

Alaska Joins \$25 Billion Mortgage Settlement – February 16, 2012

Alaska Attorney General Michael C. Geraghty and Commissioner Susan K. Bell of the Department of Commerce, Community and Economic Development have joined a landmark \$25 billion joint federal-state settlement with the nation's five largest mortgage servicers over abuses in their mortgage servicing and foreclosure practices. The servicers participating in the settlement are Bank of America, Wells Fargo, Citigroup, JP Morgan Chase, and Ally Financial.

The agreement provides direct relief for Alaskan homeowners and brings reforms to loan servicing practices. "Alaska is fortunate to have missed the real estate crash affecting many states in the Lower 48," said Geraghty. "At the same time, some Alaskan families, through no fault of their own, are struggling to stay in their homes. This agreement not only provides financial relief to Alaskan borrowers, but puts in place important new protections for homeowners in the form of mortgage servicing standards."

With the backing of a federal court order and the oversight of an independent monitor, the settlement stops future servicing and foreclosure misconduct. The five servicers will be required to consider homeowners for loan modification programs before foreclosing. Borrowers will have a single point of contact for questions about their loans, and servicers will be required to have adequate staff to handle calls.

The state's estimated share of the settlement is more than \$10 million.

- Alaskan borrowers will receive approximately \$1 million in benefits from loan modifications and other direct relief.
- Alaskan borrowers who lost their homes to foreclosure from January 1, 2008 through December 31, 2011 and suffered servicing abuse would qualify for cash payments totaling \$1.7 million.
- The value of refinanced loans to Alaskan "underwater" borrowers would be an estimated \$4 million.
- The state will receive a payment of \$4.4 million, with \$1 million to the Division of Banking and Securities.

Nationwide, the five servicers have committed a minimum of \$17 billion to national homeowner relief effort options, including principal reduction. They have also committed \$3 billion to a mortgage refinancing program for borrowers who are current, but owe more than their home is currently worth. Servicers will pay \$5 billion to the states and federal government.

The settlement does not grant immunity from criminal offenses and will not affect criminal prosecutions. It also does not prevent homeowners or investors from pursuing individual, institutional, or class action cases against the five servicers.

Because of the complexity of the mortgage market and this agreement, borrowers whose loans are serviced by the five servicers will not immediately know if they are eligible for relief. For loan modifications and refinance options, borrowers will be contacted by their servicers. For payments to foreclosure victims, a settlement administrator will send claim forms to eligible individuals. Borrowers should also contact their servicers directly to see if they qualify for relief under the settlement.

Details regarding the agreement will be available at:

- www.NationalForeclosureSettlement.com
- www.law.alaska.gov/consumer

For more information about the settlement, please contact Assistant Attorney General Cynthia Drinkwater at (907) 269-5200.

