

Mortgage Settlement Fact Sheet

Attorney General J.B. Van Hollen and the State of Wisconsin have agreed to an historic, joint state-federal agreement involving 49 states, several federal agencies including the Departments of Justice, Treasury and Housing and Urban Development, and the country's five largest loan servicers—Ally (formerly GMAC), Bank of America, Citi, JPMorgan Chase and Wells Fargo. The settlement, which will provide as much as \$25 billion in monetary relief, is the largest civil settlement reached by the Attorneys General since the 1998 tobacco settlement. The settlement will be entered as a Consent Judgment in the United States District Court for the District of Columbia.

KEY PROVISIONS OF THE SETTLEMENT:

- **Immediate aid to eligible homeowners needing loan modifications now**, including first and second lien principal reduction. The servicers are required to work off up to \$17 billion in principal reduction and other forms of loan modification relief nationwide. Approximately \$60 million of this amount is allocated to Wisconsin.
- **Immediate aid to eligible borrowers who are current, but underwater**. Eligible borrowers will be able to refinance at today's historically low interest rates. Servicers will have to provide up to \$3 billion in refinancing relief nationwide. Approximately \$31.3 million of this amount is allocated to Wisconsin.
- **Immediate payments to borrowers who lost their homes to foreclosure** \$1.5 billion will be distributed nationwide to some 750,000 eligible borrowers who will not be required to prove financial harm or forgo other available remedies. Approximately \$17.2 million of this amount is allocated to Wisconsin.
- **Immediate payments to signing states**. \$1.5 billion, to be shared among the participating states, may be used for purposes described in the Consent Judgment. \$31.6 million of this amount is allocated to Wisconsin.
- **Nationwide reforms to servicing standards** that will significantly reform all aspects of post-closing mortgage servicing. These servicing standards require single point of contact, adequate staffing levels and training, better communication with borrowers, and appropriate standards for executing documents in foreclosure cases, ending improper fees, and ending dual-track foreclosures for many loans.
- **Limited Release of Claims Against the Servicers**. The settlement addresses wide-spread abuses in the mortgage servicing industry, including the practice of "robo-signing" where servicers routinely relied upon fraudulent court filings in foreclosure actions. The following types of claims are *not* released by the settlement:
 - Securitization and investor claims, including claims of state and local pension funds.
 - Criminal violations, or violations of state fair lending laws.
 - Claims against Mortgage Electronic Registration Systems, Inc. (MERS).

- Claims of County Recorders for fees.
- Claims by individuals who pursue their own relief.

TIMELINE:

- Over the next **6 to 9 months**, the settlement administrator, attorneys general and the mortgage servicers will work to identify homeowners eligible for the immediate cash payments, principal reductions and refinancing. Those eligible will receive letters.
- This settlement will be executed over the **next 3 years**.

WHERE YOU CAN GO FOR HELP:

Because of the complexity of the mortgage market and this agreement, which will be performed over a three-year period, **borrowers will not immediately know** if they are eligible for relief.

For loan modifications and refinance options, borrowers may be contacted directly by one of the five participating mortgage servicers. Keeping in mind the timeline above, you may contact the banks directly if you need additional information:

- Ally (GMAC): 800-766-4622
- Bank of America: 877-488-7814
- Citi: 866-272-4749
- JPMorgan Chase: 866-372-6901
- Wells Fargo: 800-288-3212

For payments to foreclosure victims, a settlement administrator designated by the attorneys general will send claim forms to eligible persons. Even if you are not contacted, if your loan is serviced by one of the five settling banks, you are encouraged to contact your servicer at the numbers above to see if you are eligible.

If you believe you are eligible for relief under this settlement but are concerned you will be difficult to locate, please contact our office at the numbers listed below. We will collect and forward your information to the appropriate person to ensure you are contacted if you are eligible.

Wisconsin DOJ Office of Consumer Protection:
(800) 998-0700 or (608) 266-1852

More information will be made available on the Wisconsin DOJ website as the settlement programs are implemented.

