

STATE OF MICHIGAN



BILL SCHUETTE
ATTORNEY GENERAL

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MEDIA CONTACT: Joy Yearout

517-373-8060

www.michigan.gov/AGPress

Schuetzte Announces Michigan Residents to Receive \$107.2 Million Through National Mortgage Settlement

*72,000 Michigan Borrowers to Receive Restitution for Mortgage Servicing Abuses
Related to National Foreclosure Crisis*

LANSING – Michigan Attorney General Bill Schuetzte today announced checks will go out this week to Michigan borrowers who submitted a valid foreclosure payment claim through the National Mortgage Settlement. Eligible borrowers will receive checks for approximately \$1,480. Approximately 72,000 Michigan borrowers affected by the National Mortgage Settlement will receive a share of approximately \$107.2 million in restitution for mortgage servicing abuses related to the national foreclosure crisis.

“Thousands of Michigan residents were affected by the recent foreclosure crisis that consumed the country,” said Schuetzte. “These funds will help victims of mortgage servicers' abuses rebuild their lives, and we will work to ensure devastating practices like these never happens again through enforcing new mortgage servicing standards. Borrowers should also note the payment does not limit them from seeking relief through a separate lawsuit or other claims.”

Eligible Michigan borrowers had their mortgage serviced by one of the settlement's five participating mortgage servicers, lost their home to foreclosure between January 1, 2008 and December 31, 2011, and submitted a valid claim form. The participating mortgage servicers include Ally (formerly GMAC), Bank of America, Citi, JPMorgan Chase, Wells Fargo. Nationally, the settlement administrator, Rust Consulting, will mail 962,278 claim payments beginning the week of June 10, 2013.

In February 2012, Schuetzte and 48 other state attorneys general and the federal government announced the historic joint state-federal National Mortgage Settlement with the country's five largest mortgage servicers. Preliminary data shows that, so far, the servicers have provided more than \$50 billion in direct settlement relief to borrowers nationwide.

A relatively small number of borrowers will not receive a check in the initial round of mailing or will receive a split payment.

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Every borrower who filed a claim should have received a letter regarding their claim eligibility. Borrowers with questions about their National Mortgage Settlement payment should call settlement administrator Rust Consulting at 1-866-430-8358 or consult the Attorney General's National Mortgage Settlement FAQ section: <http://1.usa.gov/12r8fd0>

Mortgage Settlement Background

The historic settlement followed state and federal investigations, which alleged that the five mortgage servicers routinely signed foreclosure-related documents outside the presence of a notary public and without personal knowledge that the facts contained in the documents were correct. This civil law enforcement action also alleged that the servicers committed widespread errors and abuses in their foreclosure processes.

Broad reform of the mortgage servicing process resulted from the settlement, as well as financial relief for borrowers still in their homes through direct loan modification relief, including principal reduction.

Michigan received approximately \$1 billion in benefits from the settlement. The State of Michigan also received a direct payment of \$97 million from the servicers. Schuette worked with the legislature and Governor Rick Snyder to establish the Michigan Homeowner Protection Fund to ensure these funds are directed toward victims of foreclosure.

"The Homeowner Protection Fund will provide much-needed counseling services, restitution for victims of foreclosure rescue scams, and assistance for families and our veterans," said Schuette.

In April 2012, Governor Rick Snyder signed legislation creating the \$97 Million Homeowner Protection Fund. The Homeowner Protection Fund supports the following eight initiatives:

- *Homeowner's Assistance for military service members and veterans: The Michigan Veterans Homeowner's Assistance Program (MiVHAP) - \$5 million.* MiVHAP will provide financial grant assistance to military service members: Active, Reserve, Air and Army National Guard, and honorably discharged Veterans living or having lived in a home in Michigan for hardship related to the foreclosure crisis since 2006. Surviving spouses of Michigan military service members whose death occurred in combat since 2006 and currently face foreclosure challenges may also be eligible for financial assistance.
- *Foreclosure Rescue Scam Victim Restitution - \$7.5 million.* Many Michigan residents have fallen prey to foreclosure rescue scam artists who offered to help citizens save their homes. This fund will provide restitution payments to victims of foreclosure scams. Eligibility criteria to determine qualifying cases are currently being finalized.

- *Michigan Attorney General Home Protection Unit - \$6 million.* These funds will allow the attorney general to ramp up investigation and prosecution of foreclosure-related crimes. This unit has brought charges in 36 cases since 2009 and there are approximately 84 cases currently under investigation.
- *Blight Elimination - \$25 million.* These funds are being dedicated to blight elimination efforts throughout Michigan overseen by the Department of Treasury. Detroit will receive \$10 million for blight elimination in the city of Detroit and \$15 million will be allocated for use throughout the rest of the state. Given that blighted property contributes to an environment conducive to crime, targeting blight elimination in these areas will further efforts to reduce crime.
- *Foreclosure Counseling for Homeowners - \$20 million.* The Michigan State Housing and Development Authority (MSHDA) and Michigan State University Extension Offices are currently using these funds to expand their much-needed, free homeowner counseling services for citizens seeking to avoid foreclosure.
- *Housing and Community Development Programs - \$3.7 million.* These funds will be allocated to the Michigan Housing and Community Development Fund which develops and coordinates public and private resources to meet the affordable housing needs of low- income households and to revitalize downtown areas and neighborhoods in Michigan.
- *Grants to Help Homeowners Refinance - \$5 million.* These funds will allow MSHDA to provide grants to help pay the closing costs of citizens who use the Home Affordable Refinance Program. Eligible citizens will receive assistance paying closing costs associated with refinancing their home.
- *Assistance to Homebuyers - \$15 million.* These funds assisted both military service members and non-service members by providing grants to offset the purchase price of a home. This program was administered by MSDHA.

For more information on the mortgage settlement, including a consumer alert and a Frequently Asked Questions document available for download, visit www.michigan.gov/mortgagesettlement.