforcement actions, these consent orders also require servicers to establish a process to obtain and process consumer complaints. The regulators required servicers to establish such a process to complement the file review and enable eligible borrowers to request a review of their files if they believe they suffered financial injury as a result of the types of deficiencies in mortgage servicing and foreclosure processing identified in the regulators' consent orders. Taken together, these steps comprise the Independent Foreclosure Review (foreclosure review). The servicers developed a coordinated outreach plan to inform eligible borrowers of their opportunity to request a review of their foreclosure cases. OCC and the Federal Reserve have reported that approximately 95 percent of the 4.3 million outreach letters sent to eligible borrowers were successfully delivered, and the response rate was

[1]The 14 servicers are Ally Bank/GMAC, Aurora Bank, Bank of America, Citibank, EverBank, HSBC, JP Morgan Chase, MetLife, OneWest, PNC, Sovereign Bank, SunTrust, U.S. Bank, and Wells Fargo. The Office of the Comptroller of the Currency (OCC) assumed oversight responsibility of federal savings associations from the Office of Thrift Supervision (OTS) in July 2011.

[2]Types of financial injury could include, for example, if the mortgage balance amount at the time of the foreclosure action was more than the borrower actually owed, the mortgage payment was inaccurately applied, fees were inaccurately applied, the foreclosure occurred while the borrower was making on-time payments in a loan modification or was protected by bankruptcy, or the borrower was improperly denied a loan modification. This list does not include all situations.

approximately 5.3 percent, as of June 2012. However, consumer groups and others have raised concerns about the outreach efforts.

In response to your request, we reviewed the design and implementation of the borrower outreach process to determine how well information about the foreclosure review is being communicated to eligible borrowers with different characteristics. Specifically, this report addresses (1) the extent to which the development of the approach and content of the communication materials and website reflected best practices and (2) the extent to which the planning and evaluation of the outreach and advertising approach considered the characteristics of the target audience. This work represents the first phase of our review of the foreclosure review process. In a subsequent report, we will examine other elements of the foreclosure review process, such as the regulators' oversight of the file review process, that you requested.

To address these objectives, we reviewed communication materials the regulators approved against best practices on the content of outreach notices, federal guidelines on plain language use, and criteria established in our previous reports related to planning outreach campaigns and testing communication materials. We also updated previous work on the geographic concentrations of the population with limited English proficiency and leveraged work we have done on characteristics of individuals associated with low financial literacy. We reviewed regulators' guidance to the servicers on setting up the outreach process and evaluated that guidance against criteria in a previous report on planning outreach campaigns. We compared the regulators' outreach campaign evaluation processes against criteria established in previous reports related to monitoring and evaluating communication materials and advertising activities. We conducted interviews with staff at OCC and the Federal Reserve and representatives of consumer and community groups. We also interviewed representatives of five mortgage servicers—including large and small servicers and at least one supervised by each regulator—and the third-party consultants these servicers have hired for the foreclosure review process.

We conducted this performance audit from February 2012 through June 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Background

Mortgage servicers are the entities that manage payment collections and other activities associated with loans. Servicing duties can involve sending borrowers monthly account statements, answering customer-service inquiries, collecting monthly mortgage payments, and maintaining escrow accounts for property taxes and insurance. In the event that a borrower becomes delinquent on loan payments, servicers also initiate and conduct foreclosures. Several federal regulators share responsibility for regulating the banking industry in relation to the origination and servicing of mortgage loans.[3] OCC has authority to oversee nationally chartered banks and federal savings associations. The Federal Reserve oversees insured state-chartered banks that are members of the Federal Reserve System, bank holding companies, and entities that may be owned by federally regulated depository institution holding companies but are not federally insured depository institutions. The Federal Deposit Insurance Corporation (FDIC) oversees insured state-chartered banks that are not members of the Federal Reserve System and state-chartered savings associations.[4] The Bureau of Consumer Financial Protection oversees many of these institutions, as well as all mortgage originators and servicers that are not affiliated with banking organizations, with respect to federal consumer financial law.[5]

## Regulators Issued Consent Orders to Mortgage Servicers

Beginning in September 2010, several servicers announced that they were halting or reviewing their foreclosure proceedings throughout the country after allegations that the documents accompanying judicial foreclosures may have been inappropriately signed or notarized and after completion of self-assessments of their foreclosure processes that federal banking regulators directed them to conduct. In response, the banking

[3]See, e.g., 12 U.S.C. § 1813(q).

[4]In July 2011, OCC assumed oversight responsibility of federal savings associations from OTS. Concurrently, the Federal Deposit Insurance Corporation (FDIC) assumed oversight responsibility of state-chartered savings associations from OTS, and the Board of Governors of the Federal Reserve System (Federal Reserve) assumed oversight responsibility of savings and loan holding companies and lenders owned by a savings and loan holding company from OTS.

[5]Federal consumer financial law includes over a dozen federal consumer protection laws, including the Truth in Lending Act, the Real Estate Settlement Procedures Act, and the Equal Credit Opportunity Act, as well as title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Pub. L. No. 111-203, § 1002(12), (14), 124 Stat. 1376, 1957, 12 U.S.C. § 5481(12), (14).

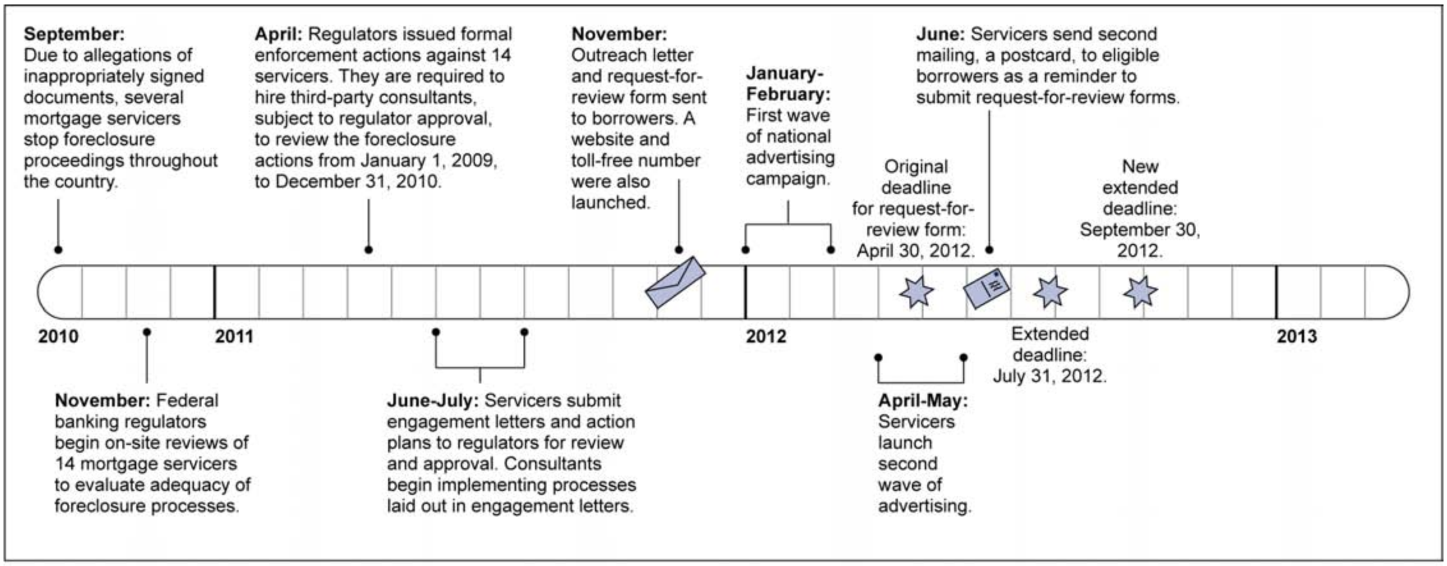
regulators—OCC, the Federal Reserve, OTS, and FDIC—conducted a coordinated on-site review of 14 mortgage servicers to evaluate the adequacy of controls over servicers' foreclosure processes and to assess servicers' policies and procedures for compliance with applicable federal and state laws. Regulatory staff told us that as part of these reviews, their examiners evaluated internal controls and procedures for processing foreclosures and reviewed samples of individual loan files to better ensure the integrity of the document preparation process and to confirm that files contained appropriate documentation. Examiners reviewed more than 2,800 loan files comprising approximately 200 foreclosure loan files with a variety of characteristics from each servicer to test the institutions' controls and governance processes with respect to foreclosures. Generally, the examinations revealed severe deficiencies in three primary areas: shortcomings in the preparation of foreclosure documentation; inadequate policies, staffing, or oversight of foreclosure processes; and insufficient oversight of third-party service providers, particularly foreclosure attorneys.

On the basis of their findings from the coordinated review, OCC, the Federal Reserve, and OTS issued formal consent orders against each of the 14 servicers under their supervision in April 2011 (see fig. 1).[6] According to bank regulatory staff and these consent orders, each of the 14 servicers is required to enhance its compliance, vendor management, and training programs and processes. In addition, because examiners reviewed a relatively small number of foreclosure files, the consent orders require each servicer to retain an independent firm to conduct a review of foreclosure actions on primary residences from January 1, 2009, to December 31, 2010, to identify borrowers who suffered financial injury as a result of errors, misrepresentations, or other deficiencies in foreclosure actions, and to recommend remediation for borrowers, as appropriate. Servicers proposed third-party consultants to conduct the foreclosure review and submitted engagement letters outlining their foreclosure review processes to the regulators by July 2011 as required by the orders. OCC reviewed and approved the engagement letters for banks under its supervision in late September 2011 and released the engagement letters in November 2011 on the OCC website. With the

[6]One of those orders was jointly issued by the FDIC and the Federal Reserve.

exception of one institution, the Federal Reserve approved the engagement letters for servicers under its jurisdiction by February 2012.[7]

**Figure 1: Timeline of Key Deadlines in the Foreclosure Review Process**




Source: GAO analysis of OCC and Federal Reserve documents.

## The Foreclosure Review Process

As required in the consent orders, the foreclosure review process has two components, a file review (look-back review) and a process for eligible borrowers to request a review of their particular circumstances (borrower outreach process). For the look-back review, the consent orders require the third-party consultant to submit an engagement letter outlining their plan for review subject to the regulators' approval. Consultants are required to review various categories of loans, pursuant to regulators' guidance and approval. These categories may vary by servicer but include, for example, files in every state where the institution conducted foreclosures, foreclosures where the borrower had a loan modification in place, or files that were handled by certain law firms where documentation errors have previously been found. The consent orders allow third-party consultants to use statistical techniques to select samples of files from some categories of loans for review. As required in

[7]The Federal Reserve released the engagement letter for the last institution in May 2012.

the consent orders, the engagement letters describe procedures consultants will use to increase the size of samples depending on the results of the initial reviews. Consultants are not allowed to use sampling, but instead must review 100 percent of files in some high-risk categories, including certain bankruptcy cases and files involving borrowers protected by the Servicemembers Civil Relief Act (SCRA).[8] The Federal Reserve is also requiring 100 percent review of files in several additional high-risk categories, including foreclosure-related complaints filed before the borrower outreach process was launched, foreclosure actions where a complete request for a loan modification was pending at the time of the foreclosure, and foreclosure actions that occurred when the borrower was not in default.

The second component of the foreclosure review, the borrower outreach process, is intended to complement the look-back review and help identify borrowers who may have suffered financial injury. According to regulatory documents and staff, the purpose of the outreach is to provide a robust process so that eligible borrowers who believe they suffered financial injury within the scope of the consent orders have a fair opportunity to request an independent review of their circumstances and, potentially, to obtain remediation. Regulatory staff noted that requiring institutions to hire a consultant to review files to identify the harmed pool of consumers as part of an enforcement action is typical. They said that including an outreach component in addition to a file review is unique and unprecedented in their experience. They also emphasized that the two components are intended to work together to provide a full and fair opportunity to identify as many financially injured borrowers as possible and the final results could not be fully evaluated until both the look-back file review and request-for-review process are completed. A Federal Reserve official testified that the borrower outreach process was critical to helping ensure that borrowers who suffered financial injury are identified and appropriately compensated.[9] Acting Comptroller Walsh stated in a

[8]The Servicemembers Civil Relief Act (SCRA) restricts foreclosure of properties owned by active duty members of the military. Pub. L. No. 108-189, § 303, 50 U.S.C. app. § 533 (2003). This provision applies to loans originated before the servicemember's active military service. We have ongoing work on various aspects of federal oversight of SCRA compliance.

[9]Statement by Scott G. Alvarez, General Counsel, Board of Governors of the Federal Reserve System, before the Subcommittee on Housing, Transportation, and Community Development, Committee on Banking, Housing, and Urban Affairs, United States Senate, Washington, D.C. December 13, 2011.

speech that the two processes combined are intended to maximize identification of and remediation for borrowers who have suffered financial injury as a result of the deficiencies identified in the orders.[10] Consultants are required to review all eligible requests for review submitted through the borrower outreach process.

To make eligible borrowers aware of the opportunity to request a foreclosure review, regulators required servicers to develop an outreach process. The servicers' borrower outreach plan includes multiple methods, including direct mail, print advertising, a toll-free phone number, a website, online marketing, and engaging a third party for community outreach. Since the servicers had contact information for all of the eligible borrowers, direct mail was the primary outreach method chosen. On behalf of the participating servicers, a third-party administrator began mailing uniform outreach letters on November 1, 2011, to 4.3 million borrowers.[11] These outreach letters describe the request-for-review process and include a request-for-review form for borrowers to complete and submit if they believe they suffered financial injury as described in the outreach letter (see fig. 2). The third-party administrator took steps to update addresses of the eligible borrowers who may have lost their homes to foreclosure.[12] A single, coordinated website, toll-free phone number, and national advertising campaign were launched in January and February 2012, to provide information about the request-for-review process. The regulators directed the servicers to develop their outreach plan in consultation with the third-party consultants and approved the plan. As of March 2012, borrowers may also submit requests for review via the independent foreclosure review website.[13] The original deadline

[10]Statement by John Walsh, Acting Comptroller of the Currency, before the 2012 National Interagency Community Reinvestment Conference, Seattle, Washington, March 26, 2012.

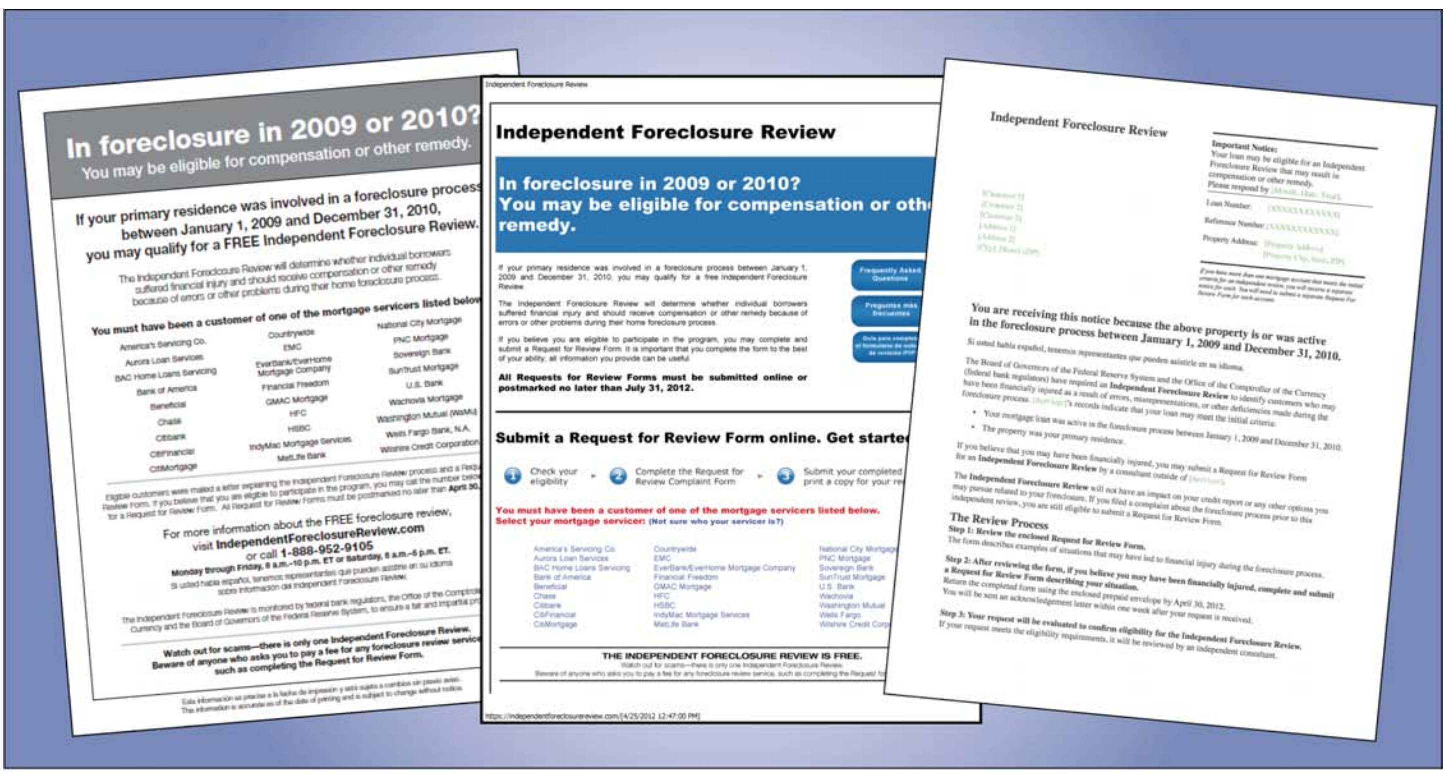
[11]The 4.3 million people represents those people whose mortgages securing their primary residence was serviced by one of the covered servicers and were subject to any stage of the foreclosure process in 2009 or 2010. It does not suggest a number of people who may or may not have been financially harmed by errors in that process.

