



NEWS RELEASE

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Attorney General Jackley Reaches Joint State-Federal Settlement with HSBC to Address Mortgage Loan Origination, Servicing, and Foreclosure Abuses

PIERRE, S.D.- Attorney General Marty Jackley today announced a \$470 million joint state-federal settlement with mortgage lender and servicer HSBC to address mortgage origination, servicing, and foreclosure abuses. The settlement includes 49 states, the District of Columbia, the U.S. Department of Justice (DOJ), the U.S. Department of Housing and Urban Development (HUD), and the Consumer Financial Protection Bureau (CFPB).

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

“This settlement holds HSBC accountable for its past abusive practices, and it provides relief to South Dakota borrowers,” said Attorney General Jackley. “Through tough servicing standards, this agreement compels HSBC to treat its borrowers much more fairly in the future.”

The agreement’s mortgage servicing terms largely mirrors the 2012 National Mortgage Settlement (NMS) reached in February of 2012 between the federal government, 49 state attorneys general, including South Dakota, and the five largest national mortgage servicers. That agreement provided consumers nationwide with more than \$50 billion in direct relief, created new servicing standards, and implemented independent oversight. A subsequent state-federal agreement with SunTrust Mortgage Inc. worth nearly \$1 billion was announced in June of 2014.

Approximately 85 eligible South Dakota 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 settlement requires HSBC to substantially change how it services mortgage loans, handles foreclosures, and ensures the accuracy of information provided in federal bankruptcy court. The terms will prevent past foreclosure abuses, such as robo-signing, improper documentation and lost paperwork.

The settlement’s consumer protections and standards include:

- Making foreclosure a last resort by first requiring HSBC to evaluate homeowners for other loss mitigation options;

- Restricting foreclosure while the homeowner is being considered for a loan modification;
- Procedures and timelines for reviewing loan modification applications;
- Giving homeowners the right to appeal denials;
- Requiring a single point of contact for borrowers seeking information about their loans and maintaining adequate staff to handle calls.

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