

Independent Foreclosure Review Webinar: Helping Homeowners Request a Review

Hosted by the Federal Reserve Bank of San Francisco, with support from the Federal Reserve Board of Governors and the Office of the Comptroller of the Currency

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Speakers:

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Bill Cushard, Allonhill

Donald Wansten, Promontory Financial Group

Monica Freas, Office of the Comptroller of the Currency (OCC)

Mitchell Klein, Federal Reserve Board of Governors

(2:06 p.m.)

OPERATOR: Good afternoon, everybody, and welcome to today's Independent Foreclosure Review Webinar. At this time, I would like to turn the floor over to Jason Lew.

Jason, the floor is yours.

MR. LEW: Thanks. Welcome to today's training webinar for the Independent Foreclosure Review process. My name is Jason Lew, and I am with the Federal Reserve Bank of San Francisco, and we are hosting today's call.

Bill Cushard and Donald Wansten, who are part of the independent consultant review team, will serve as presenters for today's webinar. We also have on the line representatives from the regulatory agencies who will help answer questions.

At this time, we want to acknowledge the counseling and legal aid agencies that provided helpful input for this training material.

Before we start, let me provide a few housekeeping details. First, this webinar is being recorded and will be posted later this month with this presentation on the Federal Reserve Board's public website. You will also find links to this material at

www.independentforeclosurereview.com, which is the website listed at the bottom of each slide, and on the OCC's website. We will provide these and other useful website addresses at the end of the presentation.

If you would like to submit a question for the presenters, or are having technical difficulties, you have two options for notifying us, either enter the information in the "Ask a question" feature on the bottom of your screen or send an email to cca.policy.webinar@frb.gov. The email address again is cca.policy.webinar@frb.gov.

If you are joining us by phone or can't see the slides from where you are, send us an email at the address we just mentioned and we will reply with the PowerPoint deck.

I will break periodically throughout the webinar for the presenters to answer questions received in advance of this webinar and from the webinar session we held on Wednesday, February 29th. There will also be time at the end for the agencies to respond to incoming questions that are submitted during today's training.

We will do our best to address as many of the questions received prior to and during today's training. In case we run out of time, please check the Federal Reserve's website in mid-March for responses to additional questions that have a general application to the group.

Please turn to Slide 4, and I will now turn the session to Bill Cushard and Donald Wansten, the presenters for today's webinar.

MR. CUSHARD: Hi. Welcome. Thank you, Jason. And thank you to those participating in today's training webinar.

Again, I am Bill Cushard with Allonhill, one of the independent consulting firms completing the independent review of foreclosure files.

The purpose of today's webinar is to make available additional information to counselors and other advisors, so they can better assist borrowers with completing the request for review form associated with the independent foreclosure review process.

We want to ensure that all affected borrowers have the opportunity to participate in this review process and do not miss out on a chance for potential remediation if they are eligible.

Our agenda today begins with a brief overview of the independent foreclosure review process. Then we will walk through each question on the request for review form, giving section by section guidance.

I would like to add a special word to our audience. We recognize that most of you in our audience today are viewed as trusted advisors by borrowers. You are key to increasing borrower trust and participation in the review process. We hope this information helps you better assist borrowers with the request form.

So let's get started. The independent foreclosure review process is required as a result of the enforcement actions issued by the federal banking agencies in April 2011. These actions were issued against 14 large financial institutions for deficient residential mortgage loan servicing practices.

As mandated by these actions, the servicers were required to retain independent consultants that were approved by the Federal Reserve and the OCC to conduct the review after close scrutiny at their independence. The federal banking agencies are continuing to oversee the foreclosure review process to ensure that it is carried out independently.

Under these actions, servicers must remediate borrowers for financial injury resulting from servicer errors, misrepresentations, or other deficiencies in the foreclosure process.

The actions require a process for receipt and review of borrower claims and complaints. Borrowers who believe they were financially harmed during the mortgage foreclosure process by the errors of one of these mortgage servicers can request an independent review if they had foreclosures initiated, pending, or completed during 2009 or 2010, on a mortgage loan for their primary residence.

The servicers are using Rust Consulting as a central administrator and claims processor for the independent foreclosure review. As part of their function, Rust Consulting will notify borrowers who may be eligible for a review, receive requests for a review, and answer questions about the independent foreclosure review process.

The form we are about to review is what borrowers must complete and submit to Rust in order to request a review. Borrowers have until July 31, 2012¹, to submit their requests. Please note that even though the request forms still reflect the old deadline of April 30, 2012, the new deadline is in fact July 31, 2012.

The purpose of extending the deadline was to increase awareness of the process and encourage the broadest possible participation.

Okay. So now a little bit about the process. The role of the independent consultant is to conduct a file review and determine if borrowers suffered direct financial harm from servicers' errors, misrepresentations, or other deficient servicing practices.

Please understand and emphasize with your borrowers that the independent consultant played no role in servicing the mortgage loans or in the foreclosure process. In fact, the federal banking agencies reviewed whether each independent consultant has provided any advice to the servicers on their foreclosure practices. This was done to ensure that the consultants are not reviewing any of their own actions or opinions in connection with this independent review.

¹ The deadline has been extended to December 31, 2012.

Our purpose here is to review the form and the borrower's mortgage loan file and then provide an independent assessment of whether the borrower suffered any financial harm.

