

# Independent Foreclosure Review: Important Changes

March 13, 2013

*Organized  
by  
the Federal Reserve Board of Governors  
and  
the Office of the Comptroller of the Currency*

The **Connecting Communities**® audio conference series is a Federal Reserve System initiative intended to provide timely information on emerging and important community and economic development topics with a national audience. The audio conference series complements existing Federal Reserve Community Development outreach initiatives that are conducted through our regional Reserve Bank offices and at the Federal Reserve Board of Governors in Washington, D.C.

# Welcome

Thank you to everyone for joining this session.

For today:

- This call is being recorded.
- An archived recording of this session will be available on the **Connecting Communities**<sup>®</sup> web site shortly after the session has taken place:  
[www.stlouisfed.org/connectingcommunities/](http://www.stlouisfed.org/connectingcommunities/)
- We will be taking questions via email during this session. Please direct your questions to [communities@stls.frb.org](mailto:communities@stls.frb.org). These questions may be part of the recorded archive for this session.
- In connection with this session, several of our Reserve Bank offices have posted links to a variety of additional resources on this topic. We encourage you to browse through this list and to contact your regional office if you would like additional information on any of these items.

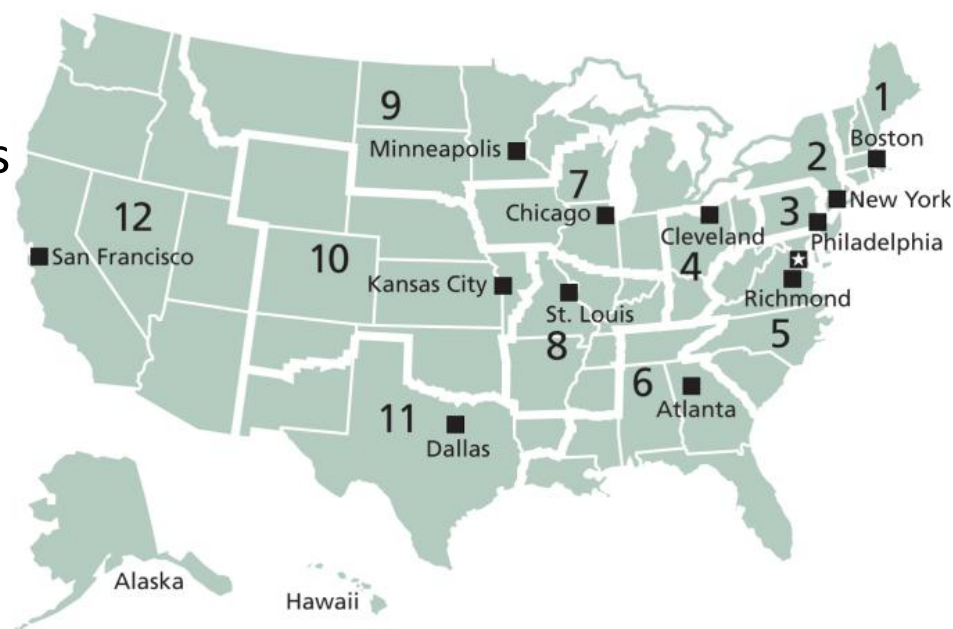
# Legal Notices and Disclaimer

The information, analyses, and conclusions set forth are those of the presenters and do not necessarily indicate concurrence by the Board of Governors of the Federal Reserve System, the Federal Reserve Banks, or members of their staffs.

# Community Development

Community development programs at the Federal Reserve Board and the 12 Federal Reserve Banks support economic growth by promoting community development and fair access to credit.

Community development offices at the Board and Reserve Banks engage in a wide variety of activities to help financial institutions, community-based organizations, government entities, and the public understand and address financial services issues that affect low- and moderate-income people and geographic regions.