[12]Specifically, all addresses on file were run through a national change of address database to identify a more current address. Borrower addresses were also processed through a third-party consumer database using information from sources such as credit bureaus, public records/registrations, utilities, and phone number databases to determine the most likely current addresses. Any returned mail from the next contact attempt was processed using human judgmental decisioning to determine most likely current addresses. These efforts resulted in an undeliverable rate of 5.3 percent.

[13]The website is: http://www.independentforeclosurereview.com.

for submitting requests for review was April 30, 2012, but regulators decided in February to extend the deadline to July 31, 2012. On June 21, 2012, regulators extended the deadline again to September 30, 2012. A second round of national advertising occurred in April and May 2012, and a third round is planned before the deadline. Additionally, a second mailing to eligible borrowers who have not responded is scheduled for June 2012. The mailing directs borrowers to call the toll-free phone number or access the independent foreclosure review website for information or to submit a request-for-review form. In addition to the servicers' coordinated efforts, regulators also have posted information about the foreclosure review on their agencies' websites and issued press releases. Further, OCC has distributed public service announcements to small publications and radio stations, and the Federal Reserve developed a video to inform borrowers about the review process.

**Figure 2: Initial Foreclosure Review Communication Materials**




Source: OCC, Federal Reserve, and the Independent Foreclosure Review website.

## While the Outreach Efforts Have Improved over Time, Opportunities Exist to Enhance Readability and Content of the Communication Materials

As part of the outreach approach, the servicers formed a consortium to develop the initial outreach letter and request-for-review form with input from third-party consultants and approval from the regulators. The servicers and regulators did not test these communication materials with the borrowers or their community group advisers. Regulators consulted with and incorporated feedback from consumer groups on subsequent advertising and mailings to improve the format and clarity of current materials. However, according to representatives of these groups and our readability tests, the initial materials and the independent foreclosure website may be difficult for some borrowers to understand. In addition, the materials did not include specific information about the type of potential remediation borrowers could receive, which could affect borrowers' motivation to respond and submit a request for review.

### Communication Materials Could Impede Some Borrowers' Ability to Respond

Servicers formed a consortium to develop the initial communication materials, including the outreach letter and request-for-review form mailed to eligible borrowers. Because the consent orders did not outline the specifics of a borrower outreach process, regulators provided servicers and consultants guidance in July 2011 outlining their expectations for mailing notifications to eligible borrowers and national advertising, among other requirements. Representatives of servicers with whom we spoke told us that after receiving this guidance the servicers decided to form a consortium to develop a coordinated outreach process and uniform communication materials. A representative of one servicer and regulatory staff said that this approach would reduce potential confusion among borrowers that could result if each servicer had developed separate advertisements, websites, and outreach letters. Therefore, the servicers worked together to develop initial drafts of the communication materials, relying primarily on the expertise of their internal marketing departments and class action lawsuit notices as a model for notifying borrowers of the request-for-review process. The third-party consultants reviewed the communication materials and provided their input. After the consultants' review, the regulators also provided comments on the outreach plan and content of the communication materials and ultimately gave their final approval.

Although servicers developed the initial communication materials with input from third-party consultants and regulators, the servicers and regulators did not test the materials with the target audience. Our previous reports and federal guidelines about using plain language in public documents have emphasized the importance of testing communication materials, such as conducting focus groups or assessing their readability, before implementing them. For example, in a previous report we have stated that consumer testing can validate the effectiveness of messages and information or measure readers' ability to comprehend them.[14] We also have found that in order to develop clear and consistent audience messages, testing and refining language are important.[15] The Plain Writing Act of 2010 states that starting October 13, 2011, agencies must use plain writing when issuing new or substantially revised documents, including documents that explain to the public how to comply with a requirement that the federal government administers or enforces.[16] The act defines "plain writing" as "writing that is clear, concise, well-organized, and follows other best practices appropriate to the subject or field and intended audience." In addition, federal guidelines developed to help executive agencies implement the Plain Writing Act of 2010 state that testing documents, including applications and websites, should be an integral part of the plain-language planning and writing process, especially when writing to millions of people.[17] Finally, the Securities and Exchange Commission's handbook for companies preparing required disclosure documents to investors in easy-to-understand language states that testing documents with a focus group can provide helpful feedback

[14]See GAO, *Credit Cards: Increased Complexity in Rates and Fees Heightens Need for More Effective Disclosures to Consumers,* GAO-06-929 (Washington, D.C.: Sept. 12, 2006). In this report we assessed the effectiveness of the disclosures that credit card issuers are required by federal regulations to provide to cardholders in terms of their usability or readability, among other things.

[15]See GAO, *Digital Television Transition: Increased Federal Planning and Risk Management Could Further Facilitate the DTV Transition,* GAO-08-43 (Washington, D.C.: Nov. 19, 2007). For this report we convened an expert panel to identify a list of key practices for planning a consumer education campaign. While this list was created with the digital television transition campaign in mind, the panel focused on communication campaigns that are intended to elicit a one-time action or behavior change. The goal in creating this list was that it could be used to provide a framework for evaluating other consumer education outreach programs as well.

[16]The Plain Writing Act of 2010. Pub. L. No. 111-274 (2010), 5 U.S.C. § 301 Note. Guidance to agencies on implementing this act from the Office of Management and Budget states that plain writing can be essential to the successful achievement of administrative goals and that documents explaining to the public how to comply with a requirement that the federal government enforces are covered under the act.

[17]Federal Plain Language Guidelines, March 2011, Revision 1, May 2011. These guidelines state that testing is recommended for documents such as websites, brochures, applications, mobile websites, videos, social media, and public affairs messages.

on how well the document communicates information and identify any confusing language.[18]

Representatives of one servicer and a consultant we interviewed said the consortium considered testing the communication materials with borrowers or conducting focus groups, but that the time frames were too short to take these steps and incorporate any changes by the November 2011 deadline by which regulators expected the outreach campaign to be launched. The servicer representative noted that because regulators provided guidance in July 2011 and initially expected an August 2011 launch, the servicers had only 60 days to develop the coordinated communication materials.[19] According to this representative, conducting tests with focus groups could take 6 to 8 weeks. Federal Reserve staff said they wanted to get the outreach process started quickly so that financially injured borrowers could receive remediation as soon as possible. According to these staff, no formal readability tests or focus groups with the target audience were conducted, partly due to their interest in expediting the remediation process. However, they consulted with staff in the agency's Division of Consumer and Community Affairs for feedback on improving the communication materials to help ensure consumers could understand them. OCC staff also confirmed that no formal testing of the communication materials was conducted, but OCC also provided the materials to its Public Affairs and Community Affairs groups, which reviewed the materials for readability, and incorporated changes.

Readability tests of the outreach letter and request-for-review form mailed to eligible borrowers and the website language indicate that these materials were written at a level above the reading proficiency of many borrowers. Federal plain language guidelines note that technical terms may be necessary, but that agencies should define them and avoid legal and technical jargon, where possible. At the same time, the guidelines state that agencies should take into account their audience's current level of knowledge when preparing documents and that the documents should be easy to understand. An assessment of the reading level of the U.S.

[18]U.S. Securities and Exchange Commission, *A Plain English Handbook: How to Create Clear SEC Disclosure Documents* (Washington, D.C.: August 1998).

[19]According to regulatory staff, the August 2011 deadline was extended when it became apparent that the coordinated approach would require additional time.

population indicated that nearly half of the adult population is estimated to read at or below the eighth-grade level.[20] We have previously reported that to help ensure that the complex information public companies are required to disclose is written in plain language and is understandable, the Securities and Exchange Commission recommends that materials be written at a sixth- to eighth-grade level.[21] However, one consumer group conducted a readability test of the language in the communication materials mailed to eligible borrowers and found that they were written at a second-year college reading level.[22] Because the scheduled second wave of mailings and advertising direct borrowers to the independent foreclosure review website to obtain more information about the review and submit a request-for-review form, we conducted readability tests of the language used in the online request-for-review form. We used three tests that score how hard a piece of writing is to read based on quantitative measures, such as average number of syllables in words or numbers of words in sentences. One of these tests used the same method the consumer group used to evaluate the outreach letter and request-for-review form. These tests indicate that the website is written at an average of an eleventh-grade reading level, which is lower than the test results of the outreach letter and paper request-for-review form, but still above the average reading level of the U.S. population.[23] Certain sections of the website required higher or lower reading levels to be understandable. For example, the legal section of the online submission

[20]1992 National Adult Literacy Survey. The 2003 National Assessment of Adult Literacy (renamed from 1992) found that reading comprehension levels did not significantly change between 1992 and 2003 and that there was little change in adults' ability to read and understand sentences and paragraphs. No further assessments have been conducted since 2003.

[21]See GAO-06-929. The Securities and Exchange Commission regulates the issuance of securities to the public, including the information that companies provide to their investors and has developed a handbook for issuers on how to create clear disclosure documents.

[22]Statement by Alys Cohen, National Consumer Law Center, before the Subcommittee on Housing, Transportation, and Community Development, Committee on Banking, Housing, and Urban Affairs, United States Senate, Washington, D.C.: December 13, 2011. According to this statement, the Flesch-Kincaid grade level test in Microsoft Word's grammar-check tool scored the cover letter at a 14.2 grade level and the request-for-review form at a 13.5 grade level. We did not validate these results.

[23]The three readability scoring tests conducted were the Flesch-Kincaid Formula, Gunning Frequency of Gobbledygook (FOG) Readability Test, and McLaughlin Simplified Measure of Gobbledygook (SMOG) Formula. See appendix I for more information about these tests and the results.

form where borrowers acknowledge that they are requesting a review of their foreclosure and certify that the information is truthful were written at a fifteenth-grade level, the equivalent of 3 years of college education. However, one test indicated that the language used on the part of the form where borrowers input their contact information required only an eighth-grade reading level. As a whole, these tests are one indicator that portions of the foreclosure review communication materials may be too complex to ensure effective communication of all the relevant information.

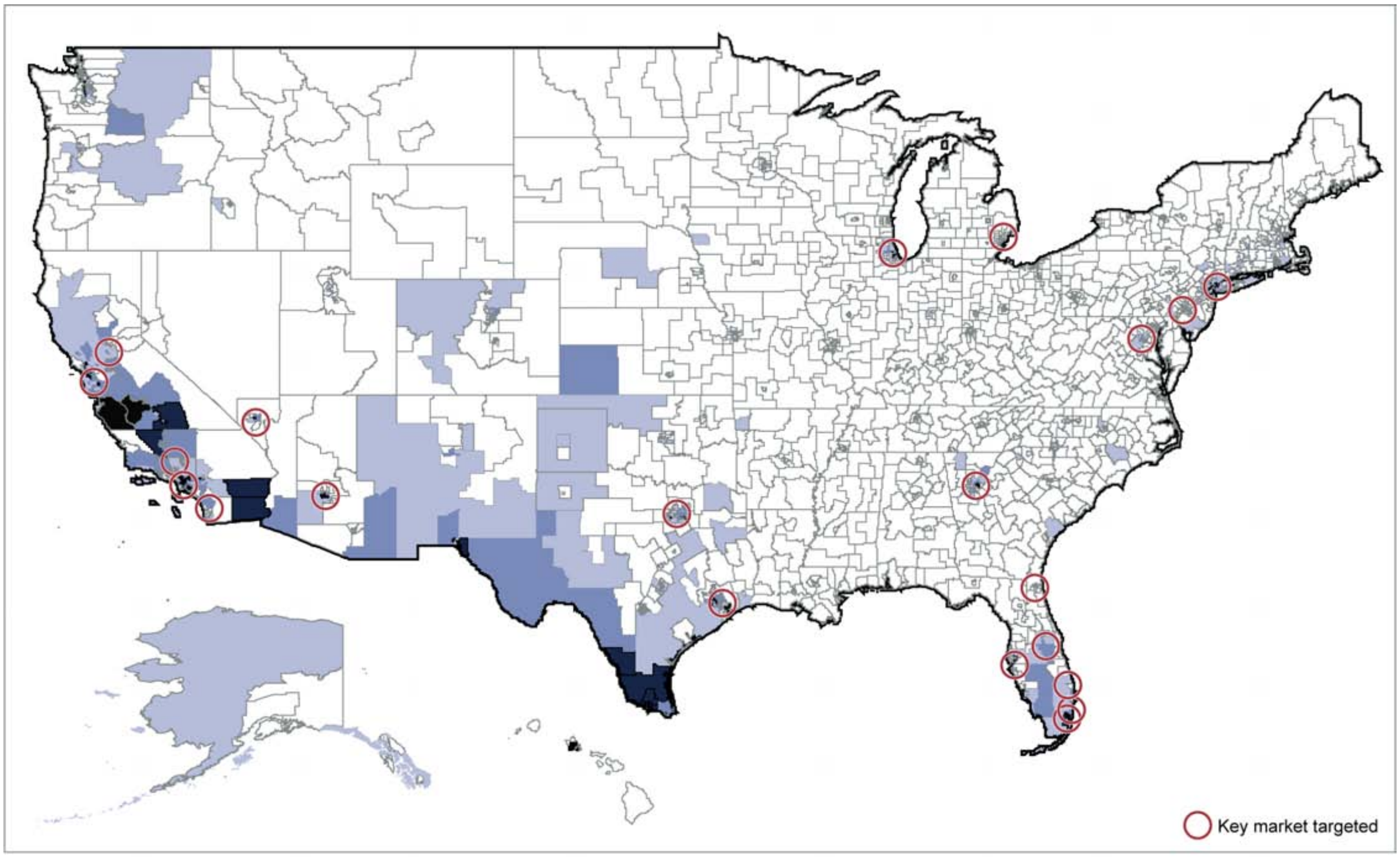
The readability tests have some limitations and regulatory staff told us that they considered plain language guidelines when evaluating the materials. We note that the readability ratings only reflect the length of sentences and the length in syllables of individual words in the sentences and do not reflect the complexity of ideas in a document or how clearly the information has been conveyed. As the content in these materials refer to mortgages, some complex terms and phrases, such as foreclosure and loan modification, may be unavoidable. Regulatory staff told us that they were aware of the plain language guidelines and discussed using plain language so that the materials were likely to be understood. For example, they noted that they did not include unnecessary legal and technical language, but said it was difficult to convey complex mortgage and legal terms in simple language that would still clearly and precisely present the intended message. Federal Reserve and OCC staff noted that to the extent the Plain Writing Act applies to the servicers' borrower outreach communication materials, they believed they had met the act's requirements.

In addition to stating that agencies should take the audience's current level of knowledge into account, federal guidelines on using plain language also state that agencies should use language the audience knows and feels comfortable with when creating documents, including websites. Representatives of consumer groups we interviewed expressed concern about the initial lack of materials available in languages other than English. According to 2008-2010 Census Bureau American Community Survey data, about 12.7 million adults in the United States—5.5 percent of the total U.S. adult population—reported speaking English not well or not at all.[24] In addition, as shown in figure 3, populations with limited English proficiency tend to be more concentrated in certain parts of the country. To the extent that these concentrations are also in areas with high numbers of foreclosures that servicers did not target with Spanish-language advertising, limited English proficiency could affect borrowers' ability to complete their request-for-review form. We have previously reported that a lack of proficiency in English can affect financial literacy—the ability to make informed judgments and take effective actions on the current and future use and management of money.[25] This report also stated that limited English proficiency can be a significant barrier to completing applications (such as the request-for-review form), asking questions about additional fees on credit card statements or correcting erroneous billing statements, and accessing educational materials such as print advertising or websites that are not available in languages other than English. Further, this report noted that having limited proficiency in English exacerbates the challenges of understanding complex information in financial documents. This report also acknowledged that factors other than language often serve as barriers to financial literacy for people with limited English proficiency, including a lack of familiarity with the U.S. financial system, cultural differences, mistrust of financial institutions, and income and education levels. Federal Reserve staff said that they required the servicers to handle the borrower outreach communication with non-English speaking borrowers in accordance with the servicers' existing policies and procedures pertaining to such borrowers, which must comply with existing laws and regulations. However, because the initial communication materials were not available in languages other than English, borrowers with limited English proficiency may not have had the same opportunity as proficient English speakers to request a foreclosure review.