For more information about the review process, you may visit the website of the independent foreclosure review at www.independentforeclosurereview.com. So that's all one word, and that link is also located at the bottom of each slide. Or you may visit the website of the Federal Reserve Board and the OCC, again, listed at the end of the presentation.

There is a toll-free hotline for the independent foreclosure review that is also available. That number is 1-888-952-9105. I will say that one again. The number is 1-888-952-9105.

Before we begin on the form, we list on Slide 8 the mortgage servicers subject to the enforcement actions, and we include on this list affiliates of those servicers that are also covered by those actions.

I would like to turn the presentation over to my colleague, Don. Don?

MR. WANSTEN: Welcome, and thank you again for making time to participate in the training today. I am Don Wansten with the Promontory Financial Group. It is my hope that the information given today will help clarify any questions that you may have as you assist borrowers in completing the forms.

The form provides a framework for helping the borrower to tell their story, either by checking the boxes in the questions or by writing it out in the free form section. Let me stress that the form is critical to triggering a review. The borrower only needs to complete the form to the best of their ability.

In today's webinar, Bill and I will review the form section by section, pointing out issues and tips that can help borrowers fill out the form. The independent review has two

complementary processes intended to identify and remediate as many financially harmed borrowers as possible.

I will mention the first only briefly that it is a look-back or a review of files for particular categories of borrowers who the federal banking agencies determined presented a significant risk of being financially injured in the foreclosure process.

The second process and the focus of this presentation is the claims process, whereby borrowers can request a review of their foreclosure action. This process involves reaching out by mail and mass media to raise an awareness of the request for review form.

To date, notices have been mailed to 4.3 million borrowers since November of 2011. In addition to public service announcements, ads were placed in major publications, such as USA Today Weekend and TV Guide. Once again, the purpose of the training is to encourage borrowers to complete the request for review form, which is a critical step for requesting a review outside of the look-back process.

On this next slide, we see we are showing an example of the envelope that was mailed to the borrower. The client's name and address appeared in the center of the envelope. On Slide 11, it shows a picture of the self-addressed stamped envelope that we provided for the borrower to return their forms.

Before we take our first break for questions, let me mention a few rules of thumb to remember when assisting borrowers through this process. On Slide 12, we see a few rules of thumb to help guide your assistance to the borrowers completing the form.

Let me underscore that we, like you, are interested in seeing borrowers participate in this process. In the spirit of this common goal, we have developed several rules of thumb that we

think may help clarify areas of the request for review form and gain borrowers' confidence in the process.

The first rule of thumb: the minimum threshold level of information needed to trigger a review is the borrower's current contact information and signature. In other words, the borrower's loan will be reviewed as long as the review form is signed and provides current contact information.

This leads to the second rule of thumb. The more information the borrowers can give, the better it will be to help target items for review in the borrower's file. We will address this point in more detail when we come to Section 3, question number 13.

And, last, it is important to return all original pages of the form, even if there are blank pages with no answers to them. Now I will break to answer a few questions that we have received in advance of the session. Jason, let's take a look at those questions.

MR. LEW: Thanks, Don.

As I mentioned in the opening remarks, we are going to cover quite a few questions throughout the presentation and take additional ones during the Q&A session at the end of the webinar. Please remember that we will make the webinar available for replay, along with a transcript of today's presentation and a Q&A document within the next few weeks.

With that, I will move into the questions. The first question: what is a foreclosure action? And which foreclosure actions are part of the independent foreclosure review?

Foreclosure actions eligible for review include any initiated, pending, or completed foreclosures on the borrower's primary residence between the dates of January 1, 2009, and December 31, 2010.

Examples may include the property was sold due to a foreclosure judgment; the mortgage loan was referred into the foreclosure process, but the borrower subsequently entered a payment plan or a modification program; the mortgage loan was referred into the foreclosure process and the home was sold, including through a short sale or a deed in lieu; the mortgage loan was referred into the foreclosure process and remains delinquent, but the foreclosure sale has not yet taken place.

MR. LEW: Okay. Thanks. If there was a transfer of servicing since 2009, will the borrower receive the request for review form from their current servicer or from their previous servicer?

MR. WANSTEN: Bill, did you want to take that?

MR. CUSHARD: Oh, yes, I will. Thanks, Don. An eligible borrower will receive a request for review form from their current servicer provided that the servicer was one of the participating servicers under the consent order.

MR. LEW: Okay. Thanks. If the borrower's foreclosure action occurred before January 1, 2009, will the borrower still be considered for a review?

MR. WANSTEN: As long as foreclosure action involved your primary residence and was still active during any part of January 1, 2009, through December 31, 2010, and the mortgage was serviced by one of the participating servicers, you may be eligible for a review.

MR. LEW: Okay. Thanks. If the borrower's foreclosure sale was in 2011, but the process began in 2010, is the borrower eligible to have their foreclosure reviewed?

MR. CUSHARD: Yes, absolutely. If the foreclosure activity was in process at any point during 2009 and 2010, if it involved your primary residence, and if the mortgage was serviced by one of the participating servicers, then, yes, absolutely.

MR. LEW: Okay. Does it count as a foreclosure when a servicer refuses to accept payments from the borrower or tells the borrower, "You are in foreclosure," but no other action has been taken by the servicer?