# Community Development (continued)

- Each office responds to local needs in its district and establishes its own programs to:
  - Support programs and promote policies that improve the financial stability of low- and moderate-income households
  - Strengthen low- and moderate-income communities by advancing comprehensive neighborhood revitalization and stabilization strategies
  - Foster innovative strategies that assist low- and moderate-income communities and individuals in launching, growing, and sustaining small businesses
  - Advance the evolution of the community development field's programs, funding and infrastructure to promote scale, sustainability, and impact
  - Strengthen System coordination to strategically communicate the key findings of the community development function and share emerging community development issues and trends that have national implications

# Today's Presenters



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Federal Reserve Board



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Office of the Comptroller  
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# Today's Agenda

- Provide background and overview information about the Independent Foreclosure Review Payment Agreement
- Describe the terms of the Payment Agreement
- Answer common questions

# Background and Overview



# Background: The Independent Foreclosure Review (IFR)

- Federal banking regulators issued enforcement actions against several large federally regulated mortgage servicing companies in April 2011, September 2011, and April 2012.
- Enforcement actions required servicers to correct deficient mortgage servicing and foreclosure processes, to identify borrowers harmed by foreclosure errors, and to provide compensation or other remedy for that harm.
- Enforcement actions required independent consultants to review foreclosures that were initiated, pending or completed in 2009 and 2010.

# Background: The IFR Payment Agreement

- In January 2013, thirteen mortgage servicing companies subject to enforcement actions for deficient practices in mortgage loan servicing and foreclosure processing reached an agreement in principle with the OCC and the Federal Reserve.
- The agreement provides more than \$9.3 billion in cash payments and other assistance to help borrowers.
- The agreement was reached by regulators because it provides the greatest benefit to consumers potentially subject to unsafe and unsound mortgage servicing and foreclosure practices during the relevant period in a more timely manner than would have occurred under the IFR process.

# Payment Agreement Terms

# What are the terms of the Payment Agreement?

- \$3.6 billion in direct cash payments to borrowers covered by the agreement
  - Federal banking regulators are currently finalizing the compensation plan for direct cash payments to borrowers covered by the agreement.
  - Payment amounts will range from hundreds of dollars to \$125,000 depending on the type of potential borrower harm.
  - All 4.2 million in-scope borrowers will receive a payment.

# What are the terms of the Payment Agreement?

- \$5.7 billion in other foreclosure prevention assistance
  - Agreement emphasizes affordable, sustainable, and meaningful home preservation actions.
  - Servicers may satisfy their requirements by providing funding to community groups (subject to approval by the relevant banking regulator).
  - Remaining orders require servicers to achieve and maintain effective loss mitigation and foreclosure prevention activities.

# Who is involved?

## Borrowers

- Borrowers of the participating servicers that are covered by the agreement

## Paying Agent (Rust Consulting)

- Contact borrowers with payment details
- Mail payments to borrowers
- Operate toll-free number and web site

## Mortgage servicers

- Determine borrower category based on borrower's loan characteristics subject to regulator verification

## Regulators

- Monitor the payment process under the agreement
- Determine amounts to be paid

# Who is covered by the Payment Agreement?

- Borrowers whose primary residence was in foreclosure at any time between the dates of January 1, 2009 and December 31, 2010 with one of the participating servicers (in bold) and their affiliates:

America's Servicing Company  
**Aurora Loan Services**  
BAC Home Loans Servicing  
**Bank of America**  
Beneficial  
**JP Morgan Chase**  
**Citibank**  
CitiFinancial  
CitiMortgage

Countrywide  
EMC Mortgage Corporation  
**Goldman Sachs**  
HFC  
**HSBC**  
Litton Loan Servicing  
**MetLife Bank**  
**Morgan Stanley**  
National City Mortgage

**PNC Mortgage**  
Saxon Mortgage  
**Sovereign Bank**  
**SunTrust Mortgage**  
**U.S. Bank**  
Wachovia Mortgage  
Washington Mutual (WaMu)  
**Wells Fargo Bank, N.A.**  
Wilshire Credit Corporation

- All borrowers of the participating servicers and their affiliates that are covered by the agreement will receive compensation, regardless of whether a borrower submitted a request for review form.
- No further action on the part of the borrower needs to be taken to receive payment under the agreement.

# How will payments be determined?

- Borrowers will be categorized based on the characteristics of their particular loan.
- Categories will closely track those that were used in the June 2012 Remediation Matrix and include: Borrowers Eligible for SCRA Protection, Foreclosure While in Bankruptcy, and Borrowers Denied a Modification Request, to name a few.
- The payment amount is final, and there is no appeal process of the payment amounts distributed as a result of the agreement.
- Receiving a payment as a result of the Payment Agreement will not prevent borrowers from taking any additional action related to their foreclosure.



