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HEADLINE: GSEs Agree to Probe Fairbanks

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DATELINE: WASHINGTON

BODY:

Probes of the loan-servicing practices of Fairbanks Capital Corp. are multiplying.

The Department of Housing and Urban Development and the Federal Trade Commission are already investigating allegations that the Salt Lake City-based company overcharged and harassed customers, and now lawmakers are urging the government-sponsored enterprises that it does business with to get into the act.

"Fairbanks ... is reported to have caused some significant problems for a number of homeowners ... including double charges, unnecessary insurance being forcibly added to mortgages at great costs to consumers, escrow problems, and even **foreclosure**," Sen. Paul Sarbanes of Maryland, the top Democrat on the Senate Banking Committee, wrote in a letter last week to Freddie Mac and Fannie Mae executives.

"I am sure you agree that such problems must be addressed," he wrote. "To that end, I would appreciate your looking into these allegations."

Leland C. Brendsel, Freddie's chairman and chief executive, responded in a letter last week: "We take the allegations ... very seriously. We are investigating."

A spokeswoman for Freddie said Monday that companies that fail to meet its due diligence requirements -- including compliance with lending laws -- for selling and servicing loans lose their certification to do business with the loan financier.

Fannie told Sen. Sarbanes on Monday that it is also reviewing the allegations.

When asked about the latest inquiries, a Fairbanks spokeswoman on Monday cited a March 27 press release, in which it said that the reports of abusive servicing practices contained "inaccurate or misleading information" and that it was cooperating fully with the various probes.

"We are proud of our record and committed to building on it," Bill Garland, Fairbanks' president, said in the release.

At a budget hearing early last month, Sen. Barbara A. Mikulski, D-Md., had urged HUD officials to look into the complaints.

In response to a question by Sen. Sarbanes at a recent Senate Banking hearing, HUD Secretary Mel Martinez said, "Our inspector general at HUD is already engaged in investigating what appears to be a horrible situation."

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