MR. WANSTEN: That's a good question. To be eligible for review, a borrower must be referred into the foreclosure process by the servicer during 2009 or 2010. If the borrower is merely delinquent, but has not been referred into the foreclosure process in 2009 or 2010, they would not be eligible for a review.

The best way to confirm eligibility is to call the Rust toll-free number.

MR. LEW: Thanks. Next question, can borrowers who settled out of their property through a short sale or a deed in lieu still request a review?

MR. CUSHARD: To be eligible for a review, a borrower must be referred into the foreclosure process by the servicer in 2009 and 2010. If the borrower completed a short sale or a deed in lieu without first being referred into the foreclosure process by their servicer in '09 and 2010, they would not be eligible for a review.

So by comparison, if a borrower has been referred into the foreclosure review process by their servicer, and thereafter completes a short sale or a deed in lieu, the borrower is eligible for a review. And, again, the best way to determine the eligibility is to just call that number, call Rust, the toll-free number, to confirm.

MR. LEW: What if a client can no longer afford the mortgage, even though they may have suffered financial injury? Should they still go through this process?

MR. WANSTEN: Yes. If the borrower believes that they suffered financial injury, they should fill out the request for review form and submit it for review. Determinations of financial injury and remediation are not dependent upon the borrower remaining in the home.

The borrower should also continue to work directly with their servicer to pursue any loss mitigation options the servicer may have to offer. The review is not intended to replace active foreclosure prevention efforts with your servicer.

MR. LEW: Thanks. The next question: what if the borrower has more than one mortgage account? Can they receive a form for each mortgage?

MR. CUSHARD: If you have more than one mortgage account that meets the initial eligibility criteria for an independent review, you will receive a separate letter for each. So you will need to submit a separate request form for each account, and it's important that you complete the form to the best of your ability. You know, all information that you provide on those two forms are helpful.

MR. LEW: Next question: who identifies which borrowers are eligible for the independent foreclosure review?

MR. WANSTEN: As part of the consent orders with federal bank regulators, the 14 mortgage servicers and their affiliates have identified customers who were part of a foreclosure action on their primary residence during the period of January 1, 2009, through December 31, 2010.

The identified populations were subject to testing and validation by the independent consultants and reviewed by the federal bank regulators.

MR. LEW: Thanks. We've got the following question on the legitimacy of the review. How do I know the independent foreclosure review is legitimate?

MR. CUSHARD: Well, for additional information, it is useful to visit the Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System, the Prevent Loan Scams, or the Loan Scam Alert websites.

Website addresses and information about the web addresses is available on the presentation slides. The independent foreclosure review is free, so watch out for scams. There is only one independent foreclosure review, so beware of anyone who asks you to pay a fee for any foreclosure review service, such as completing the request for review form.

MR. LEW: Okay. Thanks. The next question: is the request for review available in any languages other than English?

MR. WANSTEN: The request for review form is available in English, but the Rust toll-free call center at 888-952-9105 has translation services available in over 240 languages. And the operators can also translate documents for borrowers over the phone.

Spanish language translations of the frequently asked questions and a Spanish language guide on how to complete the form is now available on the independentforeclosurereview.com website.

MR. LEW: Thanks. The next question: is there funding provided through this process for housing counselors to assist borrowers with completing the form?

MR. CUSHARD: The federal banking agencies are encouraging servicers to provide resources to housing counselors to help make borrowers aware of the independent foreclosure review.

Bank of America has already funded an initiative to engage 11 HUD-approved counseling intermediaries to support enhanced outreach to reach as many eligible customers as possible, including low and moderate income borrowers, multicultural borrowers, and those who may experience language barriers.

MR. LEW: The next question: can a request for review form be completed or submitted over the phone?

MR. WANSTEN: No, because the independent review administrator must receive the borrower's signature on the request form. We are pleased to announce, however, that a borrower may now also submit their request for review form online through the independentforeclosurereview.com website.

MR. LEW: Okay. Thanks. Can a borrower request a review even if they didn't receive a letter? And how would they do that?

MR. CUSHARD: Yes, they sure can. The borrower may call that toll-free hotline at Rust Consulting it's 1-888-952-9105 to help determine whether they are eligible for a review and to have the request for review form mailed directly to them.

MR. LEW: Okay. Thanks. How can homeowners who have been foreclosed and have moved receive a request for review form?

MR. WANSTEN: They may call the toll-free hotline at 1-888-952-9105 to determine whether they are eligible for a review and to have a request for review form mailed directly to them. Efforts were made to find current addresses for all eligible borrowers. Direct mailing to the borrowers include the use of address tracing methods to locate borrowers who lost their home to foreclosure, such as through the national change of address database, and third party consumer databases that uses information from credit bureaus, public records, and utilities, et cetera, to determine a borrower's most likely current address.

MR. LEW: Thanks. Now, who can submit a form, and who can sign the request for review form?

MR. CUSHARD: That's a really good question. So either the borrower or the co-borrower of the mortgage loan can submit and sign the form. So the borrower signing the

request for review form should be authorized by all borrowers to proceed with the request for review.

In the event of a finding of financial injury, any possible remedy will take into consideration all borrowers listed on the loan, either directly or to their trustees or estates.

