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September 5, 2017

Hon. Dana Wade  
Acting FHA Commissioner and General Deputy Assistant Secretary for FHA  
U.S. Department of Housing and Urban Development  
451 7th Street S.W.,  
Washington, DC 20410

**Re: Debarment of Wells Fargo from federal mortgage guarantees.**

Dear Commissioner Wade:

I write today to advocate that the U.S. Department of Housing and Urban Development (HUD) adhere to federal law and its own regulations and debar Wells Fargo and Company and its affiliated organizations from participation in the federal government's mortgage guarantee program. Consumers from across the United States have presented compelling evidence that in the context of bankruptcy proceedings, Wells Fargo systematically adjusted mortgages (reducing monthly payments but extending the terms of mortgages by many years and increasing the revenue to Wells Fargo over the life of the loan) without the approval of the federal bankruptcy judge or the borrower in these cases, as required by law.

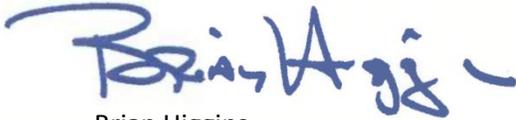
Of further concern is the notion that in many of these instances, Wells Fargo would have received an incentive from the federal government of \$400-1,600; these incentives, under the Home Affordable Modification program (HAMP), were designed to encourage banks to negotiate with distressed borrowers in good faith and in a substantive manner. This is part of a broader pattern of behavior on the part of this lender which includes opening possibly more than 2.1 million bank accounts on behalf of customers without their authorization, improperly withholding refunds due to auto loan customers, charging customers for auto insurance they did not need, and charging customers fees for extending loan applications which the bank had itself delayed.

Federal standards for debarment promulgated by President Reagan in 1986 (Executive Order 12549, 2CFR§180.8) indicate that invocation of the department's debarment authority is called for when a party demonstrates a "history of failure to perform... one or more public agreements or transactions, or a willful violation of a statutory or regulatory provision or requirement applicable to a public agreement or transaction." Wells Fargo's modification of mortgages in bankruptcy without the approval of the bankruptcy judge or borrower in each case entails, in part, "falsification... of records, [and/or] making

false statements” in clear contravention of the certifications which lenders must make to HUD in order to be eligible for federal mortgage guarantees ([https://portal.hud.gov/hudportal/documents/huddoc?id=sfh\\_lend\\_init\\_cert.pdf](https://portal.hud.gov/hudportal/documents/huddoc?id=sfh_lend_init_cert.pdf)) and the certification which servicers must make in order to participate with the HAMP program in which they certify that they will comply with the bankruptcy law (<https://www.hmpadmin.com/portal/programs/servicer.jsp>).

Thank you very much.

Sincerely,

A handwritten signature in blue ink that reads "Brian Higgins". The signature is stylized and includes a horizontal flourish at the end.

Brian Higgins  
Member of Congress