

Mortgage Settlement Aids 550K Homeowners, Totaling \$45 Billion

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The five mortgage servicers involved in last year's **\$25 billion settlement** over servicer errors and abuses have now distributed an average of \$82,000 in relief to each of 550,000 homeowners. Joseph A. Smith who heads the **Office of Mortgage Settlement Oversight** said this is a total of \$45.83 billion that has been distributed in less than one year following the settlement agreement between the servicers and 49 state attorneys general, the Departments of Justice and Housing and Urban Development (HUD).

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Smith's office released an interim report on the progress of the settlement distribution today. Smith said he is required to file his first progress report with the courts in the second quarter of this year but he is providing this, a second interim report, as part of an ongoing effort to inform the public about the steps the banks have taken to implement the settlement.

More than \$22.48 billion of the overall completed consumer relief has come in the form of debt forgiveness. Because of the settlement, the principal reduction helps borrowers stay in their homes, lowering monthly payments on over 266,000 loans and reducing homeowners' loan balances by more than \$84,000 on average.

This is in addition to the funds that states allocated for settlement-related purposes, including over \$250 million for housing counseling and another \$50 million to legal aid.

HUD Secretary Shawn Donovan said that at the one-year anniversary of the settlement, "We have already surpassed our initial expectations and the settlement is testament to the fact that large scale principal reduction can be used as an important tool in our efforts to prevent foreclosures without incurring negative results." The job, however is not done he said and "we will continue to watch the banks like hawks to ensure they live up to their obligations as they complete their consumer relief requirements and we measure their progress on implementing new and improved servicing standards."

Smith said that since his last progress report he has continued to receive valuable input for counselors, lawyers, advocates and others which have highlighted continuing areas of concern such as dual tracking and issues relating to single points of contact. As a result he has engaged the banks to address these complaints and will continue to use feedback to inform his oversight responsibilities.

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