

Our economic recovery depends on a robust housing market. The recently announced \$25 billion settlement between the state attorneys general and the nation's five largest banks is for mortgage loan servicing and foreclosure abuses. It should provide important assistance for the struggling housing market. Loans owned by Fannie Mae or Freddie Mac are not impacted by this settlement.

What does this settlement mean for California? \$18 Billion. The financial benefits of this agreement extend to homeowners whose loans are owned or serviced by one of the five largest mortgage lenders: Bank of America Corporation, JPMorgan Chase & Co., Wells Fargo & Company, Citigroup Inc., and Ally Financial Inc. (formerly GMAC).

- \$12 billion is guaranteed to reduce the principal on loans or offer short sales to approximately 250,000 California homeowners who are underwater on their loans and behind or almost behind in their payments.
- \$849 million is estimated to be dedicated to refinancing the loans of 28,000 California homeowners who are current on their payments but underwater on their loans.
- \$279 million will be dedicated to offering restitution to approximately 140,000 California homeowners who were foreclosed upon between January 1, 2008 and December 31, 2011.

- \$1.1 billion is estimated to be distributed to California homeowners for unemployed payment forbearance and transition assistance as well as to communities to repair the blight and devastation left by waves of foreclosures, targeted at 16,000 recent foreclosures.
- \$3.5 billion will be dedicated to relieving 32,000 California homeowners of unpaid balances remaining when their homes are foreclosed, and,
- \$430 million in costs, fees and penalty payments.

Eligibility is limited to California homeowners whose mortgages are owned by one of the five banks and who meet one of the following criteria:

- **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.

Borrowers who are current, but underwater

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.

- **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 Office of the Comptroller of the Currency (OCC) review process. \$1.5 billion will be distributed nationwide to some 750,000 borrowers.

What is the timeline for assistance?

- 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, state 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 can you go for help?

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 for additional information:

- [Ally/GMAC](#) : 800-766-4622
- [Bank of America](#) : 877-488-7814 (Available M-F 7am - 9pm CST and Saturdays 8am CST - 5pm CST)
- [Citi](#) : 866-272-4749
- [JPMorgan Chase](#) : 866-372-6901
- [Wells Fargo](#) : 800-288-3212 (Available M-F 7 a.m. to 7 p.m. CST)

For borrowers who lost their home to foreclosure between Jan. 1, 2008 and Dec. 31, 2011

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a settlement administrator designated by the state attorneys general will send claim forms to persons eligible for cash restitution. If you believe you are eligible for relief under this settlement but are concerned you will be difficult to locate, please contact the California Attorney General's site at:

<http://ag.ca.gov/>

I hope this information is helpful to you. If you need assistance from my office, please call 831-424-2229.