MR. LEW: Okay. Thanks. We've got a follow-up question to the signatures. Can the housing counselor use its third party authorization granted by the borrower to sign the form on behalf of the borrower?

MR. WANSTEN: No. Only the borrower, co-borrower, or an attorney in fact can sign the form. If the housing counselor is assisting a borrower with questions about the form, the borrower must be with the counselor when calls are made to the toll-free number for independent foreclosure review process.

Housing counselors may now also assist a borrower in submitting their request for review form online through the independentforeclosurereview.com website.

MR. LEW: Thanks. What if one of the borrowers has died or is injured or debilitated?

MR. CUSHARD: Any borrower, co-borrower, court-appointed guardian, or executor, or any attorney in fact, can sign the form. In the event of a finding of financial injury, any possible remedy will take into account all borrowers listed on the mortgage loan, either directly or through their trusts or estates.

MR. LEW: And here's a follow-up question to the third party question. Can attorneys or housing counselors complete the form for clients with his or her information and signature?

MR. WANSTEN: Attorneys, as well as housing counselors, or other third party advisors, may assist the borrower with gathering the information or other assistance requested by the

borrower for completing the form. However, the form must be signed by the borrower, the co-borrower, a court-appointed guardian, or executor, or attorney in fact.

MR. LEW: Okay. Thanks. And we will take one last question. If the housing counselors or attorneys already have a representation agreement with their clients regarding the mortgage, can they sign the independent foreclosure review form on their behalf?

MR. CUSHARD: No. Unless the borrower has granted the counselor or the attorney with the authority to act on the borrower's behalf in the form of a legal power of attorney.

MR. LEW: Okay. Thanks. Don, I will turn the presentation back to you.

MR. WANSTEN: Well, thank you for your questions. We will take another break for questions shortly.

Now let's go to Slide 13. With the rules of thumb stated, we are now ready to review the form by each section. Section 1 of the first page is straightforward, because the property information is prefilled with the name of the mortgage servicer, the mortgage loan number, the reference number, and property address.

If any of this information is incorrect or different from the borrower's records, please write the correct information in question number 13. If the borrower has misplaced the pre-coded form and needs another form, please ask them to call the Rust toll-free number at 1-888-952-9105.

Borrowers can also visit the independent foreclosure review website, which has been recently updated to allow for the submission of a request for review form online.

Go to Slide 14. The mortgage servicer listed in the property information box is the bank or institution that processes the borrower's mortgage loan payments and is the company that

receives monthly payments from the borrower or that handled the borrower's request for loan modification.

This may be different than the bank or institution where the borrower originally received the mortgage loan. Please let the borrowers know that they should save the information in Section 1 for future use.

Section 2 contains the borrower's contact information. The first box is for the borrower's official mailing address. The second box is for the borrower's preferred contact address and phone number. We wish to stress a point made earlier: so long as the borrower submits his or her barcoded form with the correct information, and a signature, the loan file will receive a review.

Now, before we move on to Section 3 on the form, I will turn it over to Jason for some additional questions.

MR. LEW: Great. Thanks. So the first question we have: can the form be submitted electronically?

MR. WANSTEN: The independentforeclosurereviewform.com website has been recently updated to allow for online requests for review form submission. Once the completed form is submitted, a copy can be printed for the borrower's records.

MR. LEW: Thanks. Can I photocopy a blank request review form to give to my clients who did not receive one in the mail?

MR. CUSHARD: No. Each form mailed contains a barcode with unique information for the borrower. If the borrower has misplaced the form, or needs another one, please have the borrower call the toll-free hotline. And, again, I will repeat that it's 1-888-952-9105 to request another or visit the website to submit their form online.

MR. LEW: Okay. Thanks. And we will take one more. If the borrower has submitted a complaint to their servicer, does the borrower need to submit a separate request for review form to participate in this process?

MR. CUSHARD: Yes. You should submit a request for review form directly to the independent foreclosure review to ensure that your mortgage loan is reviewed in this process.

MR. LEW: Okay. Thanks. With that, Bill, I will turn the presentation over to you.

MR. CUSHARD: Thanks Jason. Those are a lot of good questions, so keep those coming for later.

Let's return to the session and look at the questions in Section 3. Okay. So on the screen you are now seeing a screen shot of the layout of the questions in Section 3, and this is just a partial view of all of the questions in this section.

There are 13 questions in Section 3, including question number 13, where we will encourage borrowers to elaborate on yes or no answers, or to provide additional information they would like the independent consultant to consider.

I will review several of the questions on the form and pause at the end of Section 3 to answer some more of your questions.

Okay. So question 1 asks a borrower to confirm that the property was his or her primary residence at the time of the foreclosure action. A primary residence was the place where the borrower lived or resided during the majority of the calendar year.

It is also the address that would have appeared on his or her federal income taxes or voter registration or government-issued driver's license or identification card. A person can only have one primary residence at any given time.

Please note that the borrower needs not live or reside at the property address when completing the request for review form. Again, we are trying to determine that the property address on the form was the borrower's primary residence, as I have just defined this term, at the time the borrower experienced a foreclosure action.

The purpose of the next question, question 2, is to determine if the foreclosure action took place while the borrower was protected by bankruptcy. If yes, it is helpful for the reviewer to enter the date the bankruptcy case was filed. If the borrower was unsure of this information, you can direct the borrower to look back on the copy of the final bankruptcy papers.

