

Statement by Paulina Gonzalez

My name is Paulina Gonzalez. I am the Executive Director of the California Reinvestment Coalition. Over the past 30 years, CRC has grown into the largest state reinvestment coalition in the country with a membership of 300 organizations that serve low-income communities and communities of color.

I want to begin by first thanking Senator Warren for convening this forum and the assembled Senators here today. It is critically important that our elected representatives and the American public hear directly from people who have lost their homes due to the egregious practices and abuses by OneWest Bank under Mr. Mnuchin's leadership, before deciding on his nomination to the high and important office of Treasury Secretary.

I also want to thank the courageous women who have traveled from afar to testify here today. Over the years, we've heard similar stories that are all too familiar: Despite making every attempt to do the right thing, these working families lost their homes due to aggressive and malicious foreclosure practices at the hands of Mr. Mnuchin and his bank. We are grateful that they have stepped forward to share their stories. It is not easy to speak publicly about the loss of your family's home.

Unfortunately, the people here today represent only a tiny fraction of the over 60,000 families impacted by OneWest foreclosures across the country. I'm going to share some data and information with you in the next few minutes, but know that the wreckage from OneWest is really not about numbers, data, and legal briefs. It's about the tens of thousands of Americans who have suffered devastating financial and personal losses as a result of OneWest's abusive foreclosure practices.

Whether it's the story of the Minnesota woman who sought a loan modification from OneWest and returned to her home in a blizzard only to find that her locks were changed. Or the 90 year old woman who was nearly kicked out of her home for mistakenly paying 27 cents less than OneWest said she owed. Or the 80 year old former Christian missionary who was notified at his home that Financial Freedom was foreclosing on him because the bank said it had no record of him living there. The issue is the same: instead of helping people stay in their homes, Mr. Mnuchin devised a foreclosure machine that used every trick in the book to profit from their suffering.

Large Scale Foreclosures. And foreclose he did. CRC and Urban Strategies Council analyzed data showing that OneWest foreclosed on over 36,000 families in California and 24,000 families nationally. All of these foreclosures occurred after Mr. Mnuchin purchased Indymac Bank. In addition, we suspect that OneWest's reverse mortgage subsidiary, Financial Freedom, has foreclosed on more seniors, widows, widowers, and heirs than any other company participating in the federal Home Equity Conversion Mortgage program. A Freedom of Information Act request that we filed with HUD revealed that Financial Freedom had foreclosed on over 16,000 seniors, widows, widowers, and their families, or 39% of all Home Equity Conversion Mortgage foreclosures, roughly twice the rate one would expect given the bank's market share.

OneWest servicing and modification record. Mr. Mnuchin may defend his record by saying that he inherited these bad loans, that the foreclosures were inevitable, and that his bank followed the law in dealing with his customers. We strongly disagree, and it appears that we are not alone. In a CNN story that aired on January 3rd about Mr. Mnuchin and Financial Freedom, a HUD spokesperson was quoted as saying, “while HUD doesn’t dispute that it has strict rules for government backed reverse mortgages, OneWest had the ability to give survivors more time but chose not to.”

Mr. Mnuchin’s spokespeople have also praised his modification record. But, we are not sure there is much to praise. 2013 data from the Treasury Department shows that OneWest had among the highest denial rates for the Home Affordable Modification Program, the federal government’s main foreclosure prevention effort. Under Mr. Mnuchin, OneWest denied three-quarters of the thousands of loan modification requests that came in from families trying to save their homes. OneWest was much more likely to deny loan modifications under this program than peers such as Bank of America or Wells Fargo.

Attorney General Memo shows “widespread misconduct.” A January 2013 memo from the California Attorney General’s office revealed a staff investigation finding of “widespread misconduct” at the bank, including backdating thousands of foreclosure documents, improper foreclosure auction credit bidding which meant the bank could claim tax exemptions it wasn’t entitled to, proceeding with foreclosures without the proper authority to do so, and speeding up foreclosure timelines. All of these practices deprived working families in California a fair chance to stay in their homes.

Redlining Complaint highlights disparities in home lending and branching. Some may note that other banks had more foreclosures in California and nationally, and this is certainly true. This makes sense given that Indymac was not the largest national lender. But we have labeled OneWest a “foreclosure machine” not only because it foreclosed on more than 60,000 American families and because of its aggressive foreclosure practices, but because it seemed to do little else. In fact, we estimate that since Mr. Mnuchin took over the bank, OneWest pushed through nine times as many foreclosures as home purchases and refinance loans in neighborhoods of color in California.

The Treasury Secretary leads our economy. The Secretary helps oversee our banking system and will have much to say about important policies relating to banking, housing, and economic development that will impact all Americans. The country needs a Treasury Secretary who will consider the needs of all Americans, including working class Americans. Mr. Mnuchin’s tenure at OneWest Bank shows him to work in his interest and in the corporate interest, at the great expense and harm to everyday Americans.