

OBAMA'S "GET OUT OF JAIL FOR HELPING 1.36% CARD" FOR BANKSTERS


Yesterday, I described how the Obama Administration was going to charge the banks just \$8 billion for immunity from a whole new swath of crimes. Shahien Nasiripour has more details which make the deal look even shittier. First, the proposed deal does appear to provide states immunity not just from robo-signing and the lies banksters made at origination, but also for their securitization errors.

In return for getting the banks to agree to the refinancing scheme and give up higher interest income, the states would release the banks from civil claims related to loan originations, the stage at which many homeowners say they were duped by unscrupulous lenders.

Last month, state prosecutors proposed to effectively release the five big lenders from legal liability for allegedly wrongful securitisation practices related to the banks' treatment of loan documents. Taken together, the release from liability over poor origination, securitisation, servicing and foreclosure practices could amount to an effective grant of immunity for the banks from civil claims, people familiar with the matter said.

And in exchange, the banks would pay 80% of their \$25 billion penalty into a fund that the same people who botched HAMP would use to help just 1.36% of homeowners who are underwater on their homes.

About 150,000 borrowers could benefit from the refinancings, as the vast majority of US home loans are owned by



investors and government-controlled mortgage giants Fannie Mae and Freddie Mac. By comparison, nearly 11m US borrowers are underwater, according to CoreLogic, a data provider. The average underwater homeowner owes \$258,000 on his mortgage.

In other words, all the settlement would do is help those who crashed our economy stay in business. The vast majority of their victims—and the US economy—would continue to pay the price for their crimes.