If the borrower has misplaced this information, and was working with an attorney, the attorney would have a copy of these papers. Again, the date is not required, but this information would be helpful to provide if a borrower can find it.

Now, question 3 asks whether the borrower's records of the amount still owed on the mortgage is consistent with what the lender or servicer says is owed. So, for example, the servicer claims that \$150,000 was owed on the mortgage, but the borrower believes the correct amount should be \$140,000.

If there is a difference, the borrower should indicate "yes" here on the form and include information in question 13 explaining in detail why the borrower believes the balance is incorrect. So remember the total amount owed could include fees that were charged, by the servicer.

Question 4 asks if the borrower believes that the servicer made a mistake to his or her account. In other words, this question is asking the borrower, do you believe you were making payments as stated in the original mortgage agreement, or written modification agreement, if there is one required, but the foreclosure action still happened?

The borrower also may indicate whether payments he or she made for principal or interest were credited, you know, properly. So, for example, if the borrower made an additional monthly payment to reduce the principal, and believes the servicer did not correctly apply the payment, the borrower should include an explanation in question 13 and include any documents they have related to the additional payment.

Question 5 asks the borrower whether he or she bought an insurance policy from the servicer or an affiliate that was supposed to make mortgage payments if he or she became ill, unemployed, or disabled, and then did not.

The question is asking specifically about mortgage insurance purchased from the servicer or affiliate. It is not referring to other types of personal insurance such as an individual disability policy that the borrower may have bought elsewhere.

Question 6 is asking whether the borrower went to court to contest the foreclosure process, and, if so, the date of the court case. This question is specific to the borrower's filing a court action to contest the foreclosure action. And this is different from the date of the foreclosure order or a bankruptcy court date.

And we are noticing many borrowers putting court dates for reasons other than contesting the decision to foreclose. If a borrower went to court to contest a foreclosure, there would be court filings, attorney communications, or other paperwork that would show the date their action was filed.

So the borrower can obtain those papers from the court or from his or her attorney, if the borrower did not retain copies at the time. If the borrower does not know the court date of their foreclosure court action, and was working with an attorney, the attorney would have this information, or the borrower can contact the court clerk or county records office.

Again, this information is not required, but it is helpful to know if the borrower has already filed a complaint against a servicer, so that we can take a look into the issues that they have raised.

Question 7 is about documentation. If you were working with a borrower who has tried to obtain payment assistance or a mortgage modification, servicers will usually request certain documents to process the request. Examples of the types of documents that would have been requested include the mortgage agreement, bank statements, tax returns, and pay stubs.

If the borrower has copies of the documents they previously submitted to the servicer to obtain payment assistance or a mortgage modification and/or proof of submission so, for example, FedEx tracking labels, fax confirmation sheets, emails, etcetera, they can resubmit this information with the request for review form.

As we mentioned earlier during the rules of thumb, it is advantageous to the borrower to provide as much information as possible, but it is not required.

Question 8 asks whether an action was taken against the homeowner for an amount of money that he or she should not have been required to pay. If the borrower is not sure if there was a deficiency judgment against them, ask them to check their records to see if the servicer sent the borrower a notice of the deficiency.

They would also have been notified by the courts as to the deficiency judgment, which would be a matter of public court and county records and will commonly show up on the borrower's credit report.

Question 9 is another more general way of asking whether the borrower believes he or she has been making payments as required and the foreclosure should not have happened. Similar to question 4, we are trying to determine if the foreclosure action took place even when

borrowers believed they were doing everything right, making on-time regular monthly payments or timely payments as set out in a trial modification, permanent modification, or other plan.

For question 10, we are looking to see if the borrower believes he or she qualified for a modification under the rules of a modification program but did not receive one. Here the program referred to could be HAMP or other loan modifications, or it could be the bank's proprietary modification programs.

Question 11 is asking whether the borrower believes fees or other charges were inaccurately calculated, processed, or applied. This could include late fees, appraisal costs, broker price opinions, expenses including an escrow or impound account, forced placed hazard insurance premiums in other words, fees for insurance imposed by the servicer expenses to secure and/or maintain the property, attorney fees, et cetera.

If the borrower has specific information about servicer errors on fees or other charges, they should feel free to expand on this under the open box on question 13. The more information they can provide about these errors, the better the independent consultants can specifically research the complaints on the borrower's behalf.

Question 12 applies only to military borrowers and co-borrowers. Persons covered include service members who are a member of the uniform services, so Army, Navy, Air Force, Marine Corps, or Coast Guard. It also applies to reservists ordered to report to active duty or induction.

The reviewers want to ensure that foreclosure protections under the Servicemembers Civil Relief Act were granted to military borrowers and their co-borrowers. So question 13 is where borrowers have an opportunity to put in their own words how they believe they suffered

direct financial injury as a result of the servicer's errors, misrepresentations, or other deficiencies during the foreclosure process.

We encourage the borrower to write as much as he or she can in this space. The more detailed borrowers can be to support their responses, the better. The borrower is also encouraged to include any documents with their request for review form that they believe will support the issues described in their responses to question 13.

Okay. So we have covered a lot of ground, and we will now take a short break from the presentation to answer another round of questions. Jason, what questions do we have?

