State of North Carolina

ROY COOPER
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October 5, 2010

William E. Lighten
Chairman and CEO
Aurora Bank FSB
Brandywine Blvd.
1000 West St., Ste. 200
Wilmington, DE 19801

Re: Foreclosure Practices

Dear Mr. Lighten:

This office has received information indicating that it is a prevalent practice in the mortgage servicing industry for employees of mortgage entities to routinely sign off on large numbers of affidavits without personal knowledge of the accuracy of the affidavits' contents. For example, depositions taken of these "robosigners" at a number of mortgage entities seem to show that these practices are not isolated. Moreover, at least three companies, GMAC Mortgage, JP Morgan Chase, and Bank of America have halted foreclosures in certain states.

We are very concerned about these practices. The use of unverified affidavits to obtain legal relief strikes at the heart of the integrity of the legal process and could constitute a fraud upon the court. Moreover, submitting defective affidavits could possibly result in homeowners losing their homes to foreclosure without a valid underlying basis. In addition, in North Carolina, submission of a defective affidavit could mean that the lender is asserting that it has communicated with the debtor and attempted to resolve the matter voluntarily before the foreclosure proceeding without having a valid basis for that assertion.

Accordingly, we request that Aurora promptly review its current foreclosure practices in North Carolina and provide us with the following information by no later than October 12, 2010: (1) the steps Aurora is taking to re-examine its foreclosure practices in North Carolina as a result of these developments; and (2) a description as to how information supporting a foreclosure of a home loan in North Carolina (including creditor holder status and borrower default and the good faith efforts made to resolve the matter with the debtor prior to the foreclosure) is verified and

documented by your company before it is submitted in a legal proceeding; in particular, we request that you specifically identify and describe your policies and procedures for the preparation and execution of affidavits for use in foreclosure proceedings in North Carolina.

In light of these issues, we request that Aurora agree not to institute or complete any foreclosure action in this State, including foreclosure sales and evictions, until it can show that its affidavit procedures have been fully reviewed and reformed to be in compliance with the law.

We look forward to your cooperation.

Sincerely,

Philip A. Lehman
Assistant Attorney General
CONSUMER PROTECTION DIVISION

Adam Hartzell
Senior Deputy Attorney General
CONSUMER PROTECTION DIVISION