

Office of
Mortgage Settlement
Oversight

Fact Sheet: About the *Continued Progress Report*

"The relief the banks have reported is encouraging," said Joseph Smith, Monitor of the National Mortgage Settlement. "But it is important to remember that no obligations will be met until I have reviewed, confirmed and credited them. I look forward to conducting that work in the coming months and reporting my findings to the public."

Background

As part of the National Mortgage Settlement, the five banks were required to provide the participating states, the District of Columbia and the Monitor an update on their cumulative consumer relief activities on Nov. 14, 2012.

The banks self-reported this data on consumer relief activities conducted between March 1 and Sept. 30, 2012. It has not yet been confirmed or approved by the Monitor.

These numbers represent gross dollar relief. Under the settlement, different types of relief receive different amounts of credit, and much of the relief, including short sales, will not be credited dollar for dollar. While the numbers reported here are more than \$20 billion, this does not mean that the servicers have met their \$20 billion total consumer relief requirements. We will know where they stand relative to their obligations when they formally submit their consumer relief activity information to the Monitor for credit and he tests their results.

Consumer relief highlights

For state-by-state information, click [here](#).

- Total consumer relief - \$26.11 billion
- Completed first lien modification forgiveness - \$2.553 billion
- Short sales completed/deficiency forgiven - \$13.133 billion
- Completed forgiveness of pre 3/1/2012 forbearance - \$1.008 billion
- Estimated consumer relief of refinances completed - \$1.442 billion*
- Active trials in progress - \$4.187 billion
- Completed second lien modifications and extinguishments - \$2.778 billion
- Other programs - \$1.006 billion

Also in the report

- An update on implementation of the servicing standards, or rules, outlined in the settlement and the metrics, or tests, the Monitor will use to assess their compliance.
- A description and map of the complaints received by the Monitor from consumers and their advocates.
- A timeline of future settlement milestones.
- Detailed consumer relief information for each state.

Background on Reporting

- This report focuses on activities that have been completed. Servicers may release larger numbers that also include offers they've extended.
- The more than \$20 billion figure in this report does not mean that the servicers have met their obligations under the settlement. Once a bank certifies that it has completed its obligation, the Monitor will review it.

***Refinances**

Refinances have been outlined differently in this report than the Monitor's first report in August. All forms of relief are calculable at the time of the transaction, except for refinancing. With principal forgiveness or a short sale, it is clear what the benefit is to the borrower when the transaction occurs. The lower interest rate acquired through refinancing provides the borrower a benefit each month in the form of a reduced payment. In the first report, we valued the benefit of a refinancing to a borrower for one year. This valuation does not accurately reflect that the average homeowner will make loan payments for substantially longer than one year. The settlement credits interest savings from refinancings with a remaining term of over 15 years by a multiplying the annual interest rate savings by 8. The weighted average of the credits earned by the servicers is approximately 7.85, which is the multiplier used in this report. This is a more accurate reflection of the ultimate value to borrowers over the life of the loan.