

JUST IN TIME TO UNDERCUT ERIC SCHNEIDERMAN, THE (ONGOING) HUD INVESTIGATION!

American Banker has an article suggesting that Tom Miller will be able to use the results of HUD's investigations into servicing problems to craft a settlement with the banks.

The state attorneys general have a secret weapon in their negotiations with the largest mortgage servicers: the results of a HUD investigation into the banks' robo-signing practices.

But by all appearances, this is an attempt on the part of IA Attorney General Tom Miller to undercut claims that the Attorneys General need to do more investigation. The article—which relies almost entirely on Miller's own staff—concludes that this report will “fill in a major gap” in what the Attorneys General know (that is, real data about how bad the robo-signing problem is).

The Department of Housing and Urban Development has completed an investigation begun last year of foreclosure robo-signing and given state officials the results, a spokesman for Iowa Attorney General Tom Miller says.

A full government investigation would fill in a major gap in state officials' information as they negotiate with the servicers: the attorneys general have not known the full scope of the banks' robo-signing practices, or how many homeowners have been affected by their paperwork lapses.

[snip]

“One of our federal partners, HUD, has conducted a thorough investigation of robo-signing,” says Geoff Greenwood, a spokesman for Miller. “HUD has shared that investigation with our executive committee.”

The states and their “federal partners,” including HUD, “have the information we need concerning the banks’ robo-signing activities, and this is key to the strength of our understanding and our negotiating position,” he says. [my emphasis]

There’s something funny about Tom Miller’s flack’s claims that the HUD investigation fills in what the Attorneys General didn’t already have: the one thing that HUD would say about it is that it wasn’t finished.

A HUD spokesman would not discuss any investigation, except to say its probes into robo-signing are ongoing. [my emphasis]

Maybe the claim HUD’s probe is complete is just a mis-paraphrase of Greenwood’s comments; such a claim doesn’t show up in his direct quotes. But if the investigation is not done—and HUD says it’s ongoing—then how does the incomplete study give the AGs what they need?

In any case, I find it particularly neat that the AGs’ Executive Committee got this incomplete complete study after Eric Schneiderman got booted from it.