MR. LEW: Thanks Bill. I will move right into the questions. What if the home is going through a foreclosure sale in the next seven days? Or what if the borrower has received an eviction notice?

MR. CUSHARD: Good question. Have the borrower call the servicer directly. If they don't have that phone number, you can give them the toll-free number 1-888-952-0105, and they can provide it to them.

MR. LEW: Okay. Thanks. The next question: will the independent foreclosure review affect, stop, or delay the foreclosure date?

MR. WANSTEN: All borrower requests for independent foreclosure review received will be reviewed to determine if a foreclosure sale date is scheduled. The servicers and independent consultants have been instructed to prioritize the files to be reviewed, taking into consideration the scheduled date of the foreclosure sale.

However, the submission of a request for review form will not automatically stop or delay your foreclosure. You should continue to work with your servicer in all efforts to prevent a foreclosure sale.

MR. LEW: Thanks Don. The next question: what if the borrower is working with their servicer or has been approved for a modification or another option to avoid foreclosures?

MR. CUSHARD: The independent foreclosure review is a separate review of the mortgage loan to determine whether financial injury occurred because of errors or misrepresentations or other deficiencies in the foreclosure process. So a request for review will not impact any other options that the borrower, may be approved for or may be pursuing with their servicer.

MR. LEW: Thanks Bill. The following question: if a borrower is still working with their servicer to prevent a foreclosure sale, will we still be able to work with them?

MR. WANSTEN: Of course, and you need to continue to work with your servicer. Participating in the review will not impact any effort to prevent a foreclosure sale. The review is not intended to replace active foreclosure prevention efforts with your servicer.

MR. LEW: Great. Will consultants review files to determine whether defaults were caused by improper application of loan payments, improperly forced placed insurance, abuse of fees, etcetera?

MR. CUSHARD: If the borrower responds "yes" to question 4 or question number 11, the consultants will review the file to determine whether the servicer erred in the application of payments or improper forced placed insurance or improper fees. The borrower should provide as much specific information as possible in that question 13 at the end of the form.

MR. LEW: Okay. Thanks. Okay. What type of errors or deficiencies may lead to financial injury to a borrower?

MR. WANSTEN: We have examples of situations that may have led to financial injury. And a list doesn't include all situations, but some examples are the mortgage balance at the time

of the foreclosure action was more than you actually owed, or you were doing everything the modification agreement required but the foreclosure sale still happened, or the foreclosure action occurred while you were protected by bankruptcy, or fees charged or mortgage payments were inaccurately calculated, processed, or applied, or another one would be the foreclosure action occurred while you were protected under the Servicemembers Civil Relief Act.

MR. LEW: Thanks Don. The next question: a borrower is more than six months delinquent on their mortgage; can borrowers with this type of payment history expect a remediation?

MR. CUSHARD: Remediation will be based on documented financial harm, stemming from improper foreclosure practices by the servicer. If a foreclosure activity on the primary residence was processed at any time during 2009 or 2010, the mortgage was serviced by one of the participating servicers, and if the borrower believes they have been financially harmed by the improper foreclosure practices involving errors or misrepresentations or other deficiencies, the borrower should consider requesting a review through the third party review process required by the enforcement action.

MR. LEW: Thanks. The next question: what kind of remedy can you provide for people who unfairly lost their homes as a result of illegal or inappropriate servicing practices?

MR. WANSTEN: The primary goal of remediation is to identify and compensate individuals who suffered direct financial injury as a result of improper foreclosure actions by the servicer.

Compensation or remediation for direct financial injury and recommendations will be made by the independent consultants based on guidance issued by the OCC and the Board of

Governors of the Federal Reserve System, which will include specific types and amounts of compensation or other remediation for borrowers.

This guidance is close to being finalized and will be made public.

MR. LEW: Thanks. And we will take one more question during this Q&A segment. When will the remediation framework used to determine financial injury be made available?

MR. CUSHARD: The agencies are close to finalizing the remediation framework, and more information on this is forthcoming.

MR. LEW: Okay. Thanks Bill. I will turn it back over to you.

MR. CUSHARD: Great. Thanks Jason. Those are all very good questions. I would like to turn the presentation over to Don, who will resume it.

MR. WANSTEN: Thanks Bill. There are three paragraphs in this next section of Section 4, and then a space for the borrower to sign and date. We will take each paragraph one by one.

All this first paragraph does is have the borrower state that he or she submits a request for independent foreclosure review as part of the enforcement actions mentioned earlier. The second paragraph refers to a qualified written request, which is not what this review is for.

The QWR, as it is referred to, is used when the borrower wants to get information about his or her loan file directly from the servicer. A borrower who wants to submit a QWR must contact their servicer directly. The independent consultants are not authorized to act as agents to receive a qualified written request.

The third paragraph states that by signing the request form the borrower certifies that he or she is submitting truthful information. It also states that by signing he or she is granting permission for the independent consultant to conduct the independent review.

Then, there is a space for the signature of the borrower or co-borrower, a space for the date, and then the printed name. A signature is required here to process the document. Forms without signatures cannot be processed, so please make sure the borrower does not forget to sign. That is so very important.

Let's move on to slide 31. So what happens next? After the borrower submits the request for review form, he or she should receive an acknowledgment letter typically within a week or so. The letter will come from Rust Consulting, which may be labeled on the envelope as Independent Review Administrator.

