



PRESS RELEASE

AG Frosh: \$470 Million Settlement with HSBC to Address Mortgage Loan Origination, Servicing and Foreclosure Abuses
Agreement provides Maryland homeowners with loan modifications; more than 1,000 foreclosed Maryland borrowers may be eligible for payments

Baltimore, MD (February 5, 2016) --Attorney General Brian E. Frosh today announced a \$470 million settlement with mortgage lender and servicer HSBC to address mortgage origination, servicing and foreclosure abuses.

The joint state-federal settlement provides the ability for direct payments to more than 1,000 Maryland borrowers for past foreclosure abuses, as well as loan modifications and other relief for borrowers in need of assistance. It also includes rigorous mortgage servicing standards and the oversight of an independent monitor.

In addition to the Maryland Office of the Attorney General, participating in the settlement are 48 other states, the District of Columbia, the U.S. Department of Justice, the U.S. Department of Housing and Urban Development and the Consumer Financial Protection Bureau.

"HSBC's abusive practices caused real damage to Marylanders," Attorney General Frosh said. "This settlement provides important relief for past abuses."

The agreement's mortgage servicing terms largely mirror the 2012 [National Mortgage Settlement](#) of February 2012 between the federal government, 49 state attorneys general, including Maryland, and the five largest national mortgage servicers.

A subsequent [state-federal agreement with SunTrust Mortgage Inc.](#) worth nearly \$1 billion was announced in June of 2014. A 2013 settlement with Ocwen Financial Corp. is projected to provide more than \$2 billion in consumer relief.

The HSBC agreement requires the company to provide borrowers with loan modifications or other relief. The modifications include principal reductions and refinancing for underwater mortgages. HSBC must meet certain minimum targets, but has discretion on which loans to modify.

Approximately 1,100 Maryland borrowers who encountered servicing abuse on loans serviced by HSBC and who lost their homes to foreclosure between January 1, 2008 and December 31, 2012,

will be eligible for payments from a national \$59.3 million fund for borrowers. Eligible borrowers will be notified 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 a repeat of 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;
- Requiring 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.

The National Mortgage Settlement's independent monitor, Joseph A. Smith Jr., will oversee compliance with the agreement for one year.

The agreement does not prevent state or federal authorities from pursuing criminal enforcement actions or from punishing wrongful securitization conduct that is the focus of the Residential Mortgage-Backed Securities Working Group. Additionally, the agreement does not prevent any action by individual borrowers who wish to bring their own lawsuits.

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.