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FEBRUARY 13, 2012, 10:40 AM

What's Inside the \$25 Billion Mortgage Settlement: An Early Look

Article

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By Nick Timiraos

Federal and state officials haven't made public the \$25 billion settlement agreement that they reached with five large banks. As [the Journal](#) noted, the exact wording was still being finalized even as officials announced the deal on Thursday morning.

Officials said the final agreement would be made public once it's filed in the U.S. District Court in Washington, D.C., but that might not happen for a few weeks. Until then, here are some of the recent drafts of the settlement. The settlement includes several different components, some of which officials could release before the agreement is submitted to court.

The draft documents obtained by the Journal show the many moving pieces that were the product of more than one year of discussions. As indicated, the documents are draft copies that were issued on Jan. 19, just as state attorneys general were briefed on the deal. It's not clear how much the terms have changed since these drafts were written:

Servicing standards: The 42-page servicing standards "term sheet" lists various requirements for banks' documents used in foreclosure and bankruptcy proceedings; documentation of borrowers' account balances; and ensuring integrity of the chain of title. It also includes requirements around how borrowers must be treated when they're being evaluated for a modification or short sale, as well standards around the appropriateness of servicing fees and the use of force-placed insurance.

Borrower relief: A separate 12-page document outlines how banks have to satisfy the \$20 billion portion of the deal that requires them to help homeowners. At least half of that portion must go towards writing down loan balances for homeowners that are at risk of foreclosure. Another \$3 billion must be used to help homeowners who owe more than their homes are worth but are current on their loans to refinance. The remaining \$7 billion can go towards anti-blight provisions, forbearance for unemployed homeowners, and short sale assistance.

Menu of "credits": Complex formulas spell out exactly how much credit banks will receive for that aid. For example, every \$1 of principal write-downs earns \$1 of credit on loans that they own. However, they receive less credit for writing down second-lien mortgages that are severely delinquent.

Legal releases: A separate document specifies which claims the state attorneys general and federal officials have agreed to release.

Also included in the final deal: terms spelling out what powers are given to the independent monitor overseeing the deal, and rights of action for states if banks are found to run afoul of the terms.

Banks and government officials didn't sign off on the deal until after 2 a.m. last Thursday, and the last of 49 attorneys general joined the settlement at 7 a.m., three hours before it was announced to the public.

Officials have posted additional general information, including a set of frequently-asked questions, at the website www.nationalmortgagesettlement.com.

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2:24 pm February 15, 2012

In the land of default... wrote :

...and the home of the sheep..

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9:25 pm February 14, 2012

jerry A. wrote :

All this theft will cause banks to keep money tight and expensive. (and loan to values will be far different) oh my, you need to put a down payment , you say , and how much now? 25%? There is no free lunch. Someone will pay. and it will not be the banks. (think about that) IMO ,if you bought a home and did not assume , it might be hard to sell some day , that is your fault. There are no guarantees to speculators. Home don't get more valuable (they are a liability , wear/ aging, taxes, floods) only speculation and inflation make them seem to get more valuable. so if speculation changes, and inflation drops. then that home is a giant liability. Buckup and man up.

9:17 pm February 14, 2012

Anonymous wrote :

paying off or down the 2nd ,well that is a theft, we all know where HOME ATM money went.! 100% fraud. boats, cars, TV, toys , cruises, world tours, etc, even gold coins, jewelery and any thing and everything. USA is sick. I'm ashamed to say i live here.

9:02 pm February 14, 2012

Charles Feters wrote :

I believe the Obama administration thinks that homeowners are idiots. The homeowners across America must have band together sometime before 1994 and decided to do away with the Glass Steigel Act. Therefore plotted to screw the banks and wall street, along with MERS. All the government and the banks are doing is screwing the taxpayers, and homeowners with the aid of political help of the AG's from all states, to do the same crap all over again. I say it is time for us to get rid of all political parties and vote them out of office. Especially Senator Fienstien, for gifting her husband \$25 billion to by up foreclosures across America.

5:09 pm February 14, 2012

rcb3c1 wrote :

same old bull****

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