

P R E S S R E L E A S E

F O R I M M E D I A T E R E L E A S E

M o n d a y , F e b r u a r y 1 3 ^{t h} , 2 0 1 2

PR Contact: Brandon German, 617-942-1472

Interview Requests, bgbran@gmail.com www.CLVU.org

**INADEQUACIES WITH ATTORNEY GENERALS FORECLOSURE SETTLEMENT
Wall Street banks and government authorities acknowledges need for principal reduction
but it is not a solution to the foreclosure crisis says City Life/Vida Urbana**

Boston, MA. – As of today, Monday February 13th 2012, City Life/Vida Urbana does not recognize the multi-state Attorney Generals foreclosure bank settlement as a solution to the foreclosure crisis. Although the foreclosure settlement between five of the nation's largest banks and government authorities acknowledges the need for principal reduction, the settlement is just a small step forward and will not come close to doing what is needed to make this crisis end. This means the grassroots movement to stop foreclosures and the push to hold banks accountable isn't going away. We know that resetting underwater loans to real value is the only thing that will work to end the foreclosure crisis and get the economy going again.

What's wrong with the current settlement:

1. The deal includes an estimated \$17 billion for principal reduction, which is nothing compared to the \$700 billion in negative equity for homeowners in the country.
2. This means that 1 out of 40 homeowners, with underwater mortgages, would get full principal reduction under the settlement! The number of homeowners likely to get this reduction is 1 million out of the 11 million families in need.
3. Each of the 1 million homeowners will get a reduction for \$20,000 each. This is absurd, given that almost all of these loans are underwater by at least \$100,000 each!
4. Massachusetts Attorney General recently sent a letter to the Federal Housing Finance Agency urging Fannie Mae and Freddie Mac to do principal reduction, and launched her own investigation into the nation's five largest lenders and MERS in December 2011. **Fannie Mae and Freddie Mac are not even included in this settlement, although they control nearly half of all loans in the country!**

Banks deliberately created a housing bubble that led to the foreclosure crisis. Thus far our country's response has been inadequate. They rewarded the banks for bad behavior by using tax dollars to bail them out. This settlement asserts, what we have been saying for the past five years: "Principal reduction is a critical component to achieving an economic future that serves interests of working and middle class families."

The ongoing resistance of grassroots organizing has really shifted the national debate around reducing principal. Edward J. DeMarco, the head of FHFA, continues to oppose the idea and Obama's attempts to appoint a new head of the FHFA was blocked by Republican leadership. Obama has also called for Fannie, Freddie and Wall St. Banks to reduce principal. He supports the AG's settlement and his HUD secretary has even called it "a down payment on principal."

We expect that state Attorney Generals and others will continue to take strong action in the courts to hold the banks accountable, but by no means is this settlement the end of our work seeking accountability and relief, as we are continuing to look at the practices of Fannie Mae and Freddie Mac and are participating in the state-federal task force investigating the practices that led to the collapse of our economy.

City Life/Vida Urbana is a 39 year old Boston, MA. housing and tenants rights organization. Since 2007, they has been at the forefront of the foreclose crisis demanding banks reduce principal to real market value. They have been extremely successful in obtaining substantial principal reductions for families throughout Massachusetts.

###