

MEMORANDUM

TO: Members of the House of Representatives

FROM: Representative W. Curtis Thomas

DATE: March 30, 2012

SUBJECT: **Co-Sponsorship of Resolution: National Mortgage Settlement**

In the near future, I plan to introduce a resolution urging Pennsylvania Attorney General Linda Kelly to use the \$69 million being allocated to her office from the national mortgage settlement for housing initiatives.

Recently, 48 states including Pennsylvania and the U.S. Attorney General's Office reached a \$25 billion settlement with the nation's five largest mortgage servicers Ally/GMAC, Bank of America, Wells Fargo, Citi, J.P. Morgan Chase and Wells Fargo. This group lawsuit occurred due to unfair lending practices exposed after the housing bubble burst.

Of the \$25 billion settlement, Pennsylvania is expected to receive an estimated \$266 million, which will be allocated in the following way: \$93 million for loan modifications and direct relief, \$21 million for cash payments to homeowners who suffered foreclosure due to fraudulent mortgage practices occurring between Jan. 1, 2008 and Dec. 31, 2011, \$81 Million to refinance loans for homeowners and \$69 million to the Pennsylvania Office of the Attorney General (OAG).

During budget hearings, OAG mentioned that part of the funds they receive will be used for housing initiatives. I believe that all of the \$69 million should be used for housing programs, such as to reinstate and fund the Homeowners Emergency Mortgage Assistance Program (HEMAP), the Housing and Development Assistance program and the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program.

If you would like to join me in co-sponsoring this resolution, please contact Mary Gingrich in my office at (717) 783-0250 or MGingric@pahouse.net.