[24]In the Census Bureau data, English speaking ability is self-reported by adults ages 18 and over who have indicated that they speak a language other than English at home. The survey, which is provided in multiple languages, allows respondents to choose between speaking English "very well," "well," "not well," or "not at all." Other sources may use different definitions for limited English proficiency.

[25]See GAO, *Consumer Finance: Factors Affecting the Financial Literacy of Individuals with Limited English Proficiency,* GAO-10-518 (Washington, D.C.: May 21, 2010).

**Figure 3: Proportion of the Adult Population with Limited English Proficiency, 2008-2010, and Key Markets Targeted by Servicers with Spanish-Language Advertising**




**Proportion of adults with limited English proficiency**

- <5%
- 5 - <10
- 10 - <20
- ≥20

Source: GAO analysis of 2008 to 2010 Census American Community Survey data; MapInfo (map); and advertising from OCC and Federal Reserve.

Note: This map does not reflect OCC's public service advertisement efforts. According to OCC staff, to supplement the servicers' outreach efforts, OCC released a series of English and Spanish public service announcements, including a print article released to local newspapers and publications and two 30-second radio spots to small radio stations throughout the country and media outlets serving audiences who speak languages other than English and Spanish.

Regulators did not initially solicit input from consumer and community groups when evaluating the language used in the communication materials but have since taken steps to address these groups' concerns. Representatives of several consumer and community groups we interviewed said that they have direct experience working with distressed borrowers or in developing national outreach campaigns. Regulators acknowledged that they initially did not obtain input from these groups when evaluating the early communication materials, but they have since held several meetings with selected groups to obtain their feedback on the outreach process and requested feedback from them on the current advertisements and mailings, as well as certain prior communications. For example, Federal Reserve and OCC staff noted that both regulators incorporated feedback from these groups to enhance readability, include more Spanish translations, and improve how borrowers might respond to second print advertisement and the content and the exterior of the second mailing. Regulators also made changes to increase accessibility for non-English speaking borrowers that are consistent with the feedback from consumer groups, such as requiring servicers to add frequently asked questions and a guide to filling out the request-for-review form in Spanish to the independent foreclosure review website. In addition, regulatory staff said they required servicers to include references to available assistance in other languages at the call center on the independent foreclosure review website and in communication materials.[26]

The regulators also have taken their own initiative to enhance the communication materials. For example, they have posted on their agencies' websites an archived version of the two webinars they hosted to educate community groups that assist borrowers with housing issues about the foreclosure review process as well as English and Spanish transcripts of the webinar. The agencies also consulted with the U.S. Department of Justice in December 2011 on the measures taken by the agencies to ensure that the independent foreclosure review is accessible to non-English speakers.[27] In addition, the Federal Reserve released a

[26]Regulatory staff also noted that they required servicers to make Spanish-speaking representatives available at the toll-free call center, which also has translation services available in over 200 languages and operators to translate documents for borrowers over the phone.

[27]The agencies consulted with attorneys at the Department of Justice responsible for administering Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency.

YouTube video that provides information about the foreclosure review in Spanish and English. Further, OCC produced public service announcements and distributed them to more than 700 Spanish-language newspapers and 500 Spanish-language radio stations. Consumer group representatives involved in discussions about outreach with the regulators told us the recent improvements were positive, but said that they would like to see documents and information on the website offered in additional languages, language further simplified, and legal terms explained. For example, the webinar materials provide tips on how to answer request-for-review form questions that define terms, clarify questions, and indicate what additional documentation to reference; however, this information is not available on the independent foreclosure review website where borrowers are encouraged to submit their request-for-review forms.

Although regulators have ensured that some Spanish language materials are available, these materials may still be difficult for Spanish-speaking borrowers to understand. We have previously reported that in some cases even translations of materials may not be fully comprehensible if they are not written using colloquial or culturally appropriate language.[28] In addition, a 2004 report by the National Council of La Raza noted that literal translations of financial education materials from English to Spanish are often difficult for the reader to understand.[29] Federal Reserve staff acknowledged that some terms do not translate well, and said they consulted with two consumer groups with Spanish translation capability as well as native Spanish speaking staff in the Division of Consumer and Community Affairs for advice on terms to use. Our analysis of the Spanish guide to the request-for-review form available on the independent foreclosure review website indicated that the Spanish translation in the guide uses language similar in complexity to that of the English form, which we found requires a reading level higher than the national average. In addition, the English outreach letter is not translated, and some of the key information, such as the purpose of the review or the deadline for submitting the form, is not included in the cover of the Spanish guide, although regulatory staff noted that the deadline is included in bold text on the second page of the guide. Further, some of the terms and phrases that have been translated literally may be difficult

[28]See GAO-10-518.

[29]Brenda Muñiz, *Financial Education in Latino Communities: An Analysis of Programs, Products, and Results/Effects*, National Council of La Raza (Washington, D.C.: 2004).

to understand. For example, the term eligible is used in the English and Spanish documents, but this term has a different meaning in each language. In Spanish, "eligible" means "available" (that is, an option one is allowed to choose), rather than "qualified to participate or be chosen" as it indicates in English. Further, the Spanish word "*administrador*" is used to refer to both the mortgage servicer and the third-party administrator collecting request-for-review forms on the servicers' behalf, which could be confusing given the different roles of these two entities and that the review process is intended to be independent of the servicer. Regulatory staff said that to distinguish between the two functions, the term is capitalized when referring to the third-party administrator. Further, because Spanish readers must refer to the guide and the English form simultaneously, they could make mistakes in recording information on the English form. According to regulator guidance to consultants, if borrowers do not select any specific areas of financial injury but sign the request-for-review form and provide current contact information, consultants will review the case for all types of financial injury. However, if borrowers select areas of financial injury on their request-for-review forms, consultants will review those areas specifically, so mistakes in filling out the form could affect which aspects of borrowers' foreclosure cases the consultants review.

## Limited Remediation Information May Affect the Response Rate

The content of the foreclosure review communication materials includes general information about the nature and terms of the request-for-review process. The communication materials follow regulators' guidance on the content of the materials issued to borrowers, which includes why the borrower is being contacted, how eligibility will be determined, how borrower information needed will be collected to conduct the foreclosure review, how borrowers may contact their servicer, and when to expect a response. For example, to describe the nature of the foreclosure review process, the letter states that the purpose is to identify customers who may have been financially injured due to errors, misrepresentations, or other deficiencies during the foreclosure process. To identify the borrowers affected, the outreach letter states the eligible population of customers is borrowers whose primary residence was in foreclosure between January 1, 2009, and December 31, 2010. Additionally, the outreach letter outlines the steps of the review process and states that borrowers will receive a letter with the findings of the review. The information in the outreach letter is similar to what is typically included in a class action lawsuit notification. Regulatory staff and servicers informed us that they generally modeled the communication materials on class action lawsuit notifications.[30] For example, sample communication materials for class action lawsuits designed by the Federal Judicial Center (FJC) include specific information about the nature and terms of a class action, including what the lawsuit is about, who is eligible, and participants' legal rights and options.[31]

In addition to information about the nature and terms of the review, best practices and consumer groups also suggest including specific information about remediation in communication materials to help motivate eligible participants to respond. For example, outreach models for class action lawsuits and industry examples include specific information about the amount or type of remediation participants can expect to receive. While these models contain features that may not be applicable to each aspect of the foreclosure review, they do provide insights into the types of information that might incentivize individuals to participate and therefore improve response rates.

- *Federal Judicial Center*—Sample class action communication materials, including notices and flyers, provide specific financial remediation information, such as stating a minimum, maximum, and average amount of compensation, by category of participant, that a class member may receive from a settlement (fig. 4). Another example provides the amount of compensation a class member may receive depending on the number of claim forms received. To develop these models, the FJC conducted "plain language" testing with nonlawyers, focus groups of ordinary citizens from diverse backgrounds, and survey testing for reading comprehension. According to these tests, participants' motivation to read and comprehend class action notices can significantly improve as a result

[30]Our choice in selecting outreach examples used in class action lawsuits is based on the regulators informing us that this is their chosen model of outreach. After reviewing outreach examples on class action lawsuits, we found that they contained several illustrative principles that may improve the servicers' outreach and the borrowers' response rates overall.

[31]The Federal Judicial Center (FJC) is the education and research agency for the federal courts. Congress created the FJC in 1967 to promote improvements in judicial administration in the courts of the United States. These models were developed by FJC at the request of the Subcommittee on Class Actions of the U.S. judicial branch's Advisory Committee.

of changing the language, organizational structure, format, and presentation of the notice.

- *National Association of Consumer Advocates*—Foreclosure class action guidelines this group developed recommend, among other things, that participants should be informed of the total amount of relief to be granted, stated in dollars, and the nature and form of the individual relief each class member could obtain.[32] These guidelines also note that participants should be informed of the full range of recoveries that they could obtain, either at trial or through the settlement.

- *National Mortgage Settlement*—A settlement between 49 state attorneys general, the federal government, and the five leading mortgage servicers for improper foreclosure practices will result in approximately $25 billion in monetary sanctions and relief. Summary documentation provided on the National Mortgage Settlement website specifically states the total amount of the settlement and the approximate amount eligible borrowers can expect to receive.[33] For example, of the approximately $25 billion total, this documentation states that about $1.5 billion of the settlement funds will be allocated to compensation for borrowers who were not properly offered loss mitigation or who were otherwise improperly foreclosed on. It also provides the specific amount that those borrowers will be eligible to receive—a uniform payment of approximately $2,000 per borrower, depending on the level of response. In addition, the summary documentation states that servicers are required to provide specific amounts of assistance to servicemembers whose foreclosure violated SCRA.

- *Groups Experienced with Counseling, Representing, or Educating Distressed Borrowers*—Consumer and community groups, including housing counselors, have advocated for including specific information about remediation that can help motivate participants to respond. Representatives of consumer groups we interviewed said that

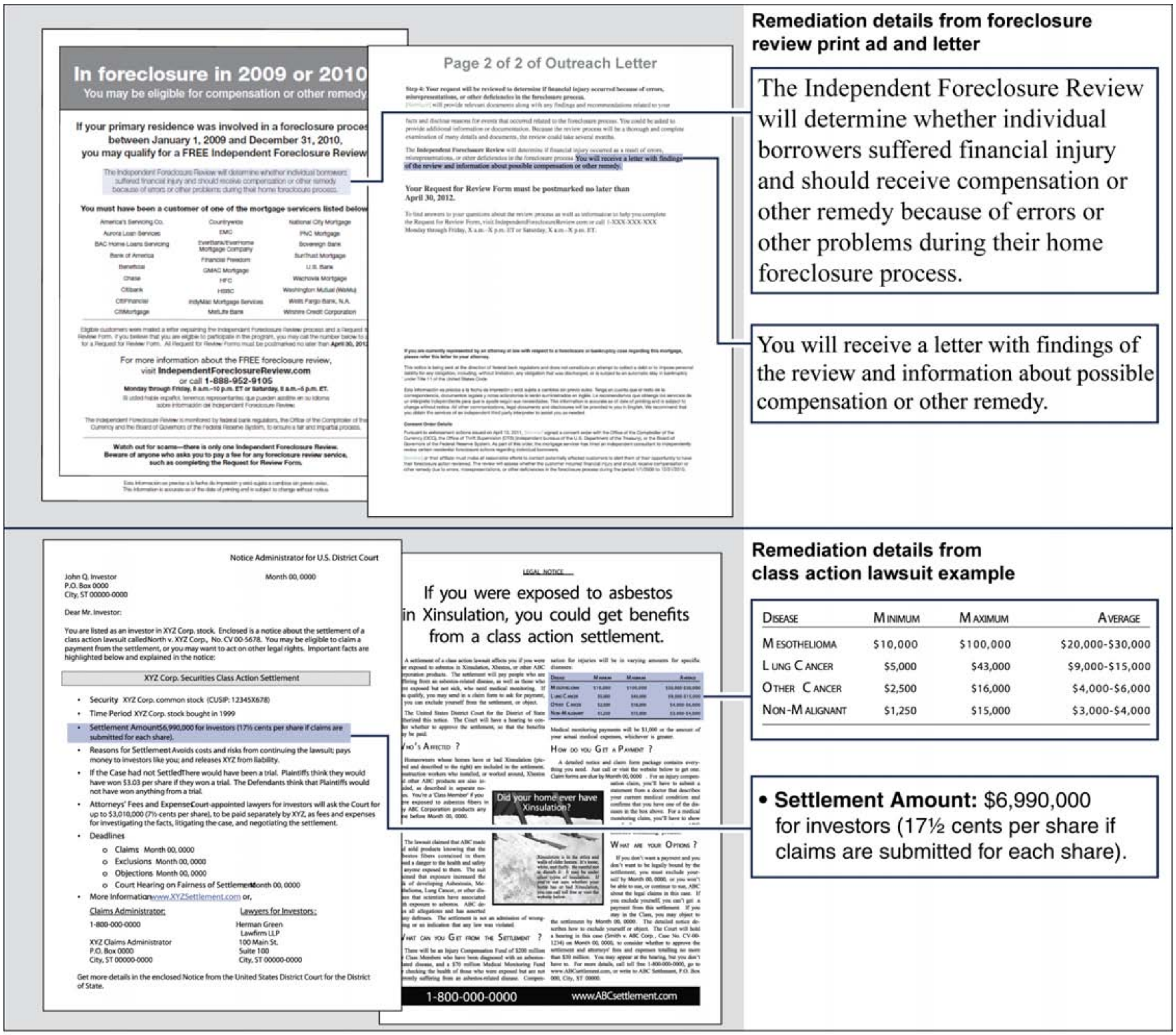
[32]The National Association of Consumer Advocates is a nonprofit association of attorneys and consumer advocates committed to representing customers' interests. Its members are private and public sector attorneys, legal services attorneys, law professors and law students whose primary focus is the protection and representation of consumers.

[33]National Mortgage Settlement website is: http://www.nationalmortgagesettlement.com/.

providing this information to borrowers and their advocates would allow them to make informed choices about submitting a request for review. They noted that even identifying the types of remediation available by category, such as moving expenses or costs due to delay, could be helpful. Consumer groups also informed us that such motivation is important because borrowers may be reluctant to submit their request-for-review form due to mistrust in government and the fatigue of repeated attempts to resolve a mortgage-related issue with a servicer. They said that borrowers who already have been through a taxing loan modification process and have little confidence in the system may be reluctant to go through this process again without a clear outcome. In a previous report, we discuss borrowers' frustration, as reported by housing counselors, with delays in loss mitigation processes and borrower fatigue as a result of lost documentation, long trial modification periods, wrongful denials, difficulty contacting their servicer, and questions about the loan modification program or application.[34]

[34]See GAO, *Troubled Asset Relief Program: Results of Housing Counselors Survey on Borrowers' Experiences with the Home Affordable Modification Program,* GAO-11-367R (Washington, D.C.: May 26, 2011).

Figure 4: Remediation Information in Initial Foreclosure Review and Sample Class Action Lawsuit Materials




| Disease | Minimum | Maximum | Average |
|---|---|---|---|
| Mesothelioma | $10,000 | $100,000 | $20,000-$30,000 |
| Lung Cancer | $5,000 | $43,000 | $9,000-$15,000 |
| Other Cancer | $2,500 | $16,000 | $4,000-$6,000 |
| Non-Malignant | $1,250 | $15,000 | $3,000-$4,000 |

Source: Foreclosure review materials approved by the OCC and the Federal Reserve. Class action materials created by the Federal Judicial Center.

