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Robosigning Settlement Step Towards Full Recognition of Extraordinary Harm to Homeowners & Economy

Washington, DC – Today federal officials and state Attorneys General reached an agreement with five major lenders to settle claims stemming from “robosigning” and other servicing abuses. John Taylor, president & CEO of the National Community Reinvestment Coalition (NCRC) made this statement:

“The settlement recognizes that all homeowners have been damaged by widespread abuses in the servicing of mortgage loans. It will be beneficial to every homeowner who receives relief, but it is not a full reparation of the harm caused to communities and to the economy. While the settlement is not the full dose of medicine this country needs to fix the foreclosure crisis, it is a much-needed treatment.

“The settlement establishes a foundation for national servicing standards that the Consumer Financial Protection Bureau can build on. Ensuring fair treatment of homeowners, and respect for the laws governing that relationship, is critically important to the future of a functional mortgage lending industry in America.

“Like many of these deals, the devil here is in the nuances of the legal terms, and the enforcement of the entire agreement. It is significant that only the parties to the agreement are releasing claims, leaving open efforts by individual homeowners and other institutions to seek additional relief on this and other issues.

“The biggest issue still facing homeowners and the economy is the refusal of Fannie Mae and Freddie Mac to write down principal balances. The mortgage settlement does nothing to address that. And while the mortgage settlement will compel the lenders involved to make significant principal reductions, it will not reach every borrower who needs one. The government must continue to use every stick and carrot at its disposal to ensure that all homeowners get the relief they deserve. This is a national economic priority.”

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The National Community Reinvestment Coalition is an association of more than 600 community-based organizations that promote access to basic banking services, including credit and savings, to create and sustain affordable housing, job development and vibrant communities for America's working families. Find out more at: www.ncrc.org.