

## **What You Need To Know About The Mortgage Settlement** – February 9, 2012

A settlement announced last week among state and federal officials and the nation's five largest banks is the largest joint state-federal settlement in history against an industry. The settlement, which amounts to somewhere between \$25 billion and \$26 billion, is aimed at fixing some of the mortgage abuses over the last few years that caused people to lose their home.

So what does the settlement mean for home owners?

Home owners underwater on their house or struggling to make payments may have something to gain from the deal. Home owners who are eligible for payments or principal write-downs on their mortgage from the settlement will be notified by mail within the next nine months.

Those who may be eligible for aid under the settlement include home owners who are currently struggling to make their payments and need a loan modification; borrowers who are current on their payments but owe more on their house than it's currently worth; or borrowers who may have already lost their home to foreclosure.

In the settlement, banks have agreed to write off a sum of the mortgage principal in select cases where home owners are struggling to make payments. Home owners will then be able to refinance and lower their monthly payments. Underwater borrowers also may receive aid, such as being able to refinance so they also can lower their monthly payments.

Borrowers who have already lost their home to foreclosure may be eligible for payments. About \$2,000 per person will be doled out to 750,000 borrowers found eligible.

Payments will be paid over a three-year period.

The banks participating in the settlement are Bank of America, JPMorgan Chase, Wells Fargo, Citi, and Ally/GMAC. Fannie Mae and Freddie Mac-backed loans are not eligible for the benefits.

You can learn more about the settlement at the just-launched ["National Mortgage Settlement"](#) Web site.