# How will payments be distributed?

- Rust Consulting, the paying agent, will issue checks to borrowers covered by the agreement on behalf of the participating servicers.
- Rust Consulting will begin contacting borrowers with additional information regarding payment details by March 31, 2013.
- Borrowers can call Rust Consulting at 1-888-952-9105 to update their contact information or to verify that they are covered by the payment agreement.

# Additional Information

## Payment related to the Independent Foreclosure Review

You are eligible to receive a payment as the result of an agreement between <<ServicerName>> and federal banking regulators—the Office of the Comptroller of the Currency and the Federal Reserve Board—announced in January. This payment is related to an enforcement action regarding deficiencies in the mortgage servicing and foreclosure processes of <<ServicerName>>. Payment will be made by the paying agent—Rust Consulting, Inc.

You will receive a check or additional information about your payment from Rust Consulting within approximately four to eight weeks. Please watch your mail.

Only Rust Consulting will contact you regarding your check or to request additional information if required to process your payment. Always use caution when providing personal information.

If you have questions, you may call toll free at 1-888-952-9105 or visit

[www.independentforeclosurereview.com](http://www.independentforeclosurereview.com)

[www.occ.treas.gov](http://www.occ.treas.gov)

[www.federalreserve.gov](http://www.federalreserve.gov)

Si tiene preguntas, puede llamar al número de teléfono 1-888-952-9105 para hablar con un representante.

Assistance is also available from the toll-free number in more than 200 languages, including Chinese, Korean, Vietnamese, Tagalog, Hmong, and Russian.

提供中文幫助。 提供越南語及越語幫助。 提供越語幫助。 提供泰語幫助。 提供俄語幫助。

Paying Agent – Rust Consulting, Inc.  
P.O. Box <<ServicerPOBox>>  
Faribault, MN <<ServicerZipExtension>>

An important message directed by Federal Banking Regulators-  
the Office of the Comptroller of the Currency and  
the Board of Governors of the Federal Reserve System

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OPEN NOW FOR MORE INFORMATION

Usted es elegible para obtener una compensación según órdenes emitidas por los reguladores federales de la banca.

Atención:

You are eligible for compensation pursuant to orders issued by Federal Banking Regulators.

# Attention

# Additional Information

# Beware of Scams

- Borrowers should always use caution when providing personal information.
- Free help is available through HUD-approved counselors at 888-995-HOPE (4673) or [www.makinghomeaffordable.gov/get-started/housingexpert.gov](http://www.makinghomeaffordable.gov/get-started/housingexpert.gov).
- The official IFR website is [www.IndependentForeclosureReview.com](http://www.IndependentForeclosureReview.com).

# Additional Information

- **Rust Consulting 1-888-952-9105**  
Monday through Friday, 8 am - 10 pm ET or Saturday, 8 am - 5 pm ET
- **Official IFR website**  
[www.IndependentForeclosureReview.com](http://www.IndependentForeclosureReview.com)
- **OCC**  
[www.occ.gov/independentforeclosurereview](http://www.occ.gov/independentforeclosurereview)
- **Federal Reserve**  
[www.federalreserve.gov/consumerinfo/independent-foreclosure-review.htm](http://www.federalreserve.gov/consumerinfo/independent-foreclosure-review.htm)

Do you have questions?  
E-mail us at:  
[communities@stls.frb.org](mailto:communities@stls.frb.org)

# Wrap-up/Closing

Thank you to today's presenters and to all participants for joining this session.

## Next steps:

- All session materials are available on our web site and in the next few days we will be posting an audio file of today's session
- Additional Federal Reserve System resources related to this topic can be found on our web site along with links to your local Federal Reserve Community Development office
- If you have topical suggestions for future sessions, or any questions about this program, please feel free to contact us at [communities@stls.frb.org](mailto:communities@stls.frb.org)
- Information about future sessions will be posted on our website along with archived materials from past sessions: [www.stlouisfed.org/connectingcommunities/](http://www.stlouisfed.org/connectingcommunities/)