

IA AG'S OFFICE WHINING THAT THEY'RE NOT GETTING CREDIT FOR SETTLEMENT BANK OF AMERICA VIOLATED

The folks desperately working to give the banks a Get Out of Jail Free card for their servicing abuses are trying hard to deny they're not doing so.

Take this anonymous accusation from someone involved in the settlement talks claiming that opponents of the settlement are using innuendo to smear those participating in it.

Another person close to the talks, who like several others spoke on the condition of anonymity to discuss the situation more freely, said many in the group are "just exasperated. . . . This smear campaign of lies and innuendo, it's uncalled for, it's unprecedented, and it threatens substantial consumer harm."

Aside from the fact that even if there were such a campaign it would not be unprecedented, since folks have tried to suggest Eric Schneiderman committed an impropriety by paying himself back for a campaign loan he made to his campaign.

But unless the WaPo left the material describing the substance of the "smear campaign of lies and innuendo" on the cutting room floor, then what we have here is a person anonymously making vague innuendos about a smear campaign of innuendos.

And then there's the whining from IA Assistant Attorney General Patrick Madigan, who says it's unfair to say he and Attorney General Tom Miller are in bed with the banks (in spite of Miller's fundraising outreach to the banks) because of the great work they've done holding banks to

account in the past.

“We’ve been accused of being in bed with the banks. To say that to a group of people who have spent the last seven to 10 years fighting mortgage abuses day in and day out is an insult of the highest order,” said Iowa Assistant Attorney General Patrick Madigan, a longtime Miller deputy, who has worked on major settlements with subprime lenders such as Countrywide and Ameriquest. “It’s just unreal.

You know, their work “fighting mortgage abuses”? As in the settlement they signed onto with Countrywide in 2008? The one that—according to NV Attorney General Catherine Cortez Masto—Bank of America has basically blown off?

In her filing, Ms. Masto contends that Bank of America raised interest rates on troubled borrowers when modifying their loans even though the bank had promised in the settlement to lower them. The bank also failed to provide loan modifications to qualified homeowners as required under the deal, improperly proceeded with foreclosures even as borrowers’ modification requests were pending and failed to meet the settlement’s 60-day requirement on granting new loan terms, instead allowing months and in some cases more than a year to go by with no resolution, the filing says.

The complaint says such practices violated an agreement Bank of America reached in the fall of 2008 with several states and later, in 2009, with Nevada, to settle lawsuits that accused its Countrywide unit of predatory lending. As the credit crisis grew, the settlement was heralded as a victory by state offices eager to help keep troubled borrowers in their homes and reduce their costs. Bank of America set aside \$8.4 billion in the deal and agreed to help 400,000 troubled borrowers with loan modifications and other financial relief, such as lowering interest rates on

mortgages.

(See DDay for more on Masto's complaint.)

Perhaps Madigan doesn't understand this. But pointing to a settlement that, in retrospect, appears to have largely been a PR stunt as proof that you're not in bed with the banks sort of proves the point that you are.