Regulatory staff noted that settlements in class action lawsuits are different from the foreclosure review, and therefore may not be a fair comparison. For example, they noted that settlements typically involve a predetermined total amount of remediation that is to be divided up, often proportionally, and then paid to the participating class members, all of whom are assumed to have suffered the injury common to the class. On the contrary, as part of the foreclosure review, servicers are not required to provide a predetermined total amount of remediation to financially injured borrowers identified in the foreclosure review. Rather, Federal Reserve officials clarified that the servicers are required to pay whatever total amount is appropriate to remediate the financial injury. In addition, OCC staff noted that, unlike a class action lawsuit settlement where the class of injured borrowers is identified and the range of remediation is known at the outset, the 4.3 million borrowers includes borrowers who may or may not have suffered financial injury within the scope of the regulators' consent orders. Further, regulatory staff noted that the National Mortgage Settlement, much like the class action settlements referenced above, involves a predetermined total amount of monetary sanctions and consumer relief, unlike the remediation that servicers must provide financially injured borrowers identified during the foreclosure review.[35] Federal Reserve officials stated that although the regulators have not yet made detailed information about the amounts and types of remediation that may be provided to financially injured borrowers publicly available, the August 29, 2011, guidance from the regulators to the third-party consultants identifying types of injuries that may warrant remediation have been made publicly available, including in the testimony of an OCC official.[36] Further, OCC staff noted that the request-for-review

[35]The remediation that Federal Reserve-regulated servicers are required to provide financially injured borrowers identified during the foreclosure review is in addition to the monetary sanctions that the Federal Reserve has assessed against certain of the institutions subject to consent orders and any associated consumer relief under the national mortgage settlement. Federal Reserve staff told us that some of the same institutions in the foreclosure review are also subject to the national mortgage settlement and the Federal Reserve has allowed the institutions it supervises to satisfy the Federal Reserve's monetary sanctions by providing consumer relief under the national mortgage settlement. According to an OCC press release, OCC announced agreements in principle with the servicers it supervises to hold in abeyance imposition of penalties provided the servicers make payments and take other actions under the national mortgage settlement with a value equal to at least the penalty amounts that each servicer acknowledges that OCC could impose.

[36]Remarks by John Walsh, Acting Comptroller of the Currency before the 2012 National Interagency Community Reinvestment Conference, Seattle, March 26, 2012.

form, independent foreclosure review website, and agency websites include information that describes the types of financial injury that would be covered. At the time of our review, the regulators had not yet announced guidance regarding the amount of financial remediation that would be provided. However, OCC and Federal Reserve officials told us that public release of a financial remediation framework that contains detailed information regarding dollar amounts that may be associated with particular injury types was forthcoming.[37]

Although the foreclosure review communication materials describe the types of financial injury and note that remediation may be awarded, they do not identify remediation by type of financial injury or provide a range of financial compensation that may be available to borrowers. For example, print advertising materials, the outreach letter, and request-for-review form, as well as a second mailing that was sent in June 2012 to eligible borrowers, only notifies them that they could receive possible compensation or other remedy if foreclosure errors caused financial injury. The foreclosure review website and accompanying frequently asked questions provides similar information and note that if the review does find financial injury, compensation or other remedy that the borrower may receive will be determined by their specific situation. Similarly, most regulator testimonies and public statements do not identify a range of financial remediation that may be available for borrowers. For example, a Federal Reserve official testified that where financial injury is found, the servicers must compensate the injured borrowers pursuant to a remediation plan that is acceptable to the Federal Reserve.[38] In addition, the Federal Reserve's video discussing the foreclosure review, accessible via the Internet, states that the "borrower's file will be reviewed by an individual consultant who will determine if you were financially harmed by your mortgage servicer."[39] An OCC official testified that there are no caps or limits to the amount of compensation that will be paid out or remediation that will be implemented by the servicers.[40] This testimony

[37]Regulators released the remediation framework on June 21, 2012.

[38]Testimony by Suzanne G. Killian, Federal Reserve Board, Committee on Oversight and Government Reform, U.S. House of Representatives, on March 19, 2012.

[39]Federal Reserve video: http://www.federalreserve.gov/consumerinfo/independent-foreclosure-review.htm

[40]Testimony by Morris Morgan, Office of the Comptroller of the Currency before the Oversight and Government Reform, U.S. House of Representatives, on March 19, 2012.

also mentions, as discussed earlier, that financial remediation guidance is being considered that will clarify expectations as to the amount and type of compensation recommended for certain categories of injury to help ensure consistent recommendations across the servicers for borrowers who suffered similar types of injury. Regulator-sponsored webinars for community groups stated similarly that the financial remediation framework will address borrowers' questions about the kinds and amounts of remediation that will be offered for different types of injuries.

Specific information about potential remediation could be difficult to present in a simple manner given the 22 potential types of injury agencies identified and various unique borrower circumstances that could affect the type and amount of remediation borrowers will receive.[41] Federal Reserve staff explained that providing borrowers specific information about remediation also is difficult because, as noted earlier, regulators have not set a predetermined total amount of remediation, and the foreclosure review is not yet complete so consultants have not yet identified all financially injured borrowers. Regulators are developing financial remediation guidance that is intended to serve as a baseline standard yet provide flexibility to the consultants to address the borrower's direct financial injury. As of May 2012, regulatory staff said that they were still in the process of preparing such guidance, which the regulators intend to publish when it is finalized.[42] As a result, representatives of some servicers we interviewed told us they could not include remediation information in the communication materials. Federal Reserve staff and one servicer also expressed concern that providing this information might confuse borrowers or raise false expectations for what compensation they might receive. However, a recent OCC speech provides some specific information about the potential range of remediation categories, which consumer groups said could help increase borrowers' motivation to submit a request for review.[43] For example, the remarks state that remediation for financial injuries may include, but is not limited to, lump-sum payments, rescinded foreclosures, reimbursements of lost equity, repayment of out-of-pocket expenses resulting from the error plus

[41]Regulatory staff point out that these 22 examples of financial injury are demonstrative and more types of financial injury could exist.

[42]Regulators released the remediation framework on June 21, 2012.

[43]Remarks by John Walsh, Acting Comptroller of the Currency, before the 2012 National Interagency Community Reinvestment Conference, Seattle, March 26, 2012.

interest, correction of erroneous amounts owed in applicable records, and correcting credit reports. Similar information on a potential range of remediation categories is not discussed in any of the regulators' other communication materials that we reviewed. Given the potential difficulties on reaching and motivating this population, without financial remediation information available, borrowers might not be motivated to respond.

## Outreach Was Based on Limited Analysis of Eligible Borrower Subgroups

The initial coordinated servicer outreach plan approved by regulators provided for a uniform outreach process with additional targeted outreach to African-American and Spanish-speaking borrowers. In developing the outreach activities, servicers did not analyze the target audience for characteristics—such as those associated with low financial literacy—that may have limited some borrowers' ability to respond to outreach activities. To address concerns that borrowers may not respond to outreach from servicers, a third-party entity serves as the contact point for borrower mailing and questions. While OCC and the Federal Reserve have acknowledged community groups as effective messengers to reach the target audience and have encouraged servicers to coordinate with these groups, servicers have leveraged outreach through community groups to varying degrees. Regulators regularly monitored the status of the outreach activities, but did not compare respondents to nonrespondents to determine whether certain groups of borrowers were underrepresented in the response to the initial outreach activities. Without this analysis, the extent to which the outreach process has effectively complemented the file-review process to identify borrowers who may have suffered financial injury is unclear.

### Initial Outreach Was Largely Uniform with Limited Targeted Outreach

Regulators approved a uniform process to reach eligible borrowers, with additional targeted outreach limited to African-American and Spanish-speaking borrowers. According to Federal Reserve staff, the 14 servicers covered by the consent order service more than two-thirds of U.S. mortgages. According to the outreach plan developed by servicers and approved by OCC and the Federal Reserve, the target audience of 4.3 million eligible borrowers—that is, borrowers whose loans on their primary residences had been in some stage of foreclosure in 2009 or 2010—is concentrated in those states that experienced higher foreclosure rates, but broadly represents the U.S. population as a whole covering all ages and income levels. Therefore, servicers determined that the best way to reach their target audience of all eligible borrowers was to use direct mail—the same outreach letter and request-for-review form were mailed to all eligible borrowers—and to place advertisements in four national publications.[44] According to regulatory staff, after conducting some analysis, the servicers selected these publications for their large circulation both nationally and in states with heavy foreclosure volume, as well as for their broad appeal among both men and women and across different ages and income levels. In addition to print advertisements, servicers provided online paid search advertising to assist borrowers using the Internet to find the independent foreclosure review website and OCC ran English-language public-service radio and newspaper advertisements in small radio stations and newspapers in 38 states. According to regulator guidance on the outreach process, the process was intended to be robust and to ensure that all borrowers had a fair opportunity to file a request-for-review form.

As part of the initial implementation of coordinated outreach activities, regulators reviewed the outreach plan with 19 consumer groups familiar with the target audience of all eligible borrowers and in part based on their feedback, incorporated outreach activities to reach certain populations. These additional activities generally occurred concurrently—that is, in January and February 2012—with the national advertisements and outreach. For example, to target the Hispanic population, Spanish-language print advertisements were placed in 26 publications in communities servicers had identified as having large Hispanic populations that were in states recognized nationally as having high concentrations of loans in default and foreclosure.[45] OCC also placed Spanish-language public-service advertisements in print publications and over the radio in at least six states. In addition, to reach borrowers with limited English proficiency the toll-free customer assistance phone number included translation services in over 240 languages with some in-language notification about this service included in outreach materials.[46] Finally, OCC and the Federal Reserve directed servicers to increase outreach to African-American borrowers and servicers purchased advertisements in

[44]Servicers placed advertisements in *Parade Magazine*, *USA Weekend*, *People Magazine*, and *TV Guide*.

[45]According to Federal Reserve staff, the regulator had already planned to conduct some outreach in Spanish prior to meeting with community groups.

[46]Since mid-March, in-language notification on outreach materials, including advertisements and the second mailing, was provided in six languages—Chinese, Hmong, Korean, Russian, Tagalog, and Vietnamese.

one additional national print publication that primarily targets the African-American community.[47]

Our prior work has found that effectively reaching targeted audiences through outreach activities requires analysis of the target audience, including dividing the audience into smaller groups of people who have relevant needs, preferences, and characteristics.[48] For example, one way to divide the foreclosure review target audience into smaller groups would be to analyze the geographic location of the target audience by Metropolitan Statistical Area (MSA) or zip code, rather than by state. These divisions could enable more refined outreach—such as concentrated advertising in local publications and on local radio stations, or holding community outreach events in addition to direct mail and national advertising—in those areas with high concentrations of the target audience. As illustrated in figure 5, our prior work analyzing foreclosure trends among nonprime loans found that as of June 2009—near the beginning of the review period—concentrations of loans in the foreclosure process varied by congressional district, even in those states with high default and foreclosure rates such as California and Florida, indicating that targeted outreach in these areas could be more likely to reach eligible borrowers.[49] Other outreach campaigns have used this type of analysis to target their outreach activities, including a congressionally appropriated national loan modification scam alert campaign conducted by NeighborWorks America, a government-chartered, nonprofit corporation.[50] This organization conducted a zip-code-level analysis of minority homeowners and mortgage performance to identify areas within hardest hit states for targeted outreach—for example, areas of California south of San Francisco.

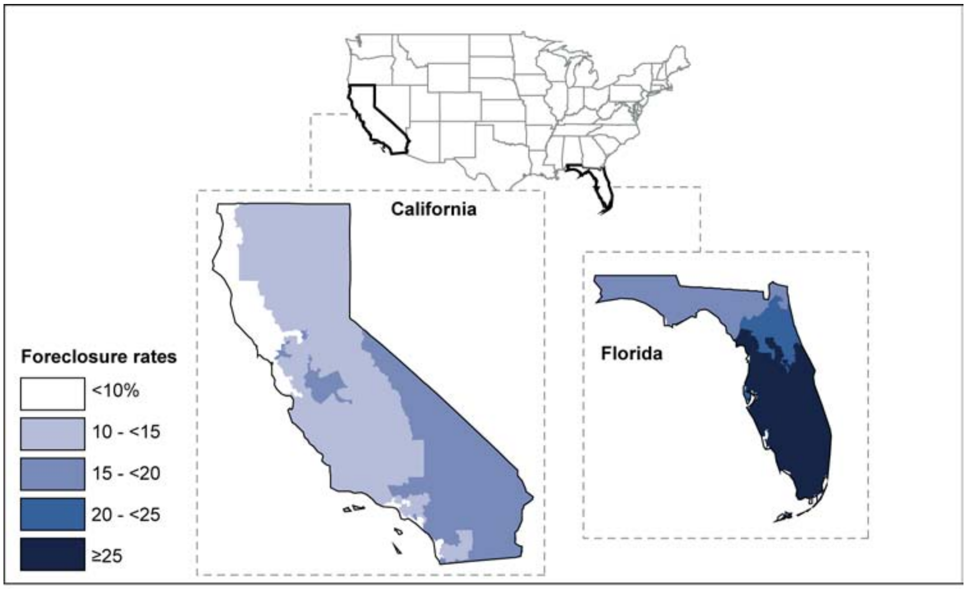
[47]Servicers purchased advertisements in *Jet* magazine.

[48]See GAO-08-43.

[49]See GAO, *Loan Performance and Negative Home Equity in the Nonprime Mortgage Market,* GAO-10-146R (Washington, D.C.: Dec. 16, 2009).

[50]In March 2009, Congress appropriated $6 million to NeighborWorks America to develop a national public education campaign about loan modification scams.

**Figure 5: Estimated Rates of Active Nonprime Loans in the Foreclosure Process by Congressional District, as of June 30, 2009**




Source: GAO analysis of LoanPerformance data; MapInfo (maps).

Notes: Nonprime loans include subprime and Alt-A loans. Loans were originated between 2000 and 2007. For additional discussion of the methodology for this analysis see appendix I and GAO-10-146R.

Similarly, the target audience could be analyzed and divided according to other characteristics that could also affect the likelihood of response. As previously discussed, we have reported that borrowers with characteristics generally associated with low financial literacy—such as low income, low education levels, or limited English proficiency—have increased difficulty making informed financial decisions and taking effective actions.[51] Research has found that borrowers with some of these characteristics—such as low-income—were more likely to be in default

[51]See GAO, *Credit Reporting Literacy: Consumers Understood the Basics but Could Benefit from Targeted Educational Efforts,* GAO-05-223 (Washington, D.C.: Mar. 16, 2005) and GAO-10-518. In addition, research on financial literacy and mortgage delinquency found that subprime borrowers with low financial literacy were four times more likely to go into foreclosure than borrowers with high financial literacy. See Kristopher Gerardi, Lorenz Goette, and Stephan Meier, "Financial Literacy and Subprime Mortgage Delinquency: Evidence from a Survey Matched to Administrative Data," Federal Reserve Bank of Atlanta, Working Paper 2010-10 (April 2010).

and foreclosure during the recent crisis. For example, in a speech, a Federal Reserve official reported that as of the first quarter of 2011—just after the eligible period for this review—13 percent of mortgages originated to borrowers in low- and moderate-income neighborhoods were 90 days or more overdue, compared with 6 percent of mortgages originated to borrowers in high-income neighborhoods.[52] Servicers collected borrower-level data at loan origination that would assist in analyzing these characteristics. Where borrower-specific data on other characteristics may not be available—such as data on English-language proficiency or the primary language spoken in the home—analysis of Census data could provide additional information. Ensuring effective outreach to meet the needs of groups of borrowers with different characteristics necessitates first identifying the relevant groups and then planning appropriate outreach activities to effectively reach them, such as by working with local community groups or partnering with local elected officials familiar with these borrowers. Although the regulators and servicers enhanced outreach with Spanish-language materials and included in-language notification about free translation services available at the toll-free customer assistance phone number in outreach materials, no additional coordinated outreach was conducted in other languages, such as some Asian languages. However, based on our analysis of the Census Bureau's 2008-2010 American Community Survey, we found that U.S. residents with limited English proficiency in languages other than Spanish may be concentrated in areas with high rates of foreclosure. For example, approximately 40 percent of adult speakers of some Asian languages (Chinese, Korean, and Vietnamese) who reported limited English proficiency were in California, a state that experienced high rates of default and foreclosure in 2009 and 2010.[53] Similar to the targeting done by servicers to reach Spanish-language borrowers, conducting targeted in-language outreach in areas with high rates of default and foreclosure and concentrated populations of limited English proficiency speakers of a specific language could help reach additional borrowers. In addition, providing targeted, outreach to groups of borrowers with

[52]See Janet L. Yellen, *Housing Market Developments and Their Effects on Low- and Moderate-Income Neighborhoods*, Remarks at the 2011 Federal Reserve Bank of Cleveland Policy Summit (Cleveland, Ohio: June 9, 2011).

[53]As discussed earlier, in the Census Bureau data, English speaking ability is self-reported by adults ages 18 and over who have indicated that they speak a language other than English at home. Our results are reported with 95 percent confidence intervals. See appendix I for additional discussion of our methodology.

different characteristics could strengthen efforts to reach groups that are less likely to respond to outreach efforts.

