

National Foreclosure Settlement: Data needs, Gaps, and New Opportunities

July 12, Baltimore Data Day Conference
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National Settlement

- What it is
- Announced Feb. 9, 2012
- Signed between 49 state attorneys general and five largest mortgage servicers (Wells Fargo, BoA, Citi, JP Morgan Chase, & AllyBank/GMAC.
- Response to investigation into foreclosure abuses, fraud, robo-signing, and more.

What the Settlement Does

- Provides consumer relief
- \$25 billion in consumer relief to go to 1) borrowers who were wrongly foreclosed upon between Jan. 1, 2008-Dec. 21, 2011, and
- 2) Loss mitigation programs such as principal reduction, forbearance, short sales, deficiency waivers
- Funds for housing counseling, legal services and other state-level foreclosure and housing programs

What the Settlement Does

- Provides new servicing standards
- 304 Servicing Standards including:
- Single Point of Contact
- No dual tracking
- Accurate information on documents

Settlement Monitoring and Enforcement

- Established Office of Mortgage Settlement Oversight and national monitor
- Financial carrots and sticks
- Scaling of credit given provides incentives
- 25% added credit for pr loan mods in Year
- If commitment not satisfied by Year 3, servicer must pay 125% of unmet commitment
- District Court can levy penalties on noncompliant servicers as well

Maryland Settlement Terms

- \$960 million in consumer relief
- \$5,969,747 as a civil penalty which went to the General Fund
- \$10 million Baltimore City, \$10 million Prince Georges County
- Funds for legal assistance, housing counselors, and staff at DLLR and OAG

Settlement Results in Maryland

- Consumer Relief
- Servicing Standards

Consumer Relief in Maryland

- Between March 2012-December 31, 2012 14,217 Maryland families helped by the settlement
- \$1,124,315,627 worth of relief in the first nine months
- Relief averaged nearly \$80,000 (\$79,082) per family
- In same time frame, 130, 855 Maryland families received NOIs

Principal Reduction vs Short Sales

- Banks have been more than twice as likely to provide short-sales as principal reductions to struggling Maryland homeowners.
- 3,450 families got short sales, 1583 principal reductions.
- short sales 36% of consumer relief, pr 18%

Principal reduction vs short sale by bank

	Ally	BoA	Citi	Chase	Wells
Prin pal reducti on	61	791	102	436	193
short	79	2173	125	810	263

Hard Hit Communities

- Fair housing advocates concerned about cherry-picking
- average principal reduction \$129,563
- BoA at high end (\$153,589) and Citi at the low end (\$83,000).
- PR reduction exceeds average home prices in Baltimore City, Alleghany, Dorchester, and Somerset

Problems With Settlement Framework

- Settlement states that no servicer should 'disfavor a specific geography ...or discriminate against a protected class
- Yet, no requirement to disaggregate consumer relief by demographics, county, zipcode or census tract
- Yet, using the CFPB data, we can see that the top ten Maryland zipcodes that filed complaints with CFPB were in predominately African-American communities. So, we know there is some relationship.

Baltimore City Funds

- \$10 million to be spent on demolition
- Required to have CHAP and 106 review although it was fought
- some community consultation but varies
- some partners in some areas, not in others

Heat Map of Baltimore Vacants

- <http://cityview.baltimorecity.gov/vacantbuildings/>
- <http://cityview.baltimorecity.gov/typology/>
- <http://cityview.baltimorecity.gov/maps/map.html?webmap=4a40f3c37063410cbf2c75efc209455e>

Policy Recs

- Require new metrics to include demographic and census tract data on consumer relief
- bank accountability campaigns-look at foreclosure info as part of CRA renewals
- Homeowner Bill of Rights to strengthen and codify servicing standards in settlement

State Reforms

- MCRC looking at bank HMDA data and considering work around CRA renewals as well as local fair lending ordinances
- MCRC also looking at homeowner bill of rights bill, deficiency waiver ban, and change affidavits based on "information and personal belief"
- Bank accountability campaigns as well as litigation (Sword and Shield La Vida Urbana model)
- Homeowner strikes and stronger actions

Consumers Helped, Needing Help

- Thank You
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