

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Monday, February 9, 2015

Service Members to Receive Over \$123 Million for Unlawful Foreclosures Under the Servicemembers Civil Relief Act

The Justice Department announced today that under its settlements with five of the nation's largest mortgage servicers, 952 service members and their co-borrowers are eligible to receive over \$123 million for non-judicial foreclosures that violated the Servicemembers Civil Relief Act (SCRA). The five mortgage servicers are JP Morgan Chase Bank N.A. (JP Morgan Chase); Wells Fargo Bank N.A. and Wells Fargo & Co. (Wells Fargo); Citi Residential Lending Inc., Citibank, NA and CitiMortgage Inc. (Citi); GMAC Mortgage, LLC, Ally Financial Inc. and Residential Capital LLC (GMAC Mortgage); and BAC Home Loans Servicing LP formerly known as Countrywide Home Loans Servicing LP (Bank of America).

In the first round of payments under the SCRA portion of the 2012 settlement known as the National Mortgage Settlement (NMS), 666 service members and their co-borrowers will receive over \$88 million from JP Morgan Chase, Wells Fargo, Citi and GMAC Mortgage. The other 286 service members and their co-borrowers already have received over \$35 million from Bank of America through an earlier settlement. The non-judicial foreclosures at issue took place between Jan. 1, 2006, and Apr. 4, 2012.

"These unlawful judicial foreclosures forced hundreds of service members and their families out of their homes," said Acting Associate Attorney General Stuart F. Delery. "While this compensation will provide a measure of relief, the fact is that service members should never have to worry about losing their home to an illegal foreclosure while they are serving our country. The department will continue to actively protect our service members and their families from such unjust actions."

"We are very pleased that the men and women of the armed forces who were subjected to unlawful non-judicial foreclosures while they were serving our country are now receiving compensation," said Acting Assistant Attorney General Vanita Gupta of the Civil Rights Division. "We look forward, in the coming months, to facilitating the compensation of additional service members who were subjected to unlawful judicial foreclosures or excess interest charges. We appreciate that JP Morgan Chase, Wells Fargo, Citi, GMAC Mortgage and Bank of America have been working cooperatively with the Justice Department to compensate the service members whose rights were violated."

Section 533 of the SCRA prohibits non-judicial foreclosures against service members who are in military service or within the applicable post-service period, as long as they originated their mortgages before their period of military service began. Even in states that normally allow mortgage foreclosures to proceed non-judicially, the SCRA prohibits servicers from doing so against protected service members during their military service and applicable post-military service coverage period.

Under the NMS, for mortgages serviced by Wells Fargo, Citi and GMAC Mortgage, the identified service members will each receive \$125,000, plus any lost equity in the property and interest on that equity. Eligible co-borrowers will also be compensated for their share of any lost equity in the property. To ensure consistency with an earlier private settlement, JP Morgan Chase will provide any identified service member either the

property free and clear of any debt or the cash equivalent of the full value of the home at the time of sale, and the opportunity to submit a claim for compensation for any additional harm suffered, which will be determined by a special consultant, retired U.S. District Court Judge Edward N. Cahn. Payment amounts have been reduced for those service members or co-borrowers who have previously received compensation directly from the servicer or through a prior settlement, such as the independent foreclosure review conducted by the Office of the Comptroller of the Currency and the Federal Reserve Board. The Bank of America payments to identified service members with nonjudicial foreclosures were made under a 2011 settlement with the Department of Justice.

The NMS also provides compensation for two categories of service members: (1) those who were foreclosed upon pursuant to a court order where the mortgage servicer failed to file a proper affidavit with the court stating whether or not the service member was in military service; and (2) those service members who gave proper notice to the servicer, but were denied the full benefit of the SCRA's 6% interest rate cap on pre-service mortgages. The service members entitled to compensation for these alleged violations will be identified later in 2015.

The following chart shows the number of service members who will be compensated by each of the servicers for the non-judicial foreclosures:

| | Amount of Money to be Distributed | Number of Service Members Eligible for Compensation |
|------------------------|--|--|
| Bank of America | \$35,369,756 | 286 |
| Citi | \$14,880,578 | 126 |
| GMAC Mortgage | \$13,720,588 | 113 |
| JP Morgan Chase | \$31,068,523 | 188 |
| Wells Fargo | \$28,358,179 | 239 |
| TOTALS | \$123,397,624 | 952 |

Borrowers should use the following contact information for questions about SCRA payments under the National Mortgage Settlement:

- Bank of America borrowers should call Rust Consulting, Inc., the settlement administrator, toll-free at 1-855-793-1370 or write to BAC Home Loans Servicing Settlement Administrator, c/o Rust Consulting, Inc., P.O. Box 1948, Faribault, MN 55021-6091.
- Citi borrowers should call Citi toll-free at 1-888-326-1166.
- GMAC Mortgage borrowers should call Rust Consulting Inc., the settlement administrator, toll-free at 1-866-708-0915 or write to P.O. Box 3061, Faribault, Minnesota 55021-2661.
- JPMorgan Chase borrowers should call Chase toll-free at 1-877-469-0110 or write to P.O. Box 183224,

OH-7160/DOJ, Columbus, Ohio 43219-6009.

- Wells Fargo borrowers should call the Wells Fargo Home Mortgage Military Customer Service Center toll free at 1-877-839-2359.

Service members and their dependents who believe that their SCRA rights have been violated should contact an Armed Forces Legal Assistance office. To find the closest office, consult the military legal assistance office locator at <http://legalassistance.law.af.mil> and click on the Legal Services Locator. Additional information about the Justice Department's enforcement of the SCRA and the other laws protecting service members is available at www.servicemembers.gov.

Today's settlement was announced in connection with the President's Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. Attorneys' Offices and state and local partners, it is the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes, enhancing coordination and cooperation among federal, state and local authorities, addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed nearly 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,900 mortgage fraud defendants. For more information on the task force, please visit www.StopFraud.gov.

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Civil Rights Division

Updated February 9, 2015