A Message From U.S. Representative Karen Bass

There's no doubt that California has been hit extremely hard by the foreclosure crisis. In fact, in 2011, seven of the 10 hardest hit cities were in California. While there are signs of relief in the housing market, federal and state officials have also recently debuted several programs which are meant to provide aid to homeowners and give restitution to mortgage holders who were victims of predatory lending practices.

Please use this information as a guide to learn how federal and state officials are working to protect our state's homeowners.

Karen Bass
TO DATE, California homeowners can benefit from a comprehensive plan in response to our state’s foreclosure and mortgage crisis, which includes:

- **Mortgage Fraud Strike Force** – Investigates and prosecutes misconduct at all stages of the mortgage process
- **California Homeowner Bill of Rights** – Provides a clear set of rules to protect homeowners
- **$18 billion Foreclosure Settlement** – Compensates homeowners who were victims of predatory lending practices

$25 Billion Nationwide Foreclosure Settlement

Earlier this year, the U.S. Departments of Justice and of Housing and Urban Development announced a landmark $25 billion agreement with Bank of America Corp., JPMorgan Chase & Co., Wells Fargo & Company, Citigroup Inc., and Ally Financial Inc. (formerly GMAC) to seek relief for homeowners who were victims of foreclosure abuses and provide new protections for future homeowners. California received $18 billion to compensate homeowners whose mortgage servicers participated in “robo-signing”, deceptive practices during modifications, failing to offer alternatives to foreclosure and filing improper documentation in federal bankruptcy court.

Mortgage Foreclosure Settlement Qualifying Criteria:

1. Your mortgage loan must be serviced by one of the following banks: Bank of America Corp., JPMorgan Chase & Co., Wells Fargo & Company, Citigroup Inc., and Ally Financial Inc. (formerly GMAC).
2. In general, you must have either missed a mortgage payment or be at risk of doing so.
3. Your home must have a loan to value ratio of at least 100 percent, prior to any loan modifications. Essentially, this means that you must owe at least what your home is worth. If your home is worth $300,000, your loan balance must be at least $300,000 to qualify.
4. The home loan you are seeking to modify must be your primary residence.
5. Pass a Net Present Value Test. A Net Present Value Test is a complex calculation developed by the U.S. Treasury Department that loan servicers use to determine risk level for the bank when homeowners are being considered for a loan modification through the Home Affordable Modification Program.

Who to Contact:

HUD-approved Housing Counseling Agency

[hud.gov](http://hud.gov)

(800) 569-4287

California Attorney General

[oag.ca.gov](http://oag.ca.gov)

National Mortgage Foreclosure Settlement

[nationalmortgagesettlement.com](http://nationalmortgagesettlement.com)