

# State of Connecticut

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ATTORNEY GENERAL



Hartford

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The Honorable Joseph Lieberman  
United States Senator  
District Office  
One Constitution Plaza  
7th Floor  
Hartford, CT 06103

Dear United States Senator Lieberman:

I'm pleased to announce that the 50 state attorneys general and the federal government have reached agreement on the largest ever joint federal-state settlement with the country's five largest loan servicers -- Ally, Bank of America, Citi, JPMorgan Chase and Wells Fargo. The settlement will provide as much as \$25 billion in relief to distressed borrowers and direct payments to states and the federal government -- including more than \$190 million to the State of Connecticut.

The agreement, which I helped to negotiate, settles 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.

## KEY PROVISIONS OF THE SETTLEMENT

- **Immediate aid to 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 -- including \$120 million for homeowners in Connecticut.

State attorneys general anticipate the settlement's requirement for principal reduction will show other lenders that principal reduction is one effective tool in combating foreclosure and that it will not lead to widespread defaults by borrowers who really can afford to pay.

- **Immediate aid to borrowers who are current, but underwater.** 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 -- including nearly \$36 million for homeowners in Connecticut.
- **Immediate payments to borrowers who lost their homes to foreclosure** with no requirement to prove financial harm and without having to release private claims against the servicers or the right to participate in the OCC review process. The more than 7,500 Connecticut borrowers who lost their home to foreclosure from January 1, 2008 through December 31, 2011 and suffered servicing abuse would qualify for an estimated \$1,500 in cash payments to individual borrowers.
- **Immediate payments to signing states** to help fund consumer protection and state foreclosure protection efforts. Connecticut will receive an estimated \$27 million to help pay for local foreclosure prevention programs, such as the Connecticut Department of Banking's foreclosure prevention hotline, HUD-approved housing counselors, the Judicial Branch's foreclosure mediation program, non-profit legal aid groups that help homeowners facing foreclosure and loan modification programs supported by the Connecticut Housing Finance Authority.
- **First ever nationwide reforms to servicing standards;** something that no other federal or state agency has been able to achieve. 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.
- **State AG oversight of national banks for the first time.** Something no court could award.
  - National banks will be required to regularly report compliance with the settlement to an independent, outside monitor that reports to state Attorneys General.
  - Servicers will have to pay heavy penalties for non-compliance with the settlement, including missed deadlines.
- **Banks are still accountable for other claims not covered by this settlement.** The agreement holds the banks accountable for their wrongdoing on robo-signing and mortgage servicing. This settlement does not seek to hold them responsible for all their wrongs over the past five years and the agreement and its release preserve legal options for others to pursue.
  - Governmental entities and private parties are aggressively pursuing securities cases against the banks.
  - A joint federal-state task force has been formed to investigate and prosecute those responsible for the collapse of the mortgage lending and investment markets.
  - Individuals may still pursue private claims -- even if they receive relief under the settlement.

- This settlement includes absolutely no criminal immunity for any individual who violated the law.

## TIMELINE

- Over the next **30 to 60 days**, settlement negotiators will be selecting an administrator to handle the logistics of the settlement and monitor compliance.
- Over the next **six to nine 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 three years**.

## WHERE YOUR CONSTITUENTS 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, your constituents may contact the banks directly at the following numbers if they need additional information:

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

**For payments to foreclosure victims**, a settlement administrator designated by the attorneys general will send claim forms to eligible persons. Even if your constituents are not contacted, if their loans are serviced by one of the five settling banks, they are encouraged to contact their servicers at the numbers above to see if they are eligible.

If your constituents believe they are eligible for relief under this settlement but are concerned they will be difficult to locate, a form is available on the Office of the Attorney General website: [www.ct.gov/ag](http://www.ct.gov/ag) under "Joint State-Federal Foreclosure Settlement". The form may be completed and returned to our office and forwarded to the settlement administrator.

Please note that loans owned by Fannie Mae or Freddie Mac are not impacted by this settlement. Your constituents may visit the following websites to learn if their loans are owned by either Fannie Mae or Freddie Mac:

- [www.fanniemae.com/homeaffordable](http://www.fanniemae.com/homeaffordable)
- [www.freddiemac.com/avoidforeclosure](http://www.freddiemac.com/avoidforeclosure)

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

For more information on this settlement, please visit:

- [www.nationalmortgagesettlement.com](http://www.nationalmortgagesettlement.com);
- [www.ct.gov/ag](http://www.ct.gov/ag);
- [www.HUD.gov](http://www.HUD.gov);
- [www.DDJ.gov](http://www.DDJ.gov);

More information will be made available as the settlement programs are implemented. Thank you so much for your work to assist troubled homeowners.

Sincerely,

A handwritten signature in black ink, appearing to read "George Jepsen". The signature is stylized with a large loop at the beginning and a long horizontal stroke at the end.

GEORGE JEPSEN  
ATTORNEY GENERAL