



MIKE DEWINE

★ OHIO ATTORNEY GENERAL ★

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DeWine Announces Settlement with Major Loan Servicers *Foreclosure-Related Assistance Coming for Ohioans*

(COLUMBUS, Ohio)—Ohio Attorney General Mike DeWine today announced that Ohio is part of the joint federal-state settlement of \$25 billion with five of the nation's largest mortgage servicers over foreclosure abuses, fraud, and unacceptable mortgage practices.

“This settlement will provide much-needed relief to Ohio homeowners and communities and help our state to recover from the destruction left behind from the mortgage financing crisis,” said Attorney General DeWine.

Ohio's estimated share of the settlement is \$335 million and can be broken down into four major areas for relief:

- Ohio borrowers will receive an estimated total of \$102 million in benefits from loan term modifications and other direct relief.
- Ohio borrowers who lost their home to foreclosure from January 1, 2008 through December 11, 2011 and suffered servicing abuse would qualify for part of an estimated total of \$44 million in cash payments.
- The value of refinanced loans to Ohio's “underwater” borrowers would be an estimated total of \$90 million.
- The Ohio Attorney General's Office will receive an estimated \$97 million to help with foreclosure prevention, revitalizing neighborhoods by getting rid of blighted properties, assistance to Ohio families who have experienced or are on the brink of foreclosure and the investigation and prosecution of mortgage rescue scam artists.

The settlement is with the following mortgage servicers: Ally, Bank of America, Citi, JPMorganChase and Wells Fargo. Borrowers should contact these mortgage servicers to obtain more information about specific loan modification programs and whether they qualify under the terms of this agreement.

Ohio was particularly hard hit by the foreclosure crisis, and many communities are struggling with abandoned properties that detract from the value of existing housing. New foreclosure filings in Ohio totaled 85,483 in 2010, with one foreclosure filing in 2010 for every 59 housing units. Many Ohioans are also “underwater” with nearly one in three mortgage holders owing more on their mortgage than their home's value.

Attorney General DeWine today announced categories for using the \$97 million that will be allocated to his office when the settlement funds are finally dispersed following a court order.

(MORE)

MOVING OHIO FORWARD

Helping homeowners, families and communities recover from the foreclosure crisis.

ATTORNEY GENERAL GRANT PROGRAM FOR ABANDONED/VACANT PROPERTY DEMOLITION -- \$75 MILLION

One of the necessary components of Ohio's economic recovery is ridding our communities of the blight of abandoned homes. These vacant properties are a drag on our recovery, inhibiting the growth of our neighborhoods. They create a toxic breeding ground for crime. And, they depress the value of the remaining homes in that neighborhood.

"I am very pleased today to commit \$75 million to the creation of a grant program through my office that will provide communities with much-needed funding to remove the blight and give our neighborhoods a chance to prosper," said Attorney General DeWine.

While an exact total of abandoned homes is not available, conservative estimates place the number of vacant and abandoned properties in Ohio in need of immediate demolition at 100,000.

ATTORNEY GENERAL GRANT PROGRAM FOR OHIO FAMILIES -- \$20 MILLION

The Attorney General's Office will make available \$20 million for a grant program to provide assistance to families and individuals who are at risk of foreclosure or have already lost their home. The plan is to use these resources to fund creative and innovative proposals from non-profit organizations and local government entities to address the needs of citizens who have suffered because of the foreclosure crisis and to help them get back on their feet, with priority given to projects that target assistance to more vulnerable populations, including children, persons with disabilities, the elderly, veterans, and homeless.

ATTORNEY GENERAL ECONOMIC CRIMES DIVISION -- \$2 MILLION

Two million dollars will be set aside to expand the Economic Crimes Division of the Ohio Attorney General's Office. These funds will be used to go after these criminals who perpetrate foreclosure rescue and debt relief scams on Ohioans. In addition, some of this money will be used to provide training on these scams to law enforcement and prosecutors around Ohio. These funds will also be used to increase our consumer education efforts to help Ohioans avoid becoming victims of financial fraud and to safely manage their credit and mortgage debts.



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Thriving Communities Institute compiled the data below, which represents a very partial list of the numbers of vacant and abandoned properties in Ohio. Most communities in Ohio were not surveyed yet to compile this data.

