

PRESS RELEASE

Colorado Department of Law
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FOR IMMEDIATE RELEASE

February 9, 2012

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ATTORNEY GENERAL ANNOUNCES COLORADO WILL RECEIVE \$204.6 MILLION IN FORECLOSURE-RELIEF FUNDS UNDER MULTISTATE SETTLEMENT

DENVER — Colorado Attorney General John Suthers announced today that Colorado has joined a \$25 billion multistate settlement with the five largest national banks, Bank of America, JPMorgan Chase, Wells Fargo, Citi and Ally, who account for 60 percent of the home loan servicing market, to end problematic business practices and to help distressed homeowners. The settlement — the second largest multistate consumer protection settlement — will deliver \$204.6 million worth of relief for Colorado homeowners.

Under the terms of the settlement, Colorado, which served on the executive committee that oversaw the settlement negotiations, will receive:

- \$73.3 million that will be available to grant principal reductions on loans to make a modification possible. Approximately 40 percent of these funds will also be available to ease the effects of foreclosure, including waiving deficiency balances, enhanced cash-for-keys payments and blight prevention;
- \$52.5 million in cash to the state;
- \$46.3 million worth of refinancing benefits to underwater borrowers; and,
- \$32.49 million in payments to homeowners who lost their homes to foreclosure between January 1, 2008 and December 31, 2011.

Nationally, the banks have agreed to:

- Commit a minimum of \$17 billion directly to borrowers through a series of national homeowner relief options, including principal reduction. Given how the settlement is structured, servicers will actually provide up to an estimated \$32 billion in direct homeowner relief.
- Commit \$3 billion to a mortgage refinancing program for borrowers who are current, but owe more than their home is currently worth.
- Pay \$5 billion to the states and federal government (\$4.25 billion to the states and \$750 million to the federal government).
- Provide homeowners with comprehensive new protections through new mortgage loan servicing and foreclosure standards.
- Be overseen by an independent monitor will ensure mortgage servicer compliance.

“This agreement delivers real help to homeowners affected by the banks’ dual tracking and other improper mortgage- and foreclosure-related processes,” Suthers said. “As a result of this settlement, the banks will end a series of problematic processes that put homeowners at a severe disadvantage during the foreclosure process. This settlement will not solve every problem with the housing market, but it goes a long way to helping homeowners in distress now and leveling the playing field for consumers.”

The settlement is the second largest multistate consumer protection enforcement settlement after the 1998 tobacco litigation settlement. This agreement is the result of a massive civil law enforcement investigation and initiative that includes state attorneys general and state banking regulators across the country and

nearly a dozen federal agencies. It holds banks accountable for past mortgage servicing and foreclosure fraud and abuses and provides relief to homeowners. With the backing of a federal court order and the oversight of an independent monitor, the settlement stops future fraud and abuse.

Customers of the five settling banks who lost their homes to foreclosure between January 1, 2008 and December 31, 2011 may be eligible for restitution under the settlement. The independent, third-party administrator of the settlement hopes to contact affected victims by the end of the summer. Customers of the five settling banks who are still in their homes but either behind on their payments or underwater should contact the banks directly through dedicated toll-free contact numbers to determine if they are eligible for assistance:

- **Bank of America** - 1-877-488-7814
- **Chase** - 1-866-372-6901
- **Citi** - 1-866-272-4749
- **GMAC/Ally** - 1-800-766-4622
- **Wells Fargo** - 1-800-288-3212

The Office of the Attorney General will work with the Governor's Office and the General Assembly to ensure that the \$52.5 million Colorado directly receives under the settlement will be used for purposes including foreclosure prevention, housing-counseling services, additional legal services for distressed homeowners, promotion of loan-modification opportunities and anti-blight efforts.

The settlement changes the way the banks do business. Under the agreement, the banks will be required to stop the use of robo-signing, end the process of dual tracking of loans, provide a single point of contact for consumers as they move through the loan-modification processes, create an online portal for consumers to get information about where they are in the loan-modification process, and abide by a strict set of deadlines for dealing with loan modifications. The settlement also requires that the banks post payments they receive to homeowners' accounts within two business days of receiving them.

The foreclosure practices of the banks will be subject to strict oversight by an independent monitor who will provide regular reports to the participating states. The banks will be subject to stiff fines if they violate the terms of the agreement.

The settlement does not grant any immunity from criminal offenses and will not affect criminal prosecutions. The agreement does not prevent homeowners or investors from pursuing individual, institutional or class action civil cases against the five servicers. The pact also enables state attorneys general and federal agencies to investigate and pursue other aspects of the mortgage crisis, including securities cases.

Consumers interested in learning more about the multistate agreement can visit www.NationalMortgageSettlement.com or www.coloradoattorneygeneral.gov/mortgagesettlement.

If consumers believe they have been affected by the banks' problematic processes or have experienced any form of foreclosure fraud, they can file a complaint at www.coloradoattorneygeneral.gov/complaint. To learn more about Colorado's ongoing fight against mortgage and foreclosure fraud, visit the Office of the Attorney General's [Mortgage Fraud Information Center](#).

Homeowners facing foreclosure also should contact the Colorado Foreclosure Hotline at 1-877-601-4673 or visit www.coloradoforeclosurehotline.org. The hotline works with homeowners in or facing foreclosure. Homeowners who call the free hotline can speak with a housing counselor about their options.