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STATE OF CONNECTICUT
ATTORNEY GENERAL GEORGE JEPSEN

February 5, 2016

AG Jepsen: Connecticut Joins \$470 Million Joint State-Federal Settlement with HSBC to Address Mortgage Servicing and Foreclosure Abuses

Attorney General George Jepsen announced today that Connecticut has joined a \$470 million joint state-federal settlement with mortgage lender and servicer HSBC to address mortgage origination, servicing, and foreclosure abuses. Connecticut joins 48 other states, the District of Columbia, U.S. Department of Justice (DOJ), the U.S. Department of Housing and Urban Development (HUD) and the Consumer Financial Protection Bureau (CFPB) in today's settlement.

The settlement provides direct payments to Connecticut borrowers for past foreclosure abuses, loan modifications and other relief for borrowers in need of assistance and rigorous mortgage servicing standards it grants oversight authority to an independent monitor.

"This settlement holds HSBC accountable for past abusive practices while also providing relief to borrowers here in Connecticut at a time when they can still use that help to save their homes," Attorney General Jepsen said. "Through tough servicing standards, this agreement compels HSBC to treat its borrowers fairly in the future."

Roughly 643 Connecticut borrowers whose loans were serviced by HSBC and who lost their home to foreclosure from January 1, 2008 through December 31, 2012, and encountered servicing abuse will be eligible for a payment from the national \$59.3 million fund for payments to borrowers. The borrower payment amount will depend on how many borrowers file claims. Eligible borrowers will be contacted about how to qualify for payments.

The HSBC agreement also requires the company to provide certain borrowers in Connecticut with loan modifications or other relief. The modifications include principal reductions and refinancing for underwater mortgages.

The agreement's mortgage servicing terms largely mirror the landmark \$25 billion joint federal-multistate agreement with the nation's five largest mortgage servicers; Attorney General Jepsen served as a member of that settlement negotiating team in February 2012. That agreement provided consumers nationwide with more than \$50 billion in direct relief, created new servicing standards, and implemented independent oversight. Also, in December of 2013, Ocwen Financial Corporation and its subsidiary, Ocwen Loan Servicing, also agreed to a \$2.1 billion joint state-federal settlement. A subsequent state-federal agreement with SunTrust Mortgage Inc. worth nearly \$1 billion was announced in June of 2014.

For loans serviced by HSBC Bank USA, N.A., inquiries should be addressed to 1-866-435-7085 or your Case Manager. For loans serviced by HSBC Mortgage Services, Household Finance, or Beneficial, inquiries should be addressed to 1-800-333-7023 or your SPOC.

The Attorney General encourages any Connecticut homeowner having difficulty with their mortgage to call the state Department of Banking's Foreclosure Assistance Hotline at 1-877-472-8313 to learn about state and federal help available. They should also contact their loan servicers to discuss the possibility of achieving an affordable loan modification.

The agreement will be filed as a consent judgment in the U.S. District Court for the District of Columbia.

Assistant Attorneys General Joseph Chambers and Matthew Budzik, head of the Finance Department, assisted the Attorney General in the settlement negotiations.

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