



State of North Carolina

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The Hon. Phil Berger, Senate President Pro Tempore
The Hon. Thom Tillis, Speaker, House of Representatives
Co-Chairs, Joint Legislative Commission on Governmental Operations

Senator Harry Brown
Senator Thom Goolsby
Representative Shirley B. Randleman
Representative N. Leo Daughtry
Co-Chairs, Appropriations Subcommittees on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

RE: G.S. §114-2.5; Report on Settlement Agreement for Bank of America Corporation, JPMorgan Chase & Co., Wells Fargo & Company, Citigroup, Inc., and Ally Financial, Inc. (formerly GMAC)

Dear Members:

G.S. §114-2.5 requires the Attorney General to report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety regarding all settlements and court orders which result in more than \$75,000.00 being paid to the State. Pursuant to that statute, I am writing regarding the settlement of claims for foreclosure and loan servicing violations by the state of North Carolina against Bank of America Corporation, JPMorgan Chase & Co., Wells Fargo & Company, Citigroup, Inc., and Ally Financial, Inc. (formerly GMAC).

A complaint and consent judgments have been filed between the parties to resolve claims and refund borrowers and establish new servicing guidelines in 49 states. A copy of the consent judgments filed in the case, United States of America et al. v. Bank of America Corporation et al., No. 12-0361, can be found at www.nationalmortgagesettlement.com. The entire benefit available to North Carolina and the borrowers totals approximately \$338 million, as follows.

- Help to homeowners at risk of default: \$179.51 million
- Refinancing loans at a lower rate for those current on their payments but who owe more than their house is worth, known as underwater: \$61.52 million
- Refunds from lenders to homeowners in foreclosure who were harmed by bad practices, 2008-2011: \$33.5 million
- Restitution to the State of North Carolina General Fund: \$9.61 million
- Civil penalties to North Carolina public schools: \$5.74 million
- Housing counselors through the North Carolina Housing Finance Agency: \$19.12 million
- Legal guidance for those facing housing decisions now or who need guidance in foreclosure or other lending proceedings: \$11.47 million
- Prosecution of lending and financial crimes through NC District Attorneys and the State Bureau of Investigation Financial Crimes unit: \$9.56 million
- NC Department of Justice Consumer Protection Division financial fraud detection and prevention: \$4.78 million

In order to maximize the monetary benefits to North Carolina, it is important that investments be made in front-line services for distressed borrowers, including housing counselors.

The funds will be administered through a national escrow account supported by settlement funds from the lending institutions upon approval of the consent judgment in US District Court in Washington, DC.

We will be happy to respond to any questions you may have regarding this report.

Very truly yours,



Kristi Hyman
Chief of Staff

KH:ng

cc: Kristine Leggett, NCGA Fiscal Research Division
Nels Roseland, NCDNJ, Deputy Chief of Staff