In approving the initial coordinated outreach plan, regulators considered the extent to which the plan provided appropriate outreach to the target audience but conducted limited analysis to understand that audience. According to OCC and Federal Reserve staff, to evaluate and approve the coordinated servicer outreach plan, regulators considered factors such as the extent to which the plan (1) was consistent with industry practices, particularly related to class action lawsuits; (2) was developed based on consultation with marketing experts; (3) was designed to provide significant coverage in areas with high concentrations of foreclosure; (4) was appropriate to reach the demographics of the target audience; and (5) promoted national awareness. Federal Reserve staff noted that the Federal Reserve Board had limited experience with outreach plans and therefore consulted with their staff with the most relevant experience when reviewing the plans. OCC and Federal Reserve staff said they considered servicers to be familiar with the target audience based on their experience servicing loans and recognized that servicer marketing staff helped develop the outreach plan. In addition, servicers said they were knowledgeable about the general geographic concentration of these borrowers based on their previous analysis of default and foreclosure trends. Finally, servicers consulted with several marketing firms to help identify the most appropriate methods to reach their target audience—such as, direct mail—and to assist in purchasing advertisements. However, because the target audience was considered to broadly represent the U.S. population as a whole, analysis of the target audience was limited and did not include analysis of data on loan and borrower characteristics, such as income-level or age to identify subgroups of the target audience. Internal control standards require agencies to identify risks that could impede the success of their efforts and to take steps to mitigate those risks.[54] Without an analysis of subgroups of the target audience, including geographic location and certain borrower economic and demographic characteristics, the regulators may not have had the necessary information to help ensure servicers' outreach efforts were designed to maximize their ability to

[54]See GAO, *Standards for Internal Control in the Federal Government,* GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

target certain groups and support a fair opportunity to request a foreclosure review.

## Servicers Used Credible Messengers in Their Coordinated Outreach to Varying Degrees

Representatives from servicers we interviewed told us that identifying a credible messenger to provide information to the borrower through the outreach process was a challenge. Although servicers were responsible for the outreach activities and were often familiar to the borrower from servicing the loan, the servicers were not necessarily the best choice to deliver information about the foreclosure review, because some borrowers had challenging experiences working with them during the foreclosure process. As a result, the servicers used a third-party administrator to send direct mail and they directed borrowers' requests for additional information to a non-specific entity, entitled Independent Foreclosure Review. Neither the regulators nor the servicers conducted focus groups or consultations with the target audience to identify credible messengers. For example, the government-chartered, nonprofit corporation that led the national loan modification scam alert campaign discussed earlier conducted both one-on-one in-depth interviews and focus groups with delinquent borrowers to identify sources trusted by the target audience, as well as, to identify optimum media outlets and communication channels to reach that audience. We have previously reported that effective planning of outreach activities, including activities designed to elicit a one-time action, require analysis of credible messengers to reach the target audience.[55] Consumer groups raised concerns that if servicers did not use familiar and trusted messengers that borrowers would find credible, borrowers would discard the direct mailing or ignore the advertisements because they did not understand who provided the information or believed they were fraudulent. As a result, the outreach process may have missed opportunities to reach some of the target audience and contributed to low response rates. Consumer groups provided feedback to the regulators suggesting that they include the OCC and Federal Reserve seals on the initial print advertisement, but regulators did not incorporate this suggestion. According to Federal Reserve staff, regulators did not include official seals on the outreach materials due to legal restrictions and potential use of official seals in connection with fraudulent schemes. However, in response to subsequent concerns raised about the credibility of the outreach materials, specific

[55]See GAO-08-43.

references to OCC and the Federal Reserve, including the regulators' Internet addresses, were added to the independent foreclosure review website, and a reference to Federal Banking Regulators was added to the outside of the second mailing.

Although OCC and the Federal Reserve have acknowledged community groups as effective messengers to reach the target audience and have encouraged servicers to coordinate with these groups, regulator guidance to servicers on working with community groups did not specify servicer roles and responsibilities for this outreach. OCC has recognized that using community groups as part of the outreach process enhances its ability to reach some of the target audience, including low- and moderate-income borrowers, minority borrowers, and individuals with limited English proficiency. Similarly, a Federal Reserve official stated that working with community groups as part of the outreach effort increases program awareness and promotes borrower participation. The Federal Reserve also has encouraged servicers to work with community groups to conduct additional foreclosure review outreach activities by providing them credit against their penalties for any amount of funding provided to nonprofit housing counseling organizations. Because of the experience of these groups, particularly housing counselors, in working directly with distressed borrowers, regulators conducted outreach sessions for community groups and have encouraged these groups to conduct their own outreach activities. These sessions included two webinars to provide these groups with information on the process and to train them to assist borrowers to complete the request-for-review form.[56] According to community group representatives, some groups have initiated their own outreach about the foreclosure review process, but these efforts have

[56] In addition to the webinars, regulators facilitated two discussions about the foreclosure review process with community group representatives at an annual conference sponsored by NeighborWorks America, a government-chartered nonprofit corporation, and OCC staff met with community group representatives participating in NeighborWorks America's Loan Modification Scam Alert Campaign.

been limited by the availability of funding.[57] In addition, in their guidance to servicers on the outreach process, regulators instructed servicers to conduct outreach to community groups to enable them to educate their constituents about the borrower request-for-review process. This guidance did not describe the specific roles and responsibilities of the servicers in conducting this type of outreach or in supporting the efforts of community groups to reach their constituents. According to regulatory staff, providing specific guidance to servicers to directly fund community groups to conduct outreach was different than other required activities, such as funding direct mail and advertising, and thus was not considered appropriate as a requirement for servicers.

Servicers have leveraged outreach through community groups to varying degrees. As part of the coordinated outreach activities, the 14 servicers contracted with an association of financial services companies, including mortgage lenders and servicers, to hold two national conference calls with community groups to share information about the foreclosure review process. In addition, 3 of the 14 servicers have provided funding to approximately 15 community groups that have in turn provided support to over 100 member organizations to conduct borrower outreach.[58] These activities were designed to increase awareness about the foreclosure review process and to assist borrowers in completing the request-for-review form. According to representatives with one of the servicers undertaking these efforts, the decision to use these groups was in part motivated by a desire to identify and use messengers who might more effectively reach certain borrower groups that otherwise may not respond to the outreach efforts. These additional activities were conducted in English, Spanish, and other languages—including some Asian languages—and included letters and emails to former clients who were

[57]The U.S. Department of Housing and Urban Development (HUD) annually awards competitive grants to approved housing counseling agencies to help them carry out their counseling efforts, including marketing and outreach. However, for fiscal year 2012, HUD's housing counseling program appropriation was approximately half the fiscal year 2010 level, and funding was eliminated for fiscal year 2011. In addition, the federal government has provided targeted support for foreclosure mitigation counseling, including through the National Foreclosure Mitigation Counseling (NFMC) program. However, according to the Administrator of the NFMC program, foreclosure review-related activities are not eligible for NFMC funding.

[58]According to Federal Reserve staff, two additional servicers have held discussions with community groups to raise awareness about the foreclosure review, but these efforts did not involve providing funding to these groups.

eligible for the program and toll-free customer assistance phone numbers to help borrowers complete the request-for-review form. Further, according to OCC staff, third-party consultants also held several meetings with representatives of community groups to share information about the foreclosure review process and facilitated a visit to an audit site to see reviews being conducted.

## Regulators Monitored Status of Initial Outreach but Did Not Analyze Characteristics of Nonrespondents

OCC and the Federal Reserve regularly monitored borrower response to outreach activities, as well as the quality of borrower services provided by the third-party administrator. Regulators received daily and weekly reports from the third-party administrator on the use of the toll-free customer assistance phone number and website, as well as data on the number of request-for-review forms received and the types of requests. In addition, they received data on the quality of the assistance provided through the customer assistance phone number and website. Analysis was also conducted on the effect of the national print campaign on calls to the customer assistance phone number, visits to the website, and request form submissions. Finally, OCC and the Federal Reserve have monitored the percentage of mail successfully delivered.

Regulators did not establish measurable goals to use in assessing the effectiveness of the outreach process. For example, there was no target response rate for the number of requests for review to be received as a result of the outreach activities. According to an OCC official, the unique nature of the outreach campaign and foreclosure review process makes it difficult to set specific targets for the number of requests for review. Similarly, Federal Reserve staff explained that because the number of borrowers that were harmed is unknown, it was difficult to project how many borrowers would request reviews. Recognizing that the volume was unknown, servicers directed the third-party administrator responsible for receiving the request-for-review forms and responding to borrower questions on the toll-free customer assistance number to develop contingency plans to allow the administrator to continue to respond if the volume of responses exceeded their daily or weekly projections. Initial projections that were used for planning purposes of the total number of requests for review varied, with some third-party consultants estimating response rates of between 10 percent and 20 percent in the engagement letters between the servicers and their consultants. In contrast, another third-party consultant and some servicers anticipated response rates of around 5 percent. In the absence of measurable goals to assess the performance of outreach activities, determining if the actions taken are sufficient or if additional steps are needed is difficult.

In addition, monitoring has not included analyzing or requesting servicers or third-party consultants to analyze trends among respondents and nonrespondents to determine whether all groups of borrowers are represented in the review process and that no particular group is underrepresented. Beginning in late April 2012, servicers conducted additional outreach activities to reach borrowers who had not yet responded and better ensure that borrowers were aware of the extension of the request-for-review deadline. These outreach activities were modeled on the original activities and included a second mailing to eligible borrowers whose initial outreach letter was delivered successfully but had not yet responded and print advertisements in the same national and Spanish-language publications.[59] Regulator staff said that feedback from consumer groups was used to enhance the content of the mailing and advertisements and information in additional languages was included in the materials. According to OCC and Federal Reserve staff, in planning these additional outreach activities, no analysis was conducted of the borrowers who had not responded to the initial outreach efforts as compared to those who had. For example, analysis by servicer, geographic location, or certain social or demographic characteristics collected at loan origination—such as those associated with low financial literacy—could have been used to determine if additional outreach activities were needed to better reach these groups. According to a representative from one servicer, the servicer had done some analysis of respondents compared to nonrespondents early in the process in January 2012, but had not updated this analysis or used the results to direct their outreach efforts. Our prior work has found that evaluating performance, particularly when there is a change in activities, helps ensure that processes continue to improve and evolve.[60] In the absence of this type of analysis, regulators may not have had the information needed to determine whether additional outreach efforts were appropriate to help ensure that all groups were effectively reached by the national campaign and had a fair opportunity to request a review. Additional targeted outreach activities, such as further outreach through community groups, distribution of flyers, phone calls to eligible borrowers, or community

[59]In May 2012, the Federal Reserve also placed a video on YouTube and the Federal Reserve website explaining how borrowers can submit a request-for-review form. The video is available in both English and Spanish.

[60]See GAO, *Internal Control Management and Evaluation Tool,* GAO-01-1008G (Washington, D.C.: August 2001).

meetings, may be warranted. In addition, whether the campaign has effectively complemented the look-back file reviews to help ensure that the two processes combined maximize identification of borrowers who have suffered financial injury is unclear. The look-back file review generally relies on sampling—and in some cases 100 percent review—to provide a high degree of certainty that borrowers who have been financially injured are identified and obtain remediation.[61] However, if the outreach process has been less successful in reaching certain subgroups of eligible borrowers that the look-back review has not taken into consideration, changes to the sampling to ensure that all borrowers have an equal opportunity for review may be warranted.

## Conclusions

While the regulators have taken a number of steps to improve the servicers' outreach associated with the independent foreclosure review over time by improving the format of communication materials, incorporating feedback from consumer and community groups, and increasing outreach to particular populations, among other things, opportunities for further improvement remain. An effective outreach process is designed to reach all segments of its audience, regardless of such factors as reading level and language spoken, among others. Neither the servicers nor the regulators conducted readability testing or focus groups with the target audience of eligible borrowers, and regulators initially did not solicit input from consumer or community groups familiar with these borrowers. Readability tests of the outreach letter, request-for-review form, and website indicate that a high school or even a college reading level may be required to understand them; however, the use of some complex terms may be unavoidable. In addition, although some information is now available on the website in Spanish, the initial communication materials were not available in languages other than English. Our previous reports and federal plain language guidelines indicate that whether agencies are preparing

[61]As discussed previously, generally third-party consultants are using statistical techniques to select samples of files from various categories of loans for the look-back review. For some high-risk categories consultants are required to review 100 percent of files. These high-risk categories include cases involving borrowers protected by SCRA and certain bankruptcy cases. In addition, the Federal Reserve is also requiring 100 percent review of cases in several additional high-risk categories, including foreclosure-related complaints filed before the outreach program was launched, foreclosure actions where a complete request for a loan modification was pending at the time of the foreclosure, and foreclosure actions that occurred when the borrower was not in default.

documents or requiring private sector companies to prepare them, testing communication materials is a sound practice to help ensure that the audience can understand them and use them to take action. Moreover, complexity in the communication materials may prevent people from becoming sufficiently aware of the foreclosure review, and the prospect of confusing or complex forms may discourage people from participating. In addition, borrowers with low financial literacy, including those with limited English proficiency, may have difficulty accessing and understanding the materials, potentially affecting the likelihood of them requesting a review. Because communication materials were not tested and were written at a high reading level, some eligible borrowers might have had difficulty understanding them. To the extent the accessibility of the communication materials affects certain groups' likelihood of responding, they may not have had a fair opportunity to request a foreclosure review as the regulators intended the outreach process to provide. With the second wave of advertising and the additional mailing directing eligible borrowers to the independent foreclosure review website, ensuring that the online request-for-review form is understandable is especially important.

In addition, although the communication materials provide information about the purpose, scope, and process for the foreclosure review, and types of financial injuries covered, as well as disclosing that borrowers could be eligible for compensation, they do not include specific information about the potential types or amounts of remediation borrowers may receive. Specifically identifying that the types of remediation may consist of such items as lump-sum payments, rescinding foreclosures, repayment of out-of-pocket expenses, or correcting credit reports could help motivate borrowers to respond. Industry best practices and examples for notifying borrowers about class action lawsuits, which regulatory staff and servicer representatives used as a model in developing the materials, include specific information about the types and amounts of remediation for which participants could be eligible. Without specific information about remediation in communication materials, some borrowers may not be motivated to submit a request-for-review form.

Finally, the planning, and in particular, evaluation of the borrower outreach process were based on limited analysis of eligible borrowers. Although servicers conducted some targeted outreach to African-American and Spanish-speaking borrower, in part due to feedback from consumer groups, the outreach process was largely uniform. Our prior work has found that analyzing the target audience by various characteristics and identifying messengers the audience will consider credible helps ensure that the outreach is effective. However, in approving the outreach plan regulators did not require servicers to conduct such analysis and although the regulators have encouraged servicers to work with community groups that have experience as trusted advisers to distressed borrowers, servicers have done so to varying degrees. We have also found that evaluating the effectiveness of past activities is important before expanding them, such as by conducting additional advertising or mailings to eligible borrowers. Regulators have monitored the status of outreach activities, but have not analyzed the differences in characteristics between respondents and nonrespondents in planning the additional outreach efforts. This analysis could help identify whether any groups of borrowers, particularly those borrowers with characteristics that could make them less likely to respond to the request for review, are underrepresented. The results of such analysis also could provide regulators, third-party consultants, and servicers with the information to target additional outreach to any underrepresented groups or to make changes to the file-review sampling process to ensure that all borrowers are fairly represented. We acknowledge that because the borrower outreach and look-back review are complementary, the outcomes of the foreclosure review cannot fully be evaluated until the look-back review is completed. However, until analysis of the characteristics of respondents compared to nonrespondents is conducted, the potential that certain subgroups of eligible borrowers do not have a fair opportunity to request a foreclosure review remains.

## Recommendations for Executive Action

OCC and the Federal Reserve have taken steps to improve the outreach from the initial roll-out. To further increase the possibility that all borrowers have a fair opportunity to request a foreclosure review, the Comptroller of the Currency and the Chairman of the Board of Governors of the Federal Reserve System should take the following actions:

- Enhance the readability of the request-for-review form on the independent foreclosure review website so that it is more understandable for borrowers, such as by including a plain language guide to the questions.

- Require that servicers include a range of potential remediation amounts or categories in communication materials and other outreach, such as direct mailings to borrowers, public service announcements, the independent foreclosure review website, regulators' websites, and officials' testimonies and speeches.

- Require servicers to identify trends in borrowers who have and have not responded by factors such as MSA, zip code, servicer, and borrower characteristics and report to the regulators on weaknesses found. If warranted, regulators should require that servicers, in consultation with their third-party consultants, conduct more targeted outreach to better reach underrepresented groups, such as considering more credible messengers to reach these groups. If such action cannot be taken prior to the deadline for requests for review, regulators should consider expanding the look-back review to better ensure coverage for underrepresented groups.

