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Press Release

For immediate Release

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**AG HORNE ANNOUNCES ARIZONA TO RECEIVE
APPROXIMATELY \$ 1.6 BILLION AS PART OF NATIONAL
MORTGAGE SETTLEMENT AND SETTLES SEPARATE LAWSUIT
WITH B OF A FOR OVER \$10 MILLION**

PHOENIX (Thursday, February 9, 2012) -- Attorney General Tom Horne announced that at 11:00 p.m. last night, Arizona reached agreement to join a landmark \$25 billion joint federal-state agreement with the nation's five largest mortgage servicers over foreclosure abuses and fraud, and unacceptable nationwide residential mortgage servicing practices. Arizona's share is over \$1.6 billion.

The agreement reached last night includes settlement of Arizona's separate lawsuit against Bank of America.

The agreement requires the bank to pay \$10 million to the Arizona Attorney General to be used to ***1) avoid preventable foreclosure; 2) mitigate the effects of the mortgage and foreclosure crisis in Arizona; and 3) enhance law enforcement efforts to prevent and prosecute financial fraud or unfair or deceptive acts or practices, and/or provide compensation for harm resulting from conduct alleged in the lawsuit.*** The agreement also requires the bank to pay the Attorney General's costs and attorneys' fees incurred in the lawsuit.

The bank has also agreed to the following Arizona-specific provisions, which are not included in the Multistate settlement:

- Retain an unaffiliated third party to maximize the response rate for loss mitigation programs
- Confirms that even borrowers who were previously denied for or defaulted on loss mitigation will not be prevented from applying again solely because of the previous denial or default
- Requires the bank to report Arizona-specific information about modifications and other assistance provided to Arizona borrowers

"Arizona has been hit particularly hard by the mortgage crisis, and this agreement is very significant in how it addresses the fraud that these banks committed against homeowners across the state," said Horne. "The agreement not only provides much needed relief to Arizona borrowers, but it also puts a stop to many of the bad behaviors that contributed to the devastating effect the mortgage crisis has had in Arizona and across the country."

Horne added, "This agreement includes significant relief for homeowners. And even more importantly, it puts in place new protections for homeowners in the form of improvements to mortgage servicing standards."

Arizona's estimated total share of the settlement is \$1.6 billion.

- \$1.3 billion principally for principal reduction, but also including a menu of other relief to homeowners
- Arizona's borrowers who lost their home to foreclosure from January 1, 2008 through December 31, 2011 and suffered servicing abuse will be eligible for an estimated \$110.4 million in cash payments to borrowers, estimated at approximately \$2,000 per borrower
- The value of refinancing loans (reducing interest rates) to Arizona's current, underwater borrowers will

- be an estimated \$85.8 million.
- The state will receive a direct payment of approximately \$102.5 million.

The unprecedented joint state-federal settlement is the result of a massive civil law enforcement investigation and initiative that has included state attorneys general and state banking regulators across the country, and nearly a dozen federal agencies. The settlement 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 aims to stop future fraud and abuse.

Under the agreement, the five servicers have agreed to pay a total of \$25 billion under a joint state-national settlement structure.

Nationally:

- Servicers commit a minimum of \$17 billion directly to borrowers through a series of national homeowner relief effort options, including principal reduction. Given how the settlement is structured, servicers will actually provide up to an estimated \$32 billion in direct relief to homeowners.
- Servicers commit \$3 billion to a mortgage refinancing program for borrowers who are current, but owe more than their home is currently worth.
- Servicers pay \$5 billion to the states and federal government (\$4.25 billion of this amount will go to the states and \$750 million to the federal government). The state payments include funding for payments to borrowers for mortgage servicing abuse.
- Homeowners receive comprehensive new protections from new mortgage loan servicing and foreclosure standards.
- An independent monitor will ensure mortgage servicer compliance.

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.

The final agreement will be filed in the form of a consent judgment in U.S. District Court in Washington, D.C. and will have the authority of a court order. The consent judgment will require that Arizona's share of the state's direct payment be used by the Attorney General to carry out the purposes of the settlement, including to avoid preventable foreclosures, to remedy the effects of the mortgage and foreclosure crisis, and to enhance law enforcement efforts to prevent and prosecute financial fraud and unfair or deceptive acts or practices.

Because of the complexity of the mortgage market and this agreement, which will span a three year period, in some cases participating mortgage servicers will contact borrowers directly regarding loan modification options and other relief available under the agreement. However, borrowers can contact their mortgage servicer to obtain more information about specific loan modification programs and whether they qualify under terms of this settlement.

More information will be made available periodically as the settlement programs are implemented. This case was handled by Assistant Attorney General Carolyn Matthews.

The Arizona Attorney General's Office has established a dedicated e-mail address, website link, and phone line to respond to questions regarding the settlement:

Email: mortgagefraud@azag.gov

Toll-free outside the Phoenix area: 855-256-2834

Within the Phoenix area: 602-542-1797

www.azag.gov/consumer/foreclosure/settlement.html

For more information on the proposed agreement:

Mortgage Servicers:

Bank of America: 877-488-7814

JP Morgan Chase: 866-372-6901

Wells Fargo: 800-288-3212

CitiBank: 866-272-4749

Ally/GMAC: 800-766-4622

National Mortgage Settlement Website (established by state and federal agencies participating in this settlement):

www.NationalMortgageSettlement.com

Federal Agencies:

www.HUD.gov

www.DOI.gov

Consumers who feel they have been a victim of mortgage or servicing fraud, or any other type of consumer fraud, may file a consumer complaint with the Arizona Attorney General's Office. To file a complaint online, consumers can visit: <http://www.azag.gov/consumer/complaintform.html>. Consumers may also contact the Arizona Attorney General's Office Consumer Information & Complaints Unit at (602) 542-5763 / (520) 628-6504 / (800) 352-8431.

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