

PETITION FOR URGENT LEGAL REFORMS AND REGULATIONS TO SHUT DOWN THE ILLEGAL OPERATION OF "FORECLOSURE MILLS"

I am signing this Petition in support of the immediate need to shut down the many foreclosure mills that are bilking homeowners across the United States

Note: For the purposes of this Petition, a "foreclosure mill" is defined as an organized effort by a mortgagee and/or its legal representatives to circumvent applicable foreclosure laws through the orchestration of a sophisticated maze of unfair, deceptive, and illegal acts and conduct being perpetrated on innocent mortgagors to generate wind-fall profits.

Common operating tactics of a foreclosure mill include the following: (a) obtaining personal financial information about a borrower under the guise of offering a mortgage modification when no such modification is possible; (b) commencing and proceeding with a foreclosure action based on unrecorded, undisclosed, and/or non-existent mortgage notes and/or mortgages - or the alleged assignment thereof; (c) leading a borrower to believe that there is no legitimate legal defense to a foreclosure after having missed mortgage payments; and (d) the multiple representation of more than one party in interest to a foreclosure proceeding at the same time by the same attorney or law firm.

These types of illegal tactics have paved the way for extraordinary frauds on homeowners being foreclosed; especial with respect to mortgages allegedly held and assigned by Mortgage Electronic Registration Systems, Inc. as a "Lender's" nominee. This systemic problem was recently (April 12-13, 2011) recognized by five Federal agencies in a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER which began as follows:

"The Comptroller of the Currency of the United States of America ("Comptroller" or "OCC"), and the Board of Governors of the Federal Reserve System ("Board of Governors"), the Federal Deposit Insurance Corporation ("FDIC"), the Office of Thrift Supervision ("OTS"), and the Federal Housing Finance Agency ("FHFA") (collectively the "Agencies") **intend to impose a cease and desist order** on the Mortgage Electronic Registration Systems, Inc. ("MERS"), and its parent company, MERSCORP, Inc. ("MERSCORP"), pursuant to 12 U.S.C. § 1818(b), 12 U.S.C. § 1867(c)-(d), and 12 U.S.C. § 4631, **for certain deficiencies and unsafe or unsound practices by MERS and MERSCORP that present financial, operational, compliance, legal and reputational risks** to MERSCORP and MERS, and to MERSCORP's members."

Consider the following example: Borrower A puts \$50,000 down to purchase a home 4 years ago and never misses a payment on his \$200,000 mortgage (now \$193,000 or so) for over 3 years. He misses a few payments due to a temporary setback and calls the servicer (one of the largest in the country) to "double up" on payments for a few months. He is told that is impossible since his house is in foreclosure and he is told NOT to send any money. A few days later he receives a letter from a noted foreclosure mill attorney and is told (a) that the attorney represents the servicer, and that (b) the borrower should call the lender (one of the largest banks in the country) and tell them the mortgage is in foreclosure. A few days after that, another member of the same law firm assigns, as an officer of MERS, the same mortgage to Fannie Mae on behalf of (a still unknown entity) . A few days after that, the attorney that was representing the mortgage servicer sends the borrower a notice of foreclosure sale - now representing Fannie Mae!

The crux of the driving force behind the operation of foreclosure mills is the need to cover up the "derivative-based debacle" orchestrated by the Wall Street crowd - and make the homeowner totally responsible for not making payments that the banking and investment community knew, in advance, were (a) knowingly over-speculative in nature, and (b) secured by knowingly and intentionally-inflated property values.

However, if the following three regulations are immediately put in place, the operation of foreclosure mills will be immediately stopped:

PROPOSED FORECLOSURE REGULATIONS

1. A "30-day document disclosure requirement" regarding mortgage notes and mortgages:

Any foreclosure sale which is not preceded by 30 days with the service upon the mortgagor(s) of a certified or conformed copy of the actual, current mortgage note and corresponding mortgage which are shown, including proper assignment(s) and/or endorsement(s) thereof as applicable, to be exclusively held by the party alleging to have the right and authority to proceed with the foreclosure sale shall render any such foreclosure sale to be invalid.

Comment: If a homeowner's mortgage has been pledged, insured, "sliced and diced", securitized, and/or in any other manner used to generate large profits on Wall Street through financial derivative agreements; those specific details should be disclosed, not hidden, from the borrower.

2. A "30-day debt validation requirement" regarding mortgage loan accounting:

Any foreclosure sale which is not preceded by 30 days with a complete accounting of the subject mortgage loan account including all charges, payments, credit, debits, adjustments, together with running balances of mortgage loan principal balances and escrow account balances, from the inception of the mortgage loan to the commencement of a foreclosure proceeding, shall render any such foreclosure sale to be invalid.

Comment: It is absolutely disingenuous for the banks, servicers, and financial power-houses on Wall Street to even suggest that they don't have the ability to generate detailed account statements given today's advanced technology.

3. A "no conflict-of-interest requirement" regarding attorney representation:

Any foreclosure sale which is conducted by or through an attorney or law firm on behalf of a mortgagee or a mortgage servicer shall be rendered invalid if such attorney or law firm is shown to be representing the interests of any other party, or parties, with separate legal and/or financial interests in the foreclosure sale.

Comment: Irreconcilable, and abusive, conflicts of interest have become "commonplace" among law firms in the foreclosure arena. Legal representation with a private agenda is the key to running a foreclosure mill.

These three extremely crucial legal reforms in the foreclosure process need to be implemented, as soon as humanly possible, in order to prevent the further mass-deterioration of the U.S. housing market and the corresponding mass-destruction of the "American Dream" for millions of Americans through the unnecessary and inequitable loss of their homes.

Thank you for your immediate investigation, consideration, and action.

Signature: _____ Date: _____

Name (Print): _____

Complete Address: _____

Email Address (if applicable): _____

Contribution: () Yes \$ _____ () No

Please Return To: Edward H. Smith, Principal
PMB 296 at 816 Elm Street
Manchester, NH 03101