

## **Providing Relief to Servicemembers and Vets Hurt by Mortgage Abuses**

On March 6, 2012, the President announced relief that will be provided to thousands of servicemembers and veterans by servicers on top of the historic settlement completed by the Federal government and 49 state Attorneys General last month. This relief – which is in addition to the over \$25 billion committed through the overall settlement – includes:

- **Compensating Servicemembers Wrongfully Foreclosed Upon.** Servicers will conduct a review – overseen by the Department of Justice’s Civil Rights Division – of the files of every servicemember foreclosed upon since 2006 to determine whether any were foreclosed on in violation of the Servicemembers Civil Relief Act (SCRA). Servicers will compensate those who were with a payment equal to whichever of the following sums is higher:
  - the servicemember’s lost equity, plus interest, and an additional \$116,785; or
  - an amount provided for the same violation as a result of a review conducted by the banking regulators.
  
- **Compensating Servicemembers Wrongfully Charged Higher Interest Rates:** Servicers will conduct a review – also overseen by DOJ’s Civil Rights Division – of the files of their servicemember clients dating back to 2008 to determine whether they charged any an interest rate in excess of 6% on their mortgage after a valid request to lower the rate, in violation of the SCRA. Servicers will be required to provide any servicemember who was wrongfully charged interest in excess of 6% with a payment equal to at least four times the amount wrongfully charged.
  - For example, if a servicemember who took out a \$200,000 mortgage with a 7% interest rate was wrongfully denied a request to lower their interest rate to 6% over a course of 18 months, they would receive a payment of over \$9,000, plus interest.
  
- **Providing Relief for Servicemembers Forced to Sell Their Home at a Loss Due to a Permanent Change in Station:** Under the Department of Defense’s Homeowners’ Assistance Program (HAP), some servicemembers who are forced to sell their home at a loss due to a Permanent Change in Station (PCS) may be compensated for the loss in their home’s value. Under this settlement, servicers will provide short sale agreements and deficiency waivers to those servicemembers who were forced to sell their home for less than they owe on their mortgage due to a PCS, but who are not eligible for HAP. This means that the benefits of that program will finally be extended to servicemembers who bought their homes between July 1, 2006 and December 31, 2008, or who received a PCS after October 1, 2010.
  
- **\$10 Million for the Veterans Housing Benefit Program.** Under the settlement, servicers will pay \$10 million into the Veterans Housing Benefit Program Fund, through which the Department of Veterans Affairs guarantees loans provided on favorable terms to eligible veterans.

- **Foreclosure Protections for Servicemembers Receiving Hostile Fire/Imminent Danger Pay.** The SCRA prohibits servicers from foreclosing on active duty servicemembers without first securing a court order, but only if their loan was secured when they were not on active duty. The settlement extends this protection to all servicemembers, regardless of when their mortgage was secured, who within nine months of the foreclosure received Hostile Fire/Imminent Danger Pay and were stationed away from their home.

**For further questions:**

- Any Servicemember who believes his or her rights were violated by Bank of America, J.P. Morgan Chase, Ally, Citi, or Wells Fargo can contact the Justice Department directly at 1-800-896-7743. The Department will have access to information to determine whether or not servicemembers are victims and the settlement requires those individuals to be contacted.
- Servicemembers and their dependents who believe that their SCRA rights have been violated should contact the nearest Armed Forces Legal Assistance office. For the relevant contact information, please 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 servicemembers is available at [www.servicemembers.gov](http://www.servicemembers.gov).