Blight Numbers are Staggering

Cleveland has 7,438 structures on the vacant and blighted list,¹ but, because all the properties that need to be inspected have not been inspected yet, we estimate that at least 10,000 require demolition. East Cleveland, alone, has 3,500 structures awaiting demolition.² (Cuyahoga County has 26,589 vacant structures.)³

Columbus has over 6,300 vacant structures.⁴

Cincinnati has 2,342 structures that have been condemned or ordered vacated, but only has funds on hand to demolish 68 buildings this year.⁵ Mike Cervay of the City's Department of Development estimates 5,600 houses require demolition. Todd Kinski, Director of Regional Planning for Hamilton County, estimates the demolition-eligible properties in the Hamilton County townships at 2000.

Dayton has 14,000 vacant structures, and 1,600 of them are in the condemnation process, while at least another 1,600 would go to condemnation if Dayton has the money.⁶

Toledo has 8,000–10,000 long-term vacant properties, of which at least 4,000 should be demolished.⁷

Mansfield has 3,000 boarded houses, 600 of which are condemned, and money to demolish 40. Virtually all of the boarded homes require demolition.⁸

Warren has 1,017 vacant structures which should be demolished.⁹

Marion has 500 homes that require demolition.¹⁰

Portsmouth has at least 300 structures that require demolition.¹¹

Lima has 1,000 vacant and abandoned structures which need to be demolished.¹²

Youngstown has 3,509 structures that should be torn down.¹³

Springfield has 700 structures which need to be demolished.¹⁴

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- 1 Gus Frangos, President, Cuyahoga County Land Reutilization Corporation
 - 2 Joe Mazzola, Community Development Director, City of East Cleveland
 - 3 Gus Frangos, President, Cuyahoga County Land Reutilization Corporation
 - 4 John Turner, Administrator, City of Columbus land Redevelopment Office
 - 5 Edward P. Cunningham, Division Manager, Cincinnati Department of Community Development
 - 6 Aaron Sorrell, Director of Planning and Community Development, City of Dayton
 - 7 Joshua Murnen, Program Manager, Lucas County Land Reutilization Corporation
 - 8 Timothy Theaker, Mayor, City of Mansfield
 - 9 Adam, Keck, Lead Organizer, Mahoning Valley Organizing Collaborative
 - 10 Tom Robbins, Director of Public Safety, City of Marion
 - 11 David Malone, Mayor, City of Portsmouth
 - 12 Dave Berger, Mayor, City of Lima
 - 13 Adam, Keck, Lead Organizer, Mahoning Valley Organizing Collaborative
 - 14 Shannon Meadows, Director of Community Development, City of Springfield

Vacancy and Abandonment Destroy Communities

Violent crime rates soar on city blocks with just one abandoned home.¹⁵ Vacant houses encourage drug dealing, prostitution, student truancy and the concealment of stolen goods. Criminals use vacant houses to evade police. Neighborhoods littered with vacant houses become dangerous and lawless places.

The presence of vacant homes has a devastating effect on the value of the surrounding homes.¹⁶ Worse, the foreclosure and vacancy crisis is destabilizing local revenue. Property tax revenues in Montgomery County, home of hard-hit Dayton, fell \$40 million last year.

Strategic Demolition Lifts Property Values & Restores Confidence

Demolition has proven that it can stabilize communities by removing the blight and increasing values. In Flint, MI, the Genesee County Land Bank strategically concentrated \$3.5 million of demolition on the city's north side. Michigan State researchers found that, within five years of these demolitions, the aggregate property valuation in the area had increased by more than \$112 million.¹⁷ The early successes of the Cuyahoga County Land Reutilization Corporation - the first county land bank in the state - show that targeted demolition has a transformative effect for struggling communities.¹⁸

Ohio Ready to Respond to Vacancy Crisis

Unlike most states, Ohio has already enacted an expedited tax foreclosure process¹⁹ and a cutting-edge county land banking law.²⁰ Such reforms allow the state or local communities to quickly take control of most abandoned structures.

15 Immergluck, Dan & Smith, Geoff, Paper, "The Impact of Single-family Mortgage Foreclosures on Neighborhood Crime," Housing Studies (November 2006)

16 Whitaker, Stephan & Fitzpatrick, Thomas James IV, Working Paper, "The Impact of Vacant, Tax-Delinquent, and Foreclosed Property on Sales Prices of Neighboring Homes," Federal Reserve Bank of Cleveland (December 2011)

17 Griswold, Nigel E. & Norris, Patricia E., Report, "Economic Impacts of Residential Property Abandonment and the Genesee County Land Bank in Flint, Michigan," MSU Land Policy Institute (April 2007)