Loans owned by Fannie Mae or Freddie Mac are not impacted by this settlement. You may visit the following websites to learn if your loan is owned by either Fannie Mae or Freddie Mac:

- www.fanniemae.com/homeaffordable

- www.freddiemac.com/avoidforeclosure

These sites will also include information about mortgage and foreclosure programs you may be eligible to access.

For more information on the proposed agreement, please visit:

- www.NationalMortgageSettlement.com
- www.HUD.gov
- www.DOJ.gov
- www.doj.state.wi.us



Help for Homeowners through the Joint State-Federal Mortgage Servicing Settlement

Wisconsin is among 49 states that were represented in a settlement against the country's five largest residential mortgage servicers. The settlement relates to state and federal investigations finding that the country's five largest loan servicers routinely signed foreclosure related documents outside the presence of a notary public and without really knowing whether the facts they contained were correct. Both of these practices violate the law. The settlement provides benefits to borrowers whose loans are owned by the settling banks as well as to many of the borrowers whose loans they service.

The banks involved in the settlement are Ally Bank (formerly GMAC), Bank of America, Citi, JPMorgan Chase and Wells Fargo. For borrowers who have loans owned or serviced by these banks, the following resource may be available:

1. A reduction of mortgage principal for homeowners who are in default or at risk of defaulting on their mortgage payments.
2. Refinancing options for homeowners who are current on payments but have negative equity.
3. Those borrowers who were foreclosed on after January 1, 2008, lost their homes, and were not properly offered loss mitigation or were otherwise improperly foreclosed on, may be eligible for a uniform payment of up to \$2,000.

Questions and Answers

Q. What is a mortgage servicer and how do I know who services my loan?

A: A mortgage servicer administers mortgage loans, including collecting and recording payments from borrowers. A servicer also handles loan defaults and foreclosures, and may offer loss mitigation programs to assist delinquent borrowers.

The company that you make your monthly payment to is your mortgage servicer. Your mortgage servicer may or may not be a lending institution and may or may not own your loan. Many of the loans administered by servicers are owned by third-party investors. This settlement involves the nation's five largest mortgage servicers which include Ally/GMAC, Bank of America, Citi, JPMorgan Chase, and Wells Fargo.

Loans owned by Fannie Mae or Freddie Mac are not impacted by this settlement. You may visit the following websites to learn if your loan is owned by either Fannie Mae or Freddie Mac:

- <http://www.fanniemae.com/loanlookup>
- <http://www.freddie.mac.com/mymortgage>

These sites will also include information about mortgage and foreclosure programs you may be eligible to access.

Q: How can I find out if I am eligible for this settlement?

A: Under the terms of the settlement, the bank should contact you if you are eligible. Banks will be conducting a vigorous search to identify eligible borrowers and ***this may take six to nine months***. Because of the complexity of the mortgage market and this agreement, which will be performed over a three-year period, borrowers will not immediately know if they are eligible for relief. If your loan is serviced by one of the five settling banks, you are encouraged to contact your servicer to see if you are eligible:

- Bank of America: 877-488-7814
- Citi: 866-272-4749
- JPMorgan Chase: 866-372-6901
- Ally (GMAC): 800-766-4622
- Wells Fargo: 800-288-3212

Q. I am concerned that the banks will not be able to find me, what should I do?

A. If you believe you are eligible for a cash payment under this settlement but are concerned you will be difficult to locate, please contact the Wisconsin Department of Justice at (800) 998-0700 or (608) 266-1852. They will collect and forward your information to the appropriate person to ensure you are contacted if you are eligible.

Q. Do I have to pay anything in order to obtain funds under the settlement?

A. There are no fees tied to receiving benefits from the financial settlement and affected homeowners should ignore anyone who asks for payment. Mortgage servicers can be contacted at established hotline numbers for any questions regarding eligibility. Servicers will be contacting homeowners eligible for financial payment or term modification in the coming months.

For additional information and for information about mortgage and foreclosure programs you may be eligible to access, please visit these websites:

**www.NationalMortgageSettlement.com
www.HUD.gov
www.Doj.gov
www.doj.state.wi.us**

*City of Milwaukee
Department of City Development
February, 2012*

(Includes information obtained from the national and state attorney general's settlement websites)