The borrower does not need to take any additional action for this process, except to update their address with Rust Consulting and their servicer if they happen to move.

When the review is completed, the borrower will receive a letter with details about the findings and information about possible remediation or other remedies. Not every finding will result in remediation. Because the independent consultants will examine many details and documents, the review could take several months in some cases.

I will also add that the review of the borrower's information will be limited to the independent review. We will not share the borrower's information other than for the purposes of evaluating the borrower's request. The borrower's information also will not be sold or used to collect debts from the borrower.

Let's go on to the next slide. This section for more information about the independent foreclosure review, basically if you or the borrowers have questions about the form or process, please don't hesitate to call the toll-free number, which is 1-888-952-9105.

If the borrower requires translation assistance, there are representatives available at the toll-free number that can connect the borrower to someone who can translate in the borrower's preferred language. There are over 200 languages available for this translation support.

Also listed on here are websites of the Federal Reserve Board and the Office of the Comptroller of the Currency where you will find more information about the independent foreclosure review process. Be sure to check these pages in mid-March for the archive of this presentation, including the audio and related training materials.

And now let me turn this back over to Jason, who can facilitate some more questions and answers.

MR. LEW: Okay. Thanks Don. Okay. So the first question we have: how and when will the borrower be notified of the results of the review?

MR. WANSTEN: The borrower will receive a letter advising them whether or not they incurred financial injury and are entitled to compensation or other remedy due to errors in the foreclosure process. Because the review process will be a thorough and complete examination of many details and documents, the review, again, could take several months.

MR. LEW: Okay. Thanks. The next question: what can the borrowers do if he or she disagrees with the independent foreclosure review decision? Is there an appeals process?

MR. CUSHARD: That's a good question, too. The results of the review are considered final, and there is no appeal. However, the review will not have an impact on any other options that the borrower may pursue related to his or her mortgage loan.

MR. LEW: Thanks. The next question: will the servicer take any action against a borrower for participating in this process?

MR. WANSTEN: No. The participating servicers and the regulators want to ensure that customers are treated fairly. The independent foreclosure review will not have an impact on your credit report or other options you may pursue related to your foreclosure.

MR. LEW: Thanks. The next question: what if the review process or independent consultant determines that the borrower owes money to the servicer?

MR. WANSTEN: There will not be a determination or reporting of funds owed to servicers as part of the review. The review will only assess whether or not eligible customers incurred financial injury and should receive compensation or other remedy due to errors in the foreclosure process.

MR. LEW: Thanks. The next question: does filing a request for review form prevent the borrower from filing other litigation or action against the servicer?

MR. WANSTEN: No. Submitting a request for an independent foreclosure review will not preclude you from any other options you may pursue related to your foreclosure.

MR. LEW: Okay. Thanks. So the next question: will the independent foreclosure review process require the borrowers to sign a waiver to release the servicer from any claims related to the foreclosure action in order to receive a remedy?

MR. CUSHARD: The agencies are still looking into the matter of releases and will follow up once a final decision has been reached. However, submission of the request for review form itself will not waive any borrower rights. In addition, borrowers will always be given a choice to either accept the offer of remediation or to reject the offer and pursue their claims in alternative venues including the courts.

MR. LEW: Okay. Thanks. Is the independent foreclosure review process the same as the Attorney General's and the Department of Justice settlement?

MR. WANSTEN: No. The two actions are separate, but that is a good question. The independent foreclosure review process is the result of the enforcement actions issued on April 13, 2011, by the federal banking regulatory agencies against 14 large financial institutions in response to deficiencies found in their mortgage servicing practices; whereas, the State Attorney General settlement was announced on February 9, 2012, and entered into with the five leading bank mortgage servicers to address mortgage loan servicing and foreclosure abuses found from investigations conducted by multiple federal and state government agencies.

MR. LEW: Okay. And we've got one more question that we received prior to the presentation. And the question: will the borrower be disqualified from the Department of Justice settlement if they participate in this independent review, and vice versa?

MR. CUSHARD: No, not at all. Borrowers may be eligible to participate under both.

MR. LEW: Okay. Great. Thanks Don. Thanks Bill.

I know we covered a lot of information. I just want to reiterate that we will make the webinar available for replay, along with the transcript of today's presentation and the Q&A document within the next few weeks. So given the information we covered, you will be able to go back and replay the presentation.

We will now transition the Q&A segment and transition to questions that were sent in during today's session. And for this round we are joined by representatives from the Federal Reserve Board and the OCC. We will try to answer as many of your questions as possible. But in case we do not get to your question, we will let you know at the end of the presentation where to find an online Q&A.

So since we received quite a few questions during today's presentation, I tried to group the questions in order to better facilitate the Q&A. And I will focus on the process first. The

first question that we received: is it possible that not all borrowers who are eligible for some sort of relief under the independent foreclosure review received these letters?

MS. FREAS: This is Monica Freas with the OCC. All 4.3 million borrowers were mailed notification letters, but it is possible that for some reason the letters may not have reached a borrower.

If the borrower feels that they are part of the in scope population, or may be eligible for review, they should call the Rust toll-free number or they can submit their request online. There is also a process online that will tell you if you are an eligible borrower.

But if for any reason the borrower believes they are eligible, and the website is telling them they are not eligible, they should call the Rust toll-free number to receive a form.