## Agency Comments and Our Evaluation

We requested comments on a draft of this report from OCC and the Federal Reserve. We received written comments from OCC and the Federal Reserve that are presented in appendixes II and III, respectively. Both agencies emphasized that the outreach process that we focused on in this report is one part of a larger effort to identify financially harmed borrowers for remediation. The Comptroller of the Currency noted in his written comments that OCC shares the goals reflected in the report and is in the process of addressing each of the recommendations. The Comptroller's letter also provides a more detailed list of initiatives OCC has undertaken related to the borrower outreach process, which is consistent with the actions we summarized in the draft report. The Director of the Division of Consumer and Community Affairs of the Board of Governors of the Federal Reserve System also noted that the Federal Reserve has begun implementing each of the recommendations. First, the letter states that the agencies plan to post a plain language guide to completing the request-for-review form to the agencies' and independent foreclosure review websites. Second, the letter states that once a framework describing the range of potential remediation is finalized the regulators will issue press releases, post the framework on the regulators' and independent foreclosure review websites and in frequently asked questions, and hold briefings with consumer and community groups. Third, the letter states that the Federal Reserve is conducting analysis to identify any gaps in respondents by geography and certain borrower characteristics, which will be publicly released to promote targeted outreach.

The Director's letter noted the limitations of readability formulas in assessing how well the foreclosure review communication materials could be understood. We had also acknowledged these limitations in the draft report and noted that they are just one indicator of the readability of the materials. However, the results of these formulas when combined with other evidence, such as feedback from consumer and community groups who have had direct interaction with distressed borrowers, suggested that more could be done to clarify the communication materials. The plain language guide for borrowers completing the request-for-review form that the Federal Reserve is in the process of completing is an important step in addressing readability.

The Director's letter also stated that the comparison between the foreclosure review communication materials and class action lawsuit settlement materials was "imprecise and not appropriate." In the draft report, we acknowledged the differences between these two activities and the difficulty in providing specific information on remediation in the case of the foreclosure review. Because the borrower outreach process and materials were generally modeled after class action lawsuit activities, we considered it applicable criteria and presented the comparison as an illustrative example of the type of information that has been found to be helpful in motivating participation. The steps the regulators are taking to publicly release information on the types and amounts of remediation that financially harmed borrowers might receive as a result of the foreclosure review is another important step toward promoting participation.

We received technical comments from each regulator, which we incorporated where appropriate. In OCC's letter, the Comptroller of the Currency stated that the agency provided us with specific report line edits that reflected both substantive comments as well as technical or editorial suggestions. The substantive comments emphasized that the outreach component of the foreclosure review was an additional step not typically taken in enforcement actions and provided more information on the actions the agencies and servicers took to reach out to potentially harmed borrowers. In addition, OCC staff raised concerns about the context for our criteria on plain language in the technical comments. The draft report acknowledged the unprecedented nature of the review, and we made changes to the draft report to reflect the other comments, as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to interested congressional committees, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and other interested parties. In addition, the report will be available at no charge on the GAO Web site at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-8678 or evansl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix IV.

Sincerely yours,

Lawrance L. Evans, Jr.

Lawrance L. Evans, Jr.
Acting Director, Financial Markets
and Community Investment

*List of Requesters*

The Honorable Robert Menendez
Chairman
Subcommittee on Housing, Transportation, and Community Development
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Luis V. Gutierrez
Ranking Member
Subcommittee on Insurance, Housing, and Community Opportunity
Committee on Financial Services
House of Representatives

The Honorable Maxine Waters
Ranking Member
Subcommittee on Capital Markets and Government-Sponsored Enterprises
Committee on Financial Services
House of Representatives

The Honorable Brad Miller
House of Representatives

# Appendix I: Objectives, Scope, and Methodology

This report focuses on the design and implementation of the borrower outreach process to determine how well information about the foreclosure review is communicated to eligible borrowers with different characteristics. Specifically, this report addresses (1) the extent to which the development of the approach and content of the communication materials and website reflected best practices; and (2) the extent to which the planning and evaluation of the outreach and advertising approach considered the characteristics of the target audience.

## Development and Content of Communication Materials

To determine the extent to which the development of the approach and content of the communication materials and foreclosure review website reflected best practices, we (1) reviewed regulator documents, engagement letters, and outreach materials; (2) conducted readability testing of the online outreach letter and request-for-review form; (3) analyzed data on the extent of limited English proficiency in the United States and the effects of limited English proficiency on financial literacy; and (4) assessed the extent to which the remediation content in the communication materials reflects best practices. To do this, we reviewed key documents, including regulator guidance on outreach activities, the outreach plan, engagement letters between servicers and third-party consultants, and outreach materials, such as the outreach letter, request-for-review form, foreclosure review website, online request-for-review form, frequently asked question guide accompanying the foreclosure review website, print advertising materials, the reminder postcard, and community group webinar materials. We compared these documents with best practices we had previously established and guidelines established by federal agencies related to testing materials with the target audience prior to use and ensuring that materials are clearly written and take into account the audiences' current level of knowledge. We considered these outreach practices applicable to the outreach campaign for the foreclosure review as they were developed to elicit a one-time action—similar to filing a request-for-review form—from the target audience. In our prior work analyzing the planning, implementation, and evaluation of outreach campaigns, we developed standards by conducting an expert panel of 14 senior management-level experts in strategic communications who identified key planning, implementation, and measurement components for consumer education and outreach.[1] The experts were

[1]See GAO-08-43.

selected for their experience overseeing a strategic communications or social marketing campaign or other relevant experience and represented private, public, and academic institutions. In addition, we considered our prior work analyzing suggested improvements to the content and format of communication materials. Specifically, for our prior work on credit card disclosures, we conducted interviews, reviewed documents, and analyzed more than 280 comment letters requested by the Federal Reserve in 2005 from issuers, consumer groups, and others as part of the Federal Reserve's preparation to implement new credit card disclosure requirements.[2] Further, we considered the Office of Management and Budget's *Final Guidance on Implementing the Plain Writing Act of 2010* and accompanying Federal Plain Language Guidelines. We also considered the Securities and Exchange Commission's *A Plain English Handbook: How to Create Clear SEC Disclosure Documents*. Finally, to describe the reading level of the U.S. population, we reviewed findings from the 1992 National Adult Literacy Survey on adult reading comprehension levels and the subsequent 2003 National Assessment of Adult Literacy (renamed from 1992). No further assessments have been conducted since 2003.

To evaluate the readability of the English language materials on the website, particularly the outreach letter and request-for-review form, we used computer-facilitated formulas to predict the grade level required to understand the materials. Readability formulas measure the elements of writing that can be subjected to mathematical calculation, such as the average number of syllables in words or number of words in sentences in the text, but do not reflect the complexity of ideas in a document or how clearly the information has been conveyed. We edited the text to help ensure that the tests returned accurate results and applied the following industry-standard formulas to the documents: Flesch-Kincaid Formula, Gunning Frequency of Gobbledygook Readability Test (FOG), and McLaughlin Simplified Measure of Gobbledygook Formula (SMOG).[3] Using these formulas, we measured the grade levels at which the website was written, both for each page of the website separately and for the website as a whole (see table 1). We did not verify the accuracy of the

[2]See GAO-06-929.

[3]Edits we made to the text included deleting trailing periods, carriage returns, and bullet points or numbered lists. We also removed addresses, phone numbers, and Internet addresses and added periods after heading phrases.

formulas implemented by these tests, but we used multiple tests to collaborate the results. Despite limitations, we determined that these tests were sufficiently reliable for our purposes. To analyze the quality of the translation and the readability of the Spanish-language outreach materials on the independent foreclosure review website—specifically, the Spanish-language guide for the request-for-review form—a trained translator (1) compared the translation of the Spanish- and English-language materials to assess the extent to which they provided the same information, (2) analyzed the Spanish-language materials for readability, and (3) reviewed the placement and content of the in-language Spanish statements in the English-language materials. The translator's conclusions were then reviewed by a native Spanish speaker with professional experience translating and writing official documents. We determined that this review was sufficiently reliable for our purposes.

**Table 1: Results of Whole Website Readability Analysis**

| Test | Predicted grade level required to understand text |
|---|---|
| Flesch-Kincaid grade level | 11 |
| FOG | 10 |
| SMOG | 13 |
| **Average** | **11** |

Source: GAO analysis of Independent Foreclosure Review website using Flesch-Kincaid Formula, FOG, and SMOG readability tests.

Note: We calculated the statistics for the website as a whole, but excluded text on page 3 of the website that requests basic contact information because it was not in sentence form.

To describe the potential pool of eligible borrowers with limited English proficiency, we analyzed data on the extent of limited English proficiency and considered the effects of limited English proficiency on financial literacy. To describe the U.S. population of individuals with limited English proficiency, we updated analysis we conducted for a prior report on financial literacy.[4] We obtained and analyzed data from the United States Census Bureau's 2008-2010 American Community Survey. As noted in our prior report, the Census Bureau does not define the term limited English proficiency. As such, we replicated the measures of the limited English proficient population we used in our prior report based on questions in the American Community Survey that asked "Does this

[4]See GAO-10-518.

person speak a language other than English at home?" "What is the language?" "How well does this person speak English?" For our purposes, we included in the limited English proficiency estimate individuals over the age of 18 who self-reported that they speak English "not well" or "not at all." Because the American Community Survey data are a probability sample based on random selections, this sample is only one of a large number of samples that might have been selected. Since each sample could have provided different estimates, we express our confidence in the precision of our particular sample's results as a 95 percent confidence interval. This is the interval that would contain the actual population value for 95 percent of the samples that could have been drawn. In this report, All Public User Microdata Area-level percentage estimates derived from the 2008-2010 American Community Survey have 95 percent confidence levels of plus or minus 4.5 percentage points or less, unless otherwise noted. We determined that these data were sufficiently reliable for our purposes. To describe the potential effects on financial literacy from limited English proficiency, we reviewed our prior work and relied on those findings. The work conducted for the prior report included (1) reviewing relevant literature related to financial literacy among immigrants and people with limited English proficiency; (2) conducting interviews with and gathering relevant studies and educational materials from federal agencies, organizations that provided financial literacy and education, and organizations that serve or advocate for populations with limited English proficiency; and (3) conducting a series of 10 focus groups to discuss the barriers that individuals with limited English proficiency may face in improving financial literacy and conducting their financial affairs.[5]

To determine how well the content of the communication materials and foreclosure review website reflect industry best practices related to publication of remediation amounts, we assessed the materials against examples of information included in class action lawsuit notifications.[6] We chose class action lawsuit examples and determined them to be applicable to the foreclosure review because that is the model regulatory staff and servicers told us they used in developing the communication materials. For example, we reviewed the communication materials

[5]See GAO-10-518.

[6]Regulatory staff informed us that they chose a class action model of outreach for the independent foreclosure review as outreach from class action lawsuits were most similar.

against class action communication materials for homeowners, construction workers, and product liability suits developed by the FJC. The FJC developed illustrative notices of proposed class action certification and settlement by studying empirical research and commentary on the plain language drafting of legal documents, testing notices with nonlawyers for comprehension, evaluating them for readability, testing their effectiveness before focus groups composed of ordinary citizens from diverse backgrounds, and conducting a survey. We also reviewed guidelines available from the National Association of Consumer Advocates (NACA) on the form and content of notices for class action settlements. These guidelines address issues such as the scope of class member releases, attorneys' fees, and notice of settlement. NACA maintains the comprehensive *Standards and Guidelines for Litigating and Settling Consumer Class Actions* 176 F.R.D. 375, first published in 1998, and fully updated in 2006, to help ensure that class actions do not lead to restrictions on challenging abusive business practices. The guidelines were intended to be used by consumer class action attorneys as a standard for how to properly proceed, manage, and settle a class action case. They were also intended to be used by courts as a guidepost to judge the merits of cases before them. The standards and revised standards were drafted by a committee of consumer attorneys. After initial drafts were completed, the draft guidelines were submitted for comment to all sectors of the legal community, including professors, think tanks, and the defense bar. After these comments were received and considered, a final draft was published. Further, we reviewed summary documentation from the National Mortgage Settlement between the state attorneys general, and the Departments of Justice, the Treasury, and HUD against the five largest mortgage servicers for errors in foreclosure practices to provide the context of a current example of a large-scale settlement involving similar stakeholders and issues similar to those of the foreclosure review.

## Planning and Evaluation of the Outreach and Advertising Approach

To determine the extent to which the planning and evaluation of the outreach and advertising approach considered the characteristics of the target audience, we analyzed key documents discussed above as well as the indicators and analysis prepared by the third-party administrator to monitor implementation of outreach activities and meeting agendas between regulators and servicers. We compared these documents to best practices for outreach campaigns on analyzing the target audience, identifying credible messengers, and evaluating outreach activities identified in our prior work.[7] As discussed earlier, we considered these practices applicable to the outreach campaign for the foreclosure review because they are specific to campaigns designed to elicit a one-time action. In addition, we considered practices we identified in our previous work on evaluation strategies for information dissemination activities. These strategies were developed based on analysis of case studies of how five federal agencies evaluated their media campaigns or instructional programs.[8] Finally, we considered our internal control standards on managing risk and other control activities.[9]

To identify additional characteristics to consider in an analysis of the target audience of eligible borrowers, we reviewed our prior work on foreclosure trends by congressional district as well as work on financial literacy. For our analysis of foreclosure trends, we analyzed data from LoanPerformance's Asset-backed Securities database for nonprime loans originated from 2000 through 2007.[10] The database contains loan-level data on the majority of nonagency securitized mortgages in subprime and Alt-A pools. For example, for the period 2001 through July 2007, the LoanPerformance database contains information covering, in dollar terms, an estimated 87 percent of securitized subprime loans and 98 percent of securitized Alt-A loans. For the purposes of the analysis conducted for our prior report, we defined a subprime loan as a loan in a subprime pool and an Alt-A loan as a loan in an Alt-A pool. We focused our analysis for that report on first-lien purchase and refinance mortgages for one-to-four-family residential units. In preparing our previous report we tested the reliability of these data by reviewing documentation on the process the data providers use to collect and ensure the reliability and integrity of their data, and by conducting reasonableness checks on data elements to identify any missing, erroneous, or outlying data. We also interviewed LoanPerformance representatives to discuss the interpretation of various data fields. We concluded that the data were

[7]See GAO-08-43.

[8]See GAO, *Program Evaluation: Strategies for Assessing How Information Dissemination Contributes to Agency Goals*, GAO-02-923 (Washington, D.C.: Sept. 30, 2002).

[9]See GAO/AIMD-00-21.3.1 and GAO-01-1008G.

[10]See GAO-10-146R. LoanPerformance is a unit of First American CoreLogic, Incorporated.

sufficiently reliable for our purposes. Nonprime loans do not represent the entire universe of loans—for example, they do not include prime loans. However, we determined that these data were applicable as an illustrative example of how analysis conducted below the state level could reveal significant concentrations of certain groups.

For our analysis of characteristics associated with low financial literacy, we considered our prior work on financial literacy and trends among certain demographics with lower financial literacy. This work included a survey, conducted by a private research firm under contract to GAO, from late July to early October 2004, to determine the extent of consumers' knowledge of credit reporting issues.[11] The telephone survey was conducted with 1,578 randomly sampled noninstitutionalized U.S. adults aged 18 and over and the results of this survey generally have confidence intervals of plus or minus 6 percentage points. We noted in our previous report that the practical difficulties of conducting a sample survey may introduce errors into estimates made from them. These errors include sampling, coverage, measurement, nonresponse, and processing errors. We made efforts in our prior work to minimize each of these. In addition, we generated an average or mean score for the survey as a whole. We then analyzed responses for all the survey questions and scores based on groups of questions for the national sample and cross-tabulated them across different demographic groups and across consumers with different credit-related experiences. Differences across demographic groups and across consumers with different credit-related experiences were tested for statistical significance at the 95-percent confidence level. In addition to cross-tabulations, we used a regression analysis of demographics and other factors that we thought would be associated with consumers' knowledge of credit reporting issues. We concluded that these data were sufficiently reliable for our purposes. We confirmed these results during an October 2011 forum convened by GAO on key issues related to financial literacy, including identification of special populations that need sustained financial literacy efforts.[12] Forum participants included representatives from federal, state, and local government agencies; academic experts; nonprofit practitioners; and representatives from the private sector. We also reviewed our prior work on the financial literacy

[11]For additional discussion of the results and methodology, see GAO-05-223.

[12]For a discussion of the results of the forum, see GAO-12-299SP.

challenges faced by speakers of limited English (discussed earlier).[13] In addition, we reviewed a government-chartered, nonprofit corporation's methodology to identify and reach out to their target audience for an outreach campaign targeted to similar borrowers in foreclosure or at risk of foreclosure. Finally, four of the eight consumer groups whom we had previously interviewed for this work responded to our request to identify characteristics they considered important to understanding the target audience of eligible borrowers.

