

Update on the National Mortgage Settlement for Legal Advocates

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National Elder Rights Training Project for the National Legal Resource Center.
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NLRC

Providing Legal Support to the
Aging Advocacy Network

- <http://www.nlrc.aoa.gov/>
- Collaboration developed by the Administration on Aging between the National Consumer Law Center, National Senior Citizens Law Center, American Bar Association Commission on Law and Aging, Center for Elder Rights Advocacy, and the Center for Social Gerontology
- See upcoming trainings, conferences, and webinars
- Request a training
- Request consulting
- Request technical assistance
- Access articles and resources

Moderator – Odette Williamson

- Odette Williamson has been a staff attorney at NCLC since July, 1999 where she focuses on foreclosure and elder-related issues.
- Prior to this she was an Assistant Attorney General in the Massachusetts Office of the Attorney General where she concentrated on civil enforcement actions against individuals and businesses for violation of consumer protection and other laws. As an AAG she also served on the Elder Law Advocates Strike Force to combat unfair and deceptive acts against elderly citizens.
- She is co-author of NCLC's Foreclosures, and Foreclosure Prevention Counseling.

Presenter – Chris Barry-Smith

- Since Dec. 2011, has served as Deputy Attorney General in the office of Mass. Attorney General Martha Coakley where he oversees the office's affirmative civil litigation.
- In 12 years with the AG's office, he has focused on consumer protection, false claims and financial fraud litigation in several industries including pharmaceuticals, pharmacy benefits managers and subprime mortgage lenders.
- Since 2007, Chris has implemented the AG's initiatives seeking accountability for unlawful subprime lending, including enforcement actions against Fremont Investment & Loan, Option One Mortgage Company, and subprime securitizers.
- Chris served as chief of the Attorney General's Consumer Protection Division beginning in 2007.
- In 2009, he became chief of the Public Protection and Advocacy Bureau, where he supervised the antitrust, civil rights, consumer protection, environmental protection, health care, and insurance/financial services divisions.

Presenter – Amber Anderson Villa

- Assistant Attorney General in the Consumer Protection Division of the Massachusetts Attorney General's Office.
- Since joining the Massachusetts Attorney General's Office in 2008, she has focused on mortgage related cases, including litigation of foreclosure rescue schemes and unfair and deceptive mortgage origination practices.
- In March 2010, she was the lead Assistant Attorney General in the negotiation of a settlement with Countrywide Financial Corporation which provided an estimated \$18 million in loan modifications for Massachusetts homeowners, \$3 billion in loan modifications for homeowners across the country and a \$4.1 million payment to the Commonwealth of Massachusetts.
- She was actively involved in negotiating the carve-out of Massachusetts-specific claims that allowed the Commonwealth to participate in the national mortgage settlement and is currently litigating the Commonwealth's case against five major mortgage servicers filed in December 2011.

Presenter – Phil Lehman

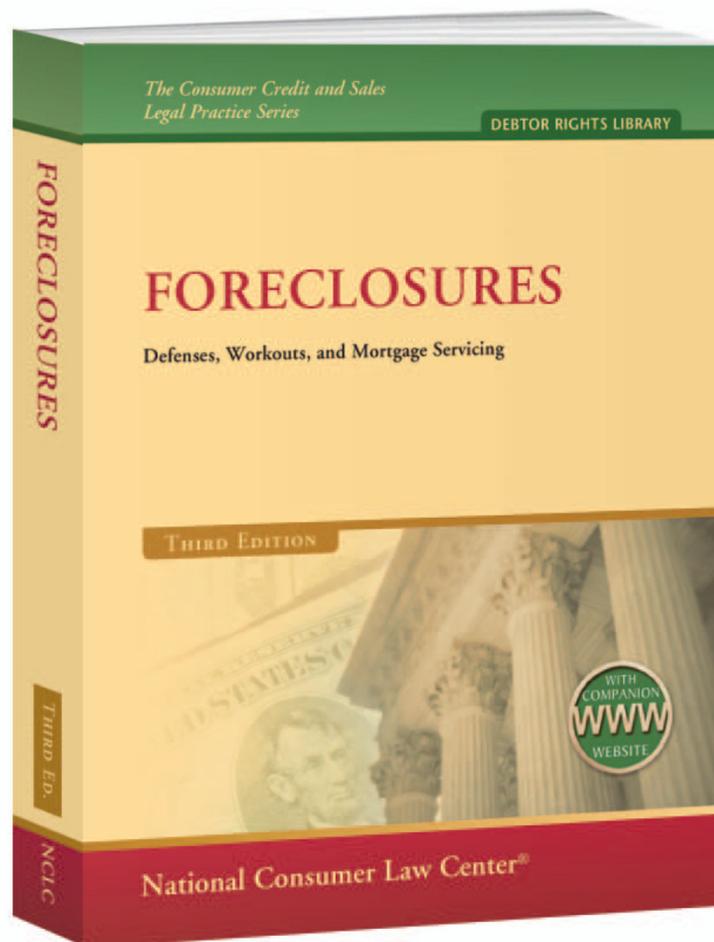
- Assistant Attorney General Phil Lehman is a senior attorney in the Consumer Protection Division of the North Carolina Department of Justice.
- Mr. Lehman has been with the Attorney General's Office for 24 years and has specialized in consumer credit and credit fraud issues.
- He has been extensively involved in drafting and advocating for legislation on predatory lending, debt management, foreclosure relief, and debt collection.
- He has handled numerous enforcement cases relating to subprime mortgage lending, payday lending, debt adjusting and credit repair.
- Recently, Mr. Lehman participated in the negotiations that led to the national \$25 billion settlement between state Attorneys General and major banks on mortgage foreclosure and servicing standards.

