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To: 'SF-HOUSING-COUNSELING-L@hudlist.hud.gov'

Subject: Information for HUD-approved Housing Counselors: Relief Available to Certain Foreclosed Borrowers Through the National Mortgage Servicing Settlement

**Information for HUD-approved Housing Counselors
Relief Available to Certain Foreclosed Borrowers Through the National Mortgage Servicing Settlement**

Pursuant to the landmark National Mortgage Servicing Settlement, the Attorneys General participating in the settlement recently reached out to borrowers who may have lost their homes to foreclosure in order to inform them of funds that may be available. As you know, \$1.5 billion of the \$25 billion settlement was set aside for eligible borrowers as partial compensation for the alleged illegal conduct of mortgage servicers. HUD would like to share with housing counseling agencies certain information about this part of the settlement so that housing counselors can answer consumer questions about this program, help reach eligible borrowers who might not otherwise be aware of the claims process, and to help identify and prevent scams.

Additional information is available from your state Attorney General or from the settlement claims administrator, Rust Consulting, whose contact information is below. The website <http://nationalmortgagesettlement.com> is also a reliable source of information about this part of the settlement as well as other benefits for borrowers.

Outreach Process

- On September 17, 2 million postcards were mailed to borrowers who lost their home to foreclosure within the eligibility windows described below.
- The postcards will be followed by a claim form and instructions which will be mailed between now and October 12, 2012.
- The settlement claims administrator, Rust Consulting, used the postal service and other sources of information to locate the borrowers. They will make several attempts to reach each eligible borrower and have a process set up to verify the eligibility of borrowers who did not receive a mailing due to some error.
- Almost all of the mailings will have the seal or logo of the attorney general or the state, and contact information for the settlement claims administrator, Rust Consulting. The determination about whether and how to provide that seal was a state-by-state decision and one or two states may deviate from this protocol.
- The telephone number on the postcard and mailings for more information is 1-866-430-8358 and the website for more information is administrator@nationalmortgagesettlement.com.

Eligible Borrowers

- Borrowers are eligible if they lost their home to foreclosure where the foreclosure sale occurred between January 1, 2008 and December 31, 2011.
- The home must have been an owner-occupied, one- to four-family residence.
- The **servicer** of the loan at the time of foreclosure must have been Ally/GMAC, Bank of America, Chase, Citi or Wells Fargo. GSE (Fannie or Freddie) **ownership** of the loans does not affect eligibility under this part of the settlement.
- The unpaid principal balance of the loan at the time of the foreclosure cannot have been in excess of the following GSE conforming loan limits (1 unit - \$729,750; 2 units - \$934,200; 3 units - \$1,129,250; and 4 units - \$1,403,400). These conforming loan limits are used nationwide for the purposes of this eligibility determination.
- The eligible borrowers will have to fill out and return a simple claim form to determine final eligibility. The deadline for return of claim forms is January 18, 2013.

- The property must be located in the 49 participating states and District of Columbia that participated in the settlement. Only Oklahoma residents are excluded because that state did not participate in the National Mortgage Servicing Settlement.
- Borrowers who believe they may be eligible but who have not received a postcard or mailing by the end of October may contact the administrator at the number below. Housing counselors are asked to wait until all of the mailings are sent (October 12th) before contacting the administrator to obtain a claim form for a client believed to be eligible.
- Borrowers will not access these benefits through their former servicer, Attorney General or through the Office of Mortgage Settlement Oversight. Rust Consulting, the claims administrator, is handling all aspects of these payments pursuant to the settlement.
- No payment from borrowers is required to file a claim or to receive a benefit. If a borrower receives correspondence or phone calls stating that these funds are available if they pay a fee, then they are being scammed and that should be reported to the state Attorney General or other authorities.

Benefit

- \$1.5 billion was set aside from the \$25 billion national mortgage settlement to provide some redress to eligible borrowers for the alleged unlawful practices engaged in by the servicers who are party to the settlement.
- The amount each claimant may receive depends on the total number of claimants. The payment will be at least \$840, and will likely be higher depending upon the number of borrowers who participate.
- Eligible borrowers under this program do not give up their rights to pursue a lawsuit against their mortgage servicer or participate in other forms of relief including the Independent Foreclosure Review Process conducted by federal banking regulators. More information about that program is available at www.independentforeclosurereview.com.
- Eligible borrowers may get a payment from this settlement even if they participate in another foreclosure claims process. However, any payment received here may reduce the payments that borrowers may receive in any other foreclosure claim process or legal proceeding.
- Checks will be issued later in 2013.

Assistance and Questions

- The one-page claim forms are simple to complete. However, borrowers who have questions or need help filing their claim can call 1-866-430-8358 (1-866-494-8281 for hearing impaired) for assistance, or send an email to administrator@nationalmortgagesettlement.com. The information line is staffed Monday through Friday from 7 am to 7 pm Central time. Staff can answer questions in English and Spanish.
- Housing counselors who encounter possible scams associated with the settlement should contact their attorney general's office or other appropriate authorities.

Thank you for your service to consumers.