## Interviews with Regulatory Staff and Stakeholders

To determine how well the development of the approach and content of the communication materials and website reflected best practices and the extent to which the planning and evaluation of the outreach and advertising approach considered the characteristics of the target audience, we conducted interviews with the following regulator staff and key stakeholders:

- Staff from OCC and the Federal Reserve.
- Representatives of five mortgage servicers and three third-party consultants responsible for providing third-party reviews of these servicers' foreclosure activities. To identify a representative mix of servicers and third-party consultants to interview, we considered servicers overseen by both regulators and those that are considered some of the larger servicers.
- Representatives from the third-party administrator hired by servicers to administer the outreach process, including sending out mailings, receiving borrowers' request-for-review forms, and operating the toll-free customer assistance phone number and website.
- Representatives of 11 consumer groups, community groups, and a mortgage servicing industry association. To identify these groups, we considered organizations identified by OCC and the Federal Reserve as stakeholders, groups receiving funding from servicers to conduct community outreach, organizations that provided testimony on the foreclosure review process, and organizations we had identified during the course of other work on foreclosures, including the

[13]See GAO-10-518.

Department of the Treasury's Home Affordable Modification Program.[14]

In addition, we reviewed speeches, testimony, and responses to official Questions for the Record on the outreach process provided by OCC and Federal Reserve officials, representatives of third-party consultants, and a representative from a consumer group and a mortgage servicing industry association.

We conducted this performance audit from February 2012 through June 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[14]See GAO-11-367R.

# Appendix II: Comments from the Office of the Comptroller of the Currency

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

June 19, 2012

Mr. Lawrence L. Evans, Jr.
Acting Director
Financial Markets and Community Investment
United States Government Accountability Office
Washington, DC 20548

Dear Mr. Evans:

We have received and reviewed your draft report, "Foreclosure Review: Opportunities Exist to Further Enhance Borrower Outreach Efforts." We appreciate your contributions to further improve our outreach efforts to identify borrowers who suffered financial injury and are seeking remediation under the mortgage servicing consent orders. On behalf of the Office of the Comptroller of the Currency (OCC), I offer the following comments.[1]

**Background and Scope**

It is important to place these efforts in the context of the comprehensive enforcement actions of which they are a part. On April 13, 2011, the OCC, the Board of Governors of the Federal Reserve System (Federal Reserve), and the Office of Thrift Supervision (OTS) issued formal consent orders against 14 mortgage servicers under their supervision to correct deficiencies in mortgage servicing and foreclosure processing.[2] The consent orders required servicers to undertake substantial measures to enhance their compliance, vendor management, and training programs and processes. The orders establish strong and comprehensive standards for mortgage servicing and the processing of foreclosures by these servicers.

The consent orders also required servicers to retain independent consultants to conduct multi-faceted, independent foreclosure reviews for borrowers in any stage of foreclosure during 2009 or 2010. These reviews require the consultants to conduct extensive file reviews of servicer portfolios, and also include a process to allow in-scope borrowers to request a review of their circumstances. This latter process is the focus of your report. Together, these two initiatives are generally referred to as the Independent Foreclosure Review (IFR). The objective of these two complementary components of the IFR is to identify borrowers who suffered financial injury

[1] On June 14, 2012, the OCC provided to GAO specific report line edits that reflected both substantive comments as well as technical/editorial suggestions.
[2] On July 21, 2011, regulatory responsibility for federal savings associations transferred from the OTS to the OCC under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Consent orders taken by the OTS prior to the transfer remain in effect and enforceable by the OCC.

within the scope of the enforcement orders and provide appropriate financial remediation to them.

For this report, GAO focused on the design and implementation of the servicers' borrower outreach process to determine how well foreclosure review information is being communicated to eligible borrowers with different characteristics. Specifically, the GAO report addressed the extent to which the development of the approach and content of the communication materials and website reflected best practices, and the extent to which the servicers' planning and evaluation of the outreach and advertising approach considered target audience characteristics.

**GAO Recommendations**

GAO recommended that the OCC:

1. Enhance the readability of the request-for-review form on the independent foreclosure review website so that it is more understandable for borrowers, such as by including a plain language guide to the questions;

2. Require that servicers include a range of potential remediation amounts or categories in communication materials and other outreach, such as direct mailings to borrowers, public service announcements, the independent foreclosure review website, regulators' websites, and officials' testimonies and speeches; and

3. Require servicers to identify trends in borrowers who have and have not responded by factors such as metropolitan statistical area, zip code, servicer, and borrower characteristics and report to the regulators on weaknesses found. If warranted, regulators should require that servicers, in consultation with their third-party consultants, conduct more targeted outreach to better reach underrepresented groups, such as considering more credible messengers to reach these groups. If such action cannot be taken prior to the deadline for requests for review, regulators should consider expanding the look-back review to better ensure coverage for underrepresented groups.

We share the goals reflected in your report, and we are in the process of addressing each of your recommendations. The Appendix to this letter sets forth a listing of the initiatives that we have already undertaken that address concerns raised in the report.

Thank you for the opportunity to comment on the draft report.

Sincerely,

Thomas J. Curry
Comptroller of the Currency

Enclosure

-2-

Appendix

**Foreclosure Consent Order**
**Significant Borrower Outreach Activities**

The consent orders required servicers to conduct significant outreach to make eligible borrowers aware of the Independent Foreclosure Review (IFR).[1] This outreach includes mailings, advertising, a Web site, a toll-free number, and work with housing counselors and community and housing advocate groups to reach a broad audience.

**Request-For-Review Letters and Forms**

- Nearly 4.4 million letters have been sent to borrowers who may be eligible for a free independent review of their foreclosure loan files. Using standard techniques to validate addresses and identify valid secondary addresses, only 5.3 percent of those letters have been returned as undeliverable.
- As part of the outreach approach, the servicers formed a consortium and media plan to ensure a coordinated process and uniform communication materials. The consortium developed the initial outreach letter and request-for-review form with input from third-party consultants and approval from the regulators.
- In December 2011, the OCC consulted with the U.S. Department of Justice (DOJ) regarding measures to ensure IFR accessibility to non-English speakers. The OCC consulted the DOJ office responsible for administering Executive Order 13166, Improving Access for Persons with Limited English Proficiency.
- Before approving the language in the servicers' draft materials, the OCC also provided request-for-review materials to its Public Affairs and Community Affairs groups for a readability review. Changes consistent with the groups' suggestions were made.
- In-language notification on outreach materials is provided in six languages in addition to English and Spanish—Chinese, Hmong, Korean, Russian, Tagalog, and Vietnamese, and some in-language notification about toll-free translation services is included in the request-for-review materials. Materials are being translated into these languages.
- Since the November 2011 request-for-review process launch, 193,630 people have submitted the request-for-review form as of May 31, 2012.
- A second mailing to borrowers who have not yet submitted requests for review will be completed by June 30, 2012, reminding them of the upcoming deadline.

**Paid Advertising**

- Since foreclosure densities largely mirrored population densities, servicers selected a mix of national media that shared similar concentrations.
- The OCC approved servicers' media plan that included advertising in prominent national publications, including publications that serve minority audiences and Spanish-language publications.

[1] The OCC and FRB also outlined expectations for a comprehensive, independent, fair, transparent, and documented borrower outreach process in July 2011 guidance to servicers.

A-1

- The first round of advertising ran in January and February 2012 in more than 1,400 publications nationwide that cover a wide range of demographics, including major publications like Parade, People magazine, and USA Weekend, as well as Hispanic and African-American publications. For example, to target the Hispanic population, Spanish-language print advertisements were placed in 26 publications in communities that the servicers had identified as having large Hispanic populations.
- Circulation covers all 50 states, with higher concentration in states with heavy foreclosure volume, including California, Florida, Illinois, Michigan, and New York.
- Total impressions from the advertising to date are estimated at more than 341,000,000.
- The second round of advertising was conducted in April 2012; the third round of advertising is expected to be completed this summer.
- Servicers also purchased key words on search engines to help borrowers find information easily through major search engines such as Google and Bing.

**Web Site**

- On November 1, 2011, a Web site—www.independentforeclosurereview.com—was launched to provide information about the IFR process.
- In March 2012, the Web site was enhanced to allow borrowers to submit requests for review and provide supporting documentation online, which borrowers can use 24 hours a day, seven days a week.
- The Web site includes materials in Spanish and English.
- The servicer consortium, in consultation with the Independent Consultant group and subject to OCC and FRB approval, developed the Web site language, including the Frequently Asked Questions.
- The OCC Public Relations staff reviewed the Web site language for readability.
- Through May 31, 2012, the Web site has been visited 600,386 times; 7,948 borrowers have submitted requests for review online. Online submissions have increased recently, following the second round mailing of notices to borrowers. For example, on each of three consecutive days during the week of June 11, 2012, borrowers electronically submitted more than 1,000 requests for review.

**Toll-Free Number**

- A toll-free phone number—**1-888-952-9105**—was launched on November 1, 2011, to provide information about the reviews and the IFR process. Assistance is available Monday through Friday from 8 a.m. to 10 p.m., and Saturday from 8 a.m. to 5 p.m. (Eastern).
- The toll-free call center has translation services available in more than 240 languages, and the operators can translate documents for borrowers over the phone.
- Through May 31, 2012, the toll-free number has received 241,048 calls, and 25,752 people have requested forms.

Appendix

**Public Service Advertising**

- To supplement servicers' outreach efforts, the OCC released a series of public service advertisements (PSA). The PSAs highlight the Web site, toll-free number, eligibility criteria, and the deadline for submitting requests for review.
- OCC Public Affairs staff developed the PSA material. North American Précis Syndicate (NAPS), one of the country's leading providers of PSA servicers reviewed and revised the material. The OCC shared the materials with community groups in advance and made changes based on their comments. OCC PSAs typically perform in the top 1 percent of PSAs distributed through NAPS.
- The PSAs included a print article and two 30-second radio spots released in English and Spanish. The print items were distributed to more than 10,000 local newspapers and publications. The radio spots were distributed to more than 6,500 small radio stations throughout the country.
- Spanish items were distributed to more than 700 Spanish-language newspapers and 500 Spanish-language radio stations.
- A second round of public service advertising began May 1, 2012.
- In addition to English and Spanish, material was shared with media outlets serving audiences in other languages (e.g., Chinese, Russian, Korean, Haitian).
- The OCC reached out to radio stations and media outlets serving audiences who speak languages other than English and Spanish to promote awareness of the IFR among these communities.
- In May 2012, the Federal Reserve also placed a video on YouTube and its Web site explaining how borrowers can submit a request-for-review form. The video is available in both English and Spanish. The video is also accessible on the OCC's Web site.

| PSA Results (as of June 11, 2012) | |
|---|---|
| Number of Times English Print Item Has Run | 888 |
| Number of Times English Radio Item Has Run | 665 |
| **Subtotal for English PSA Items** | **1,553** |
| Number of Times Spanish Print Item Has Run | 132 |
| Number of Times Spanish Radio Item Has Run | 202 |
| **Subtotal for Spanish PSA Items**[2] | **334** |
| **Total Number of Times PSA Items Have Run** | **1,887** |
| Combined Value of Equivalent Paid Advertising | $872,127 |
| Total Potential Audience | 162,000,000 |
| Number of States Where PSAs Have Appeared | 38 |
| Percent of Coverage in Top 100 Markets | 75% |

[2] Spanish-language items have run 334 times in six states with a total potential audience of nearly 47 million people.

A-3

**Outreach to Community and Housing Advocates**

As part of the initial implementation of coordinated outreach activities, regulators reviewed the outreach plan with 19 consumer groups familiar with the target audience of all eligible borrowers and, in part based on their feedback, incorporated media outreach activities to reach certain populations.[3] Since November 2011, the OCC has benefitted in its decision making with discussions with these groups on numerous topics, such as readability, marketing and outreach, added resources for non-English speakers, financial injury type descriptions, and improving transparency.

- At the November 2011 request-for-review process launch, servicers engaged a representative from the Financial Services Roundtable (FSR) to host two educational outreach forums through national teleconferences on behalf of the entire servicer consortium group.
- In December 2011, the OCC, FRB, Servicers and FSR (on behalf of the servicer consortium) participated in two sessions of the annual NeighborWorks training conference, attended by community group representatives from around the country, to provide information and answer questions about the foreclosure review.
- The OCC met with representatives of the Loan Modification Scam Prevention Network and coordinated introductions to the servicer consortium, resulting in added borrower alerts for fraud or scam activity related to the advertisements, second mailings, and Web site materials.
- The OCC also worked with the FRB to produce two nationwide webinars in February and March 2012. Information was accessed via live streaming by 534 computers and 352 phone connections, both of which may have had multiple participants at each site. The webinars familiarized counselors and advocates with the request-for-review process and form to help counselors assist their constituents. Since then, regulators have posted on their agencies' Web sites an archived version of the webinar and webinar transcripts in English and Spanish. As of June 13, 2012, the archived version has been played 477 times.
- The independent consultants have separately held a teleconference and several in-person meetings with consumer group representatives to share foreclosure review information. For example, in May 2012, community group representatives visited the Promontory/Bank of America site to personally observe how reviews are being conducted.
- The OCC worked with servicers to identify ways to provide resources and additional support to advocates to expand their capabilities for promoting participation in the IFR.
- Several servicers adopted the regulators' suggestion to provide financial support to advocacy groups to enhance borrowers' familiarity with the IFR initiative. To date, three servicers have supported approximately 15 intermediary organizations with well over 100 member organizations servicing communities across the country. By design, the support permits maximum flexibility to tailor outreach activities best suited for the diverse clienteles the organizations serve. Groups have issued direct mailings, e-mails, and mass flyers, held conferences and workshops, conducted outreach at street fairs, offered individual and group counseling sessions, collaborated with other community organizations, and leveraged faith-based partnerships to expand IFR awareness.

[3] These organizations include the National Consumer Law Center, National Fair Housing Alliance, Center for Responsible Lending, National Association of Consumer Advocates, National Council of La Raza, National Asian American Coalition, and Consumer Action.

- Groups are also supporting two toll-free phone lines (one specifically for Spanish speakers) and at least 13 informational Web sites and have to date posted 7 announcements for scheduled IFR-related events. They have also released two videos and issued a press release. Other groups are assisting borrowers in requesting and completing the form and assembling supplementing information and documents. Groups have also prepared advertising in several Asian languages[4] and are developing IFR information materials in languages such as Hmong, Vietnamese, Korean, Russian, Tagalog, and Mandarin Chinese.

**Remediation**

- On the request-for-review form and the www.independentforeclosurereview.com and www.occ.gov Web sites under the Frequently Asked Questions, borrowers can review examples of the types of financial injury that may lead to compensation or other remediation under the IFR.
- The OCC and the FRB will soon publicly release financial remediation guidance for independent consultants to use in recommending remediation for financial injury they identify during the IFR. The guidance will help to ensure that similarly situated borrowers receive similar treatment across all 14 servicers covered by the OCC and FRB consent orders. The guidance will contain additional information regarding dollar amounts that may be associated with particular injury types.

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[4] Examples include: Tagalog - IFR Flyer.pdf IFR (Korean)new versio IFR -Vietnamese-FINAL.(

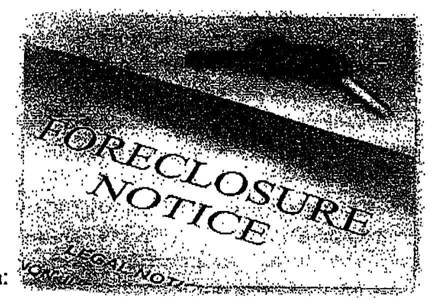
# 4.5 Milyon na pamilya ang nakontak Tungkol sa mga kamalian ng Foreclosure

## Isa ka ba sa mga ito?

Alamin kung ikaw ay kwalipikadong tumanggap ng kabayaran sa ilalim ng libreng pagsusuri ng foreclosure at maaaring ito ay magkaroon ng lunas.

Kung ikaw ay na foreclose noong 2009 o 2010 Umaksyon Ngayon!

- Kilalanin sa isang tagapayo
- Alamin kung kwalipikado ka
- Para masagot ang iyong mga katanungan
- Kumuha ng tulong sa pagkumpleto ng iyong Kahilingan para sa Review Form




HUWAG Palagpasin!!

Sumali sa amin sa isa sa mga sumusunod na petsa:

June 9 - 10:00 am to 5:00 pm
Mira Mesa Community Park
Gil Johnson Recreation Center
8575 New Salem St.
San Diego, CA 92126

June 23 - 9:00 am to 3:00 pm
Westmore High School
131 Westmore Avenue
Daly City, CA 94015

June 30 - 10:00 am to 2:00 pm
Holiday Inn
275 South Airport Boulevard
South San Francisco, CA 94080

June 12 - 10:00 am to 2:00 pm
Department of Housing
and Urban Development
855 M Street, Suite 970
Fresno, CA 93721

June 23 - 7:00 pm to 10:00 pm
Aguinaldo Foundation and
San Diego Humanitarian Foundation
Westin Hotel Downtown
400 West Broadway,
San Diego, CA 92101

June 30 - 8:30 am to 3:00 pm
Fresno Community College
1101 East University Avenue
Fresno, CA 93741

June 14 - 5:30 pm to 8:00 pm
Jacobs Center for
Neighborhood Innovation
404 Euclid Avenue
San Diego, CA 92114

Magrehistro Ngayon sa naacoalition.org

NAAC
National Asian American Coalition

Ang National Asian American Coalition ay isang non-profit organisasyon (501c3) na aprubado ng HUD na nagbibigay payo ukol sa pabahay

Isa lamang ang Independent Foreclosure Review. Mag-ingat sa sinuman na humihingi sa inyo ng bayad para sa anumang serbisyo na may kinalaman dito tulad ng pagkumpleto ng Kahilingan para sa ReviewForm.