2012 Summer Mortgage Conference

- July 17-18, 2012 at the L'Enfant Plaza Hotel in Washington, D.C.
- Open to housing advocates and attorneys
- More information check out www.nclc.org



For More Information on Foreclosure Defenses, Workouts, and Mortgage Servicing: See NCLC's Foreclosures Treatise



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Update on The National Mortgage Servicing Settlement and Its Implementation for NCLC and Legal Advocates

Christopher Barry-Smith & Amber Anderson Villa
Massachusetts Attorney General's Office

Philip A. Lehman

North Carolina Department of Justice

June 19, 2012



\$25 Billion Settlement

The Players

- Five largest mortgage servicers
 - Bank of America
 - CitiMortgage
 - GMAC Mortgage
 - JPMorgan Chase
 - Wells Fargo
- 49 states and the District of Columbia
- HUD, DOJ



\$25 Billion Settlement

The Terms

Direct Assistance to Borrowers:

- \$17B in loan modification
- \$3B in refinancing for underwater mortgages
- \$1.5B in payments to foreclosed upon borrowers

Other Relief

- \$2.5B in payments to settling states
- Mortgage Servicing Standards



Breakdown by Servicer

| Institution | Federal and State Payments | Relief to Borrowers (Principal reductions, refinancing, etc.) |
|---------------------|-----------------------------------|--|
| Ally/GMAC | \$0.11B | \$0.20B |
| Bank of America | \$3.24B | \$8.58B |
| Citigroup, Inc. | \$0.415B | \$1.79B |
| JP Morgan Chase Co. | \$1.08B | \$4.21B |
| Wells Fargo & Co. | \$1.01B | \$4.34B |



Servicing Standards

- Prohibits “robo-signing” in foreclosure and bankruptcy documents
 - All affidavits and pleadings must be based on personal knowledge
- Servicer must notify borrower of right to receive certain documents in foreclosure



Servicing Standards

- Restricts “dual-tracking”
- Better oversight of agents
- Specific loss mit. procedures
 - Customer outreach
 - Timelines for response
 - E-portals
 - Single point of contact



Consumer Relief

\$17 Billion

- Key Features:
 - 60% in form of loan modifications featuring principal forgiveness
 - Second lien modifications similar to 2MP
 - Short sales
 - Anti-blight provisions
 - Enhanced cash for keys



Refinance Provisions

\$3Billion

Targeted at borrowers with:

- Originated prior to January 2009
- Loan-to-value ratio in excess of 100%
- Current interest rate of greater than 5.25%
- Current for past 12 months and no mod. in last 24
- Re-fi must reduce monthly payment by more than \$100



Payment to Foreclosed upon Borrowers

- Payment for servicing misconduct, *not* for foreclosure
- Release not required to claim money
- *Criteria:*
 - Borrowers foreclosed upon January 2008-December 2011
 - Serviced by one of settling servicers



Released Conduct

Covered conduct:

- Residential mortgage loan servicing
- Residential foreclosure services
- Residential mortgage loan origination services



Conduct NOT Released

- Criminal conduct
- MERS
- Securitization claims
- Fair lending claims
- Claims of third parties (e.g. borrowers)



Enforcement

- Monitor Named – Joe Smith
 - Former North Carolina Commissioner of Banks
 - Mortgageoversight.com
- Series of metrics to measure compliance
 - Quarterly reports



Timing

- Consent Judgment filed March 12, 2012, entered April 4, 2012
- Banks have 3 years of “Start Date” to meet Consumer Relief requirements
 - Must complete 75% within 2 years
 - Incentives for action within first 12 months
- Servicing Standards roll out (30/60/180 days)

States' Plans for Settlement Funds



- Massachusetts – HomeCorps
 - Comprehensive program to provide assistance to homeowners with loan modifications, legal referrals, and transitioning post-foreclosure
- North Carolina
 - Portions to housing counseling providers and legal services providers (\$30.6M)
 - Portions to fund expansion of prosecution of lending and financial crimes (\$9.5)

States' Plans for Settlement Funds



- California
 - In flux after Governor sought portion of money to cover budget gaps
 - Other states have faced same issue
- Florida
 - Sought public input on potential uses. Public comment period ended at the end of May. No announcement yet as to suggested uses.



Post-Settlement Enforcement Landscape

- RMBS Task Force
- Fannie/Freddie Loan Modification Policies
- Credit Rating Agencies
- MERS
- False Claims in Financial Services Arena