MCRC The Voice For Maryland Consumers
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Mortgage Servicing Woes, Inadequate Consumer Relief Make Results of National Mortgage Settlement Very Disappointing

Baltimore, MD: The Maryland Consumer Rights Coalition (MCRC) was pleased to see the Office of the National Settlement Monitor yesterday announce that it will impose and monitor four new tests to see if the banks are meeting the servicing standards mandated by the National Mortgage Settlement. At the same time, "that announcement also underscores the very serious problems thousands of families continue to suffer in getting good information about their mortgage modification applications and fair treatment from the big banks," MCRC Executive Director Marceline White argues.

The National Mortgage Settlement that five big banks signed with 49 state attorneys general in Feb. 2012 requires the banks to follow a set of improved servicing standards intended to eliminate robo-signing, dual-tracking and other foreclosure and mortgage servicing abuses. Thousands of complaints from homeowners in Maryland and around the country, however, make clear that many families trying continue to struggle to get accurate information or fair and prompt consideration of their loan modification application from the banks.

"We find it deeply troubling that many of the mortgage servicing abuses that helped cause the foreclosure crisis continue to plague consumers more than 18 months after the National Mortgage Settlement was signed," Marceline White notes.

New York State's Attorney General this week announced that it will file a lawsuit against Wells Fargo for allegedly violating the servicing standards in the settlement. Massachusetts and several other states are considering similar suits against the banks that are parties to the settlement.

The Settlement Monitor's new metrics will test whether consumers are getting accurate bills, good information from the single points of contact the settlement required the banks to establish, and proper communications about the loan modification process from the banks that are parties to the settlement. Compliance testing will begin in early 2014.

MCRC was also troubled to see the latest data on the relief consumers have received under the settlement make clear that few families have won the kind of help they need to save their homes. The fifth and final progress report released by the monitor's office in late August shows that, in Maryland and across the country, most of the relief consumers have received has come in the form of short sales and the forgiveness or extinguishment of second liens.

The progress report shows that 17,366 Maryland families got some form of relief under the settlement between March 1, 2012 and June 30, 2013. But the banks completed more than three times as many second-lien extinguishments (6,833) as first-lien modifications (2,235) or refinancing agreements (2,172). The number of short sales under the settlement (3,720) is almost twice that of total principal reduction or refinancing agreements.

At the national level, the gap is even worse, with more than 70% of the relief to homeowners coming in the form or short sales or second-lien relief.

"The settlement was intended to help underwater homeowners and victims of predatory mortgage lending save their homes from foreclosure," Marceline White notes. "We're very disappointed that the forms of relief the banks have focused on offering are ones that do very little to help families stay in their homes and their communities."

You can read MCRC's report on the latest mortgage settlement progress report here: http://www.marylandconsumers.org/LinkClick.aspx?fileticket=i8qVX0P83H4%3d&tabid=38

You can read the Settlement Monitor's Oct. 2 statement about the new metrics to measure bank compliance with servicing standards here: https://www.mortgageoversight.com/wp-content/uploads/2012/03/Mortgage-Settlement-Monitor-Creates-Four-New-Enforcement-Metrics.pdf

Please note: A copy of MCRC analysis of the latest mortgage settlement progress report is attached to this statement.

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The Maryland Consumer Rights Coalition (MCRC) advances fairness and justice for Maryland consumers through research, education, and advocacy. Find MCRC on the web at www.marylandconsumers.org, on Facebook at facebook.com/mdconsumers and on Twitter at twitter.com/mdconsumers.