Korean Churches for Community Development

**Independent Foreclosure Review (IFR)**은 연방재무부 (US Dept of Treasury) 산하 통화감사국 (Office of the Comptroller of the Currency (OCC))과 은행감독기관인 Office of Thrift Supervision (OTS), 연방준비제도이사회 (Federal Reserve Board) 의 이사회 (Board of Governors), 14개의 모기지 회사들이 포함되, 2009년 1월1일 부터 2010년 12월 31일 까지의 기간 동안 주 거주지에 대한 차압처분된 고객을 식별하고 있습니다. IFR은 주택 소유자에게 독립적인 검토를 요청할수 있는 기회를 제공하고, 차압처분 과정에서 오류 또는 다른 문제가 발견되었을 경우 고객에게 보상이나 구제를 받을 수 있게 하는 무료 프로그램입니다.

아래 은행중 하나의 고객이었어야 해당성이 있습니다

| | | |
|---|---|---|
| America's Servicing Co. | Countrywide | National City Mortgage |
| Aurora Loan Services | EMC | PNC Mortgage |
| BAC Home Loans Servicing | EverBank/EverHome Mortgage Company | Sovereign Bank |
| Bank of America | Financial Freedom | SunTrust Mortgage |
| Beneficial | GMAC Mortgage | U.S. Bank |
| Chase | HFC | Wachovia Mortgage |
| Citibank | HSBC | Washington Mutual (WaMu) |
| CitiFinancial | IndyMac Mortgage Services | Wells Fargo Bank, N.A. |
| CitiMortgage | MetLife Bank | Wilshire Credit Corporation |

자격조건이 되는 사람들에게 IFR에 대한 설명서와 신청서가 전달되었습니다.
만약 본인도 프로그램에 참여할 조건이 된다 생각하시면 KCCD로 전화하셔서 도움을 요청하십시오.

모든 신청서는 2012년 7월 31일까지 소인이 찍혀있어야합니다.

연방준비제도 이사회와 산하 통화감사국 감독 아래 공정한 절차과정을 보장합니다.

차압 절차 재검토(IFR) 무료 워크샵에 참여하세요! 무료 그룹 정보와 상담도 제공됩니다.
자리가 한정되어 있으니, 아래의 웹사이트에서 꼭 예약해주셔야됩니다.

날짜: 2012년 3월 24일 (토), 오전10시 — 오후2시
1 시간 세션 (오전10시-11시, 오전11시-오후12시, 오후1시-2시)

장소: 3550 Wilshire Blvd. Suite 736 Los Angeles, CA 90010

전화: (213) 985-1500

예약: www.kccd.org 이메일: info@kccd3300.org

필요한 필수 정보: 융자 번호, 차압과정 대상 주택주소, 은행 이름, 소셜 마지막 네자리수.

항상 사기를 조심하십시오 – 재검토를 진행하는 기관은 IFR 하나뿐입니다.
IFR 신청 과정을 도와준다는 명목으로 금전적으로 비용을 요구하는 사람들이나 기관들을 삼가하십시오.

**BPSOS**

EMPOWERING, ORGANIZING, AND EQUIPPING
VIETNAMESE INDIVIDUALS AND COMMUNITIES
IN THEIR PURSUIT OF LIBERTY AND DIGNITY

# TỊCH THU NHÀ TRONG NĂM 2009 HOẶC 2010?

Bạn có thể hội đủ điều kiện trong việc đền bù hay những giải pháp khác.

**Nếu căn nhà bạn thường xuyên cư ngụ liên quan đến quá trình tịch thu nhà trong khoảng thời gian từ ngày 01 tháng Giêng năm 2009 đến ngày 31 tháng Mười Hai năm 2010, bạn có thể hội đủ tiêu chuẩn cho Sự Xem Xét Lại Độc Lập Việc Tịch Thu Nhà Miễn Phí.**

Sự Xem Xét Lại Đôc Lập Việc Tịch Thu Nhà sẽ xác định xem những khách hàng vay nợ nhà có bị thiệt hại về tài chính và nên được nhận bồi hoàn hay những giải pháp khắc phục khác bởi những sai sót hoặc những vấn đề khác trong quá trình tịch thu nhà của ngân hàng.

**Bạn phải là khách hàng của một trong những ngân hàng cho vay được liệt kê dưới đây:**

| | | |
|---|---|---|
| America's Servicing Co. | Countrywide | National City Mortgage |
| Aurora Loan Services | EMC | PNC Mortgage |
| BAC Home Loans Servicing | EverBank/EverHomeMortgage Company | Sovereign Bank |
| Bank of America | Financial Freedom | SunTrust Mortgage |
| Beneficial | GMAC Mortgage | U.S. Bank |
| Chase | HFC | Wachovia Mortgage |
| Citibank | HSBC | Washington Mutual (WaMu) |
| CitiFinancial | IndyMac Mortgage Services | Wells Fargo Bank, N.A. |
| CitiMortgage | MetLife Bank | Wilshire Credit Corporation |

Những khách hàng hội đủ điều kiện đã được gửi một bức thư giải thích tiến trình Xem Xét Lại Đôc Lập Việc Tịch Thu Nhà và một Mẫu Đơn Yêu Cầu Xem Xét Lại. Nếu bạn tin rằng bạn hội đủ điều kiện để tham gia vào chương trình này, bạn có thể gọi vào số điện thoại bên dưới để hỏi xin Mẫu Đơn Yêu Cầu Xem Xét Lại. Tất cả Mẫu Đơn Yêu Cầu Xem Xét Lại phải được đóng dấu bưu điện trước hoặc trong **ngày 31 tháng Bảy năm 2012.**

Để biết thêm thông tin về chương trình Miễn Phí Xem Xét Lại Độc Lập Việc Tịch Thu Nhà,
hãy vào trang mạng **IndependentForeclosureReview.com**
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**Thứ Hai đến Thứ Sáu, 8 giờ sáng – 10 giờ tối (giờ miền Đông) hoặc Thứ Bảy, 8 giờ sáng – 5 giờ chiều (giờ miền Đông)**

Chương trình Xem Xét Lại Việc Tịch Thu Nhà được giám sát bởi những cơ quan quy định điều luật ngân hàng của liên bang, Văn Phòng Kiểm Tra Tiền Tệ và Ủy Ban Thống Đốc Quỹ Dự Trữ Liên Bang, nhằm đảm bảo một tiến trình công bằng và vô tư.

**Cảnh giác với những kẻ lừa đảo. Chỉ có duy nhất một Chương trình Xem Xét Lại Độc Lập Việc Tịch Thu Nhà. Hãy cẩn thận với bất kỳ những ai yêu cầu bạn trả lệ phí cho bất cứ dịch vụ Xem Xét Lại Việc Tịch Thu Nhà chẳng hạn như việc điền Mẫu Đơn Yêu Cầu Xem Xét Lại.**

Thông tin này chính xác cho đến ngày in ấn và có thể thay đổi mà không cần thông báo.

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# Appendix III: Comments from the Board of Governors of the Federal Reserve System

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

SANDRA F. BRAUNSTEIN
DIRECTOR
DIVISION OF CONSUMER
AND COMMUNITY AFFAIRS

June 18, 2012

Mr. Lawrence L. Evans, Jr.
Acting Director
Financial Markets and Community Investment
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Evans,

Thank you for the opportunity to comment on the draft report entitled "FORECLOSURE REVIEW: Opportunities Exist to Further Enhance Borrower Outreach Efforts," GAO-12-776. The report examines outreach methods associated with the independent foreclosure review process currently being conducted by the 14 mortgage servicers subject to the consent orders issued by the Federal Reserve and the Office of the Comptroller of the Currency ("the agencies") in April 2011. The purpose of the foreclosure review process is to remediate borrowers determined by an independent consultant to have been financially harmed from improper foreclosure actions in 2009 and 2010. The draft report acknowledges important steps the Federal Reserve and the OCC have taken to improve the borrower outreach process. We appreciate the GAO's recognition of our efforts to ensure that as many financially injured borrowers as possible participate in this unprecedented effort. In response to the main issues raised in the draft report, we would like to provide additional context for the outreach steps taken as well as address the recommendations given to improve future outreach efforts.

As noted in the report, the consent orders required servicers to use two methods to identify potentially eligible borrowers for remediation among the approximately 4.3 million borrowers covered by the foreclosure review process—a file review (or "look-back" review) and a claims process. The "look-back" review requires independent consultants retained by the servicers to examine specific borrower files, including those representing high-risk categories, such as military borrowers with foreclosure protections under the Servicemembers Civil Relief Act, foreclosure-related complaints filed before the borrower outreach program was launched, foreclosure actions where a complete request for a loan modification was pending at the time of the foreclosure, and foreclosure actions that occurred when the borrower was not in default on a trial or permanent modification. The Federal Reserve requires a 100 percent review of files with these high-risk factors.

To supplement the "look-back" review, the agencies further directed servicers to undertake an outreach campaign to reach all covered borrowers who may have been injured, an approach unique to a federal consent order process. Under the borrower outreach process, the servicers are required to contact all 4.3 million borrowers covered by the foreclosure review and

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provide them with the opportunity to request a review of their foreclosure by an independent consultant to determine whether the borrower suffered financial injury because of errors by the servicer.

In reviewing the servicers' efforts under the outreach process, the Federal Reserve, working with the OCC, made substantial efforts to maximize the likelihood that all affected borrowers would receive the request form and would understand the communications. Among other things, the agencies initially consulted with the Department of Justice (DOJ) for guidance on enhancing the borrower outreach process and covering a broader spectrum of non-English speakers. In connection with those consultations, the agencies took several significant steps to expand understanding of the mailings, including translating information about where to call to learn more about the independent foreclosure review on mailings in seven non-English languages spoken by borrowers (Spanish, Chinese, Korean, Hmong, Tagalog, Vietnamese and Russian), and equipping the call center with a telephonic interpretation service to provide assistance in over 200 languages.

We note that the focus of the outreach for the independent foreclosure review is distinguishable from outreach activities conducted for settlement of private class-action suits. In the case of borrower outreach for class actions, solicitations are made to a class of injured parties who have already been identified. Compensation through a class action is usually a pre-determined amount of monetary relief proportionally divided among the class. The agencies' consent orders, however, remediate for specific individual harm. Even with the publication of guidelines detailing potential monetary remedies for specific types of injuries, an evaluation of an individual's foreclosure action must be conducted to determine the appropriate compensation level specific to the injuries covered by the consent order. Unlike the typical class action, the number of injured borrowers who are eligible for compensation under the agencies' enforcement actions and the total amount of compensation to be paid cannot be determined until the outreach process and review of individual borrowers' foreclosures has been completed. Therefore, we find the report's comparison between the consent orders and class actions to be imprecise and not appropriate.

The report comments on the readability of the borrower outreach materials in relation to the Plain Writing Act of 2010. To the extent the Act applies to borrower outreach program communication materials, the Federal Reserve believes the Act's requirements have been met. Federal plain language guidelines note that legal language and technical terms may be necessary, but suggest that agencies avoid "unnecessarily complicated, technical language used to impress, rather than to inform, [the] audience." For complex mortgage terms that did not translate easily into other languages, the Federal Reserve consulted with multilingual staff in its Legal and Consumer and Community Affairs divisions, as well as with consumer and housing counseling groups, to improve the understanding of these technical terms. We also note that readability formulas, in determining how hard a piece of writing is to read, generally score the readability of written material based on quantitative measures, such as average number of syllables in words or numbers of words in sentences to assess the ease with which text can be read and understood. The primary limitation on such formulas is that they do not take into account the content of the document being evaluated; no formula can determine whether the information has been conveyed clearly.[1]

The agencies held several meetings with consumer groups, in part to receive their feedback on the accessibility of the outreach materials. This feedback was incorporated in the advertisements and subsequent mailings to borrowers to improve the readability of the materials, including by broadening the use of Spanish translations, and making more prominent the agencies' monitoring role in the process to give assurances of the foreclosure review's legitimacy. The GAO acknowledges positive feedback to the communication materials from consumer groups over the course of the outreach campaign. The Federal Reserve views this response as validation that the agencies are taking appropriate measures to make sure that the borrower outreach communication materials are clear and orderly, do not include unnecessary legal and technical language, and are likely to be understood by the audience.

Along with taking additional measures to ensure the accessibility of language in the outreach materials, the Federal Reserve developed a variety of additional outreach tools to broaden the reach of the foreclosure review process. As part of the outreach effort to increase program awareness and promote borrower participation, the agencies conducted outreach sessions targeted to housing counseling agencies. These sessions included two webinars (February 29, 2012 and March 6, 2012) moderated by the independent consultants, with participation from the agencies to answer questions, to provide these organizations with information on the process and to train them on ways to assist borrowers to complete the request for review form. Materials from the March 6th webinar, including the transcript and FAQs, are available on the agencies' public websites in English and Spanish. The webinars attracted a total of 1,107 participants, via online streaming and phone conference bridges. Over 80% of the webinar survey respondents found the webinar training presentations were well organized, met their information needs, and improved their understanding of the review form. From the date of the March webinar through mid-June, the Federal Reserve's web page where the webinar video is posted has been visited 1,900 times. In addition to the webinars, the Federal Reserve produced videos in English and Spanish explaining the foreclosure review and posted them on the Federal Reserve's website and YouTube channel. A link to these videos was published on the Federal Reserve's Twitter feed to expand outreach efforts through social media channels. In the first week of the release alone, there were 4,300 views of the YouTube video. Federal Reserve staff also participated in outreach events held in Federal Reserve Bank districts to discuss the foreclosure review process with local groups.

The report recommends three actions that the Federal Reserve should take to build upon initial outreach efforts to provide more opportunity for borrowers to request an independent foreclosure review. Consistent with our basic objective of continuously trying to improve the borrower outreach process, the Federal Reserve has begun implementation of all recommended actions. First, to address the recommendation of enhancing the readability of the Request-for-Review form, the agencies have adopted the GAO's suggestion of developing a plain language guide for borrowers completing the form. The guide will be posted to the agencies' and

[1] U.S. Securities and Exchange Commission, *Plain English Handbook: How to Create Clear SEC Disclosure Documents* (Washington, D.C.: 1998).

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independent foreclosure review web sites. Text for the guide comes principally from the webinar materials, which evaluation ratings show participants found clear and accessible.

The second recommendation requires the inclusion of potential remediation amounts or categories in communication material and other outreach. The agencies plan to soon publish a remediation framework, which describes a range of possible injuries and potential remediation amounts covered by the independent foreclosure review process. We expect that the agencies' press releases will announce the availability of the framework on the regulators' and independent foreclosure review websites, as well as the accompanying Frequently-Asked-Questions document to provide additional guidance to borrowers. The agencies also plan to hold a briefing with several national consumer and housing counseling groups to address questions on the framework.

The third recommendation is for servicers to identify trends among borrower respondents and non-respondents by characteristics that can assist with target outreach to underrepresented groups. Based on servicer data, the Federal Reserve is assisting in this effort by preparing geocoded maps of the location information where mailings to borrowers were sent and where forms have been received with 2010 Census Data to better identify response gaps by geography and certain borrower characteristics. This data will be released publicly to promote targeted outreach efforts.

The Federal Reserve takes seriously its responsibility to monitor the implementation and execution of the requirements of its April 2011 enforcement actions, including providing an opportunity for borrowers who believe they suffered direct financial injury from their foreclosure action to apply for an independent review. We understand that implementing and executing those requirements effectively is critical to ensuring that borrowers are compensated for financial injury they suffered as a result of errors, misrepresentations, or other deficiencies in the foreclosure process.

We will continue to monitor these issues and instruct our supervised institutions to take reasonable steps to improve outreach efforts. We appreciate the professionalism of the GAO's review team in conducting this study. The Federal Reserve and the OCC undertook the enforcement actions to help millions of borrowers affected by servicer errors and we appreciate the GAO's assistance in implementing this goal.

Sincerely,

# Appendix IV: GAO Contact and Staff Acknowledgments

## GAO Contact

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## Staff Acknowledgments

In addition to the contact named above, Karen Tremba (Assistant Director), Jonathan Kucskar, Grant Mallie, Patricia MacWilliams, Marc Molino, Jill Naamane, Carl Ramirez, Robert Rieke, Jennifer Schwartz, Andrew Stavisky, and James Vitarello made key contributions to this report.

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