MR. LEW: Okay. Thanks Monica.

We got a question with regards to the access of information by the independent consultants; specifically, whether the information will be made available to the bank and servicer in terms of the actual file review.

MR. KLEIN: This is Mitchell Klein from the Federal Reserve. The servicer will have to get the information to provide remediation, but the servicer may only use borrower information submitted during the independent foreclosure review process, for purposes related to the independent foreclosure review process, unless the borrower directly contacts the servicer separately to provide their information.

Please refer to the privacy policy on the independent foreclosure review website, which addresses this issue.

MR. LEW: Okay. Thanks Mitchell.

We had a question with regards to the servicers that were included in the process, and specifically one servicer Ocwen was included in the question. And the question was: why weren't they included, since it is a major servicer?

MS. FREAS: Ocwen is not regulated by the OCC or the Federal Reserve Board, so Ocwen is not under our jurisdiction and is not subject to the consent orders.

MR. LEW: Okay. Thanks Monica. The next question: going forward, will the review process be continued in a similar manner for any improper foreclosures by any mortgage servicers for foreclosures in either 2011 or after?

MR. KLEIN: No. Under the consent orders, the independent foreclosure review is limited to loans active in the foreclosure process in 2009 or 2010.

MR. LEW: Okay. Thanks. And we've got a question about translation services. If borrowers call the translation service to have their questions translated for them, can they then submit their answers in their native language?

MR. KLEIN: Yes. Borrowers can submit their answers in their native language, and it will be translated. But borrowers should make sure that the information is submitted on their original request for review form.

MR. LEW: Okay. Thanks. We have got a follow-up question with regards to information accessible by the consultant. Will the consultant request additional information if they need clarification regarding something a client stated on their independent request for review form?

MS. FREAS: Yes. If the independent consultant determines that additional information is required from the borrower to complete their review, they may request that additional information be obtained from the borrower.

MR. LEW: Thanks. So we have got a number of questions that relate to specific questions asked on the forms. And the first question with regards to question 6 that addresses the court date, the question is: does the court date mean the date the servicer or lender commenced the lawsuit, the date the borrower appeared in court, or the date of final judgment?

MR. KLEIN: Question 6 is referring to the date that the servicer commenced the lawsuit.

MR. LEW: Okay. Thank you. And question 13 is an open field that asks for information that was asked in previous questions. And we got some questions with regards to character limitations, and some of the participants are wondering, is there a character limit imposed for that section of question 13?

MS. FREAS: With regard to question 13, there is no limit on the request for review form. And, in fact, the borrower can attach additional pages if they want to explain in more detail their concern or their issue.

I would note that the online submission does have a character limit that is specified online.

MR. KLEIN: And I would like to quickly correct my response regarding question 6 and the relevant court date. Question 6 refers to the court date that the borrower commenced the lawsuit.

MR. LEW: Okay. Great. Thanks for the clarification.

We have got some questions on the availability of this webinar, specifically with regards to the slides and distribution to others. The question is: may we print out the slides and distribute them?

MS. FREAS: And distribute them to others. You may print out

MR. LEW: To others, yes.

MS. FREAS: the slides and distribute them to others.

MR. LEW: Yes.

MS. FREAS: Yes.

MR. LEW: So the participants may do that?

MS. FREAS: Yes, they may.

MR. LEW: Okay. Great. We've got a couple of questions that relate to remediation.

The first question: if it is determined that a borrower was injured as a result of a foreclosure, is it possible that they can regain the property, or is monetary compensation the only outcome?

MS. FREAS: The financial remediation framework will address this specific question, and lots of other questions that we know that borrowers are interested in in terms of what kinds of amounts of remediation will be offered for different types of injuries—federal regulators are currently working on that financial injury framework.

That will be published soon. Our expectation is that we hope to have it available to the public in March, and it would answer that question and other questions regarding the types of specific amounts and remediation that borrowers can expect.

MR. LEW: Okay. Thanks Monica. We will take one more set of questions, and following up on the question about harm and remediation, where are the funds for remediation coming from, the wrongdoer servicer, the taxpayers?

MS. FREAS: Definitely not the taxpayers. The servicers who are under the orders will be paying for any financial compensation that is owed to the borrowers.

MR. LEW: Great. Thank you. So with that, that does conclude our presentation. We have tried to address the questions that we have received. If we haven't gotten to them, keep in mind we will try to address them in the Q&A document that we release in a couple of weeks.

So we have reached the end of today's webinar. And before we sign off, I wanted to thank everyone for their participation, especially our presenters, Don and Bill.

This training will be available for download in mid-March. We will also post a transcription of the event in English and Spanish, and the accompanying slides in both languages. A Q&A document with today's questions, including the ones we didn't get to, that have general application will also be available online.

On the final slide, we have listed resources for borrowers. So that is on Slide 35. And, lastly, we would appreciate your feedback on a short anonymous survey that will appear on your screen immediately after ending the webinar. It may not appear if you have your pop-up blocker set. In that case, you can select the survey tab before exiting the main screen to access the feedback form.

We hope the information shared today has been helpful and will greatly aid in your efforts to assist borrowers through the foreclosure review process.

Thank you, and have a great afternoon.

(Whereupon, at 3:09 p.m., the webinar was concluded.)