18 Professor Keating, W. Dennis, Report, "Cuyahoga County Land Reutilization Corporation: The Beginning, The Present and Beyond, 2009-2011," (2011)

19 Ohio House Bill 294 (effective date September 28, 2006)

20 Ohio Senate Bill 353 (effective date April 7, 2009), Ohio House Bill (effective date July 7, 2010). See also R.C. § 1724 and R.C. § 5722



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Multi-State Mortgage Settlement: What Consumers Need to Know

Ohio Attorney General Mike DeWine recently announced his participation in a multi-state mortgage and foreclosure settlement with Bank of America, JPMorgan Chase, Citibank, Wells Fargo, and GMAC/Ally.

If you are interested in learning more about the settlement, including how it might apply to you, please visit www.nationalmortgagesettlement.com.

You also may contact your mortgage servicer directly (your servicer is the company you make your mortgage payments to) at:

Bank of America: 877-488-7814

Citibank: 866-272-4749

GMAC/Ally: 800-766-4622

JPMorgan Chase: 866-372-6901

Wells Fargo: 800-288-3212

If you do not have one of these servicers, the settlement will not apply to you, but all Ohioans facing foreclosure should contact Save the Dream Ohio at www.savethedream.ohio.gov or **888-404-4674** to receive free assistance with foreclosure.

If you have additional questions, please contact the Ohio Attorney General's Office by submitting an online inquiry at www.OhioAttorneyGeneral.gov/Contact or by calling **800-282-0515**.

For the most up-to-date information about the settlement, please visit www.nationalmortgagesettlement.com.



**REMARKS AS PREPARED
ROBO-SIGNING SETTLEMENT PRESS CONFERENCE
OHIO ATTORNEY GENERAL MIKE DEWINE
COLUMBUS, OH
FEBRUARY 9, 2012**

Thank you for joining me here today.

As you all know, about three hours ago, I joined 48 Attorneys General in announcing the \$25 billion state-federal settlement with the nation's five largest mortgage servicers over foreclosure abuses, fraud, and intolerable mortgage servicing practices.

This settlement will force these mortgage servicers -- Ally, Bank of America, Citibank, JP Morgan Chase, and Wells Fargo, which make up 60 percent of the industry -- to reform their practices -- the very practices that contributed to the current foreclosure crisis. The settlement will also help stabilize the real estate market, enabling more people to remain in their homes and reducing the number of foreclosures.

Although this settlement is of historic proportion, we know it does not solve the mortgage crisis. We know it does not make things whole for everyone who has suffered. But, it does offer some relief to individuals and families.

It is a start. It is a first step. And, we are heading in the right direction.

What I want to do this afternoon is brief you on how this settlement will directly impact the State of Ohio and its citizens:

First, Ohio borrowers will be eligible to receive an estimated \$96 million in benefits from loan term modifications, like mortgage principal balance reductions, and other direct relief.

Second, \$76 million will be available to assist Ohio's underwater borrowers in refinancing their current loans.

And third, Ohioans who suffered loan servicing abuse and lost their home to foreclosure between January 1, 2008 and December 11, 2011, may qualify for \$34.2 million in total cash payments.

In addition to the relief that the mortgage servicers are going to provide to individual Ohioans, the Attorney General's office will also receive \$97 million to help alleviate the damage wrought by the mortgage crisis.

In allocating this money, we must be bold.

We must be innovative.

And, we must put this money where it will have the most impact this state. Ohio is starting to come back.

We still have too many people who are unemployed. We still have too many people who are underemployed. And, we still have too many kids who never graduate from high school.

But -- there are signs that we are starting to coming back.

\$75 MILLION OHIO AG GRANT PROGRAM FOR DEMOLITION

One of the biggest things holding us back from moving forward is the vast number of abandoned and vacant homes littering Ohio. They are blight on our communities, rotting them from the inside out.

It is time to help liberate our neighborhoods from this menace. It is time to free our citizens from the weight that is slowing our state's recovery.

Today, I am announcing that we will allocate 75 million dollars to help rid Ohio of the blight that is paralyzing our communities. This is 75 million dollars to tear these houses down. This is 75 million dollars to give Ohio a chance.

We are creating a new matching grant program to provide much-needed funding to help free our neighborhoods -- urban and rural, alike. As Ohio Attorney General, I believe we have an obligation and a moral imperative to help stabilize the value of the homes that remain occupied in these dying neighborhoods to give them a fighting chance to survive.

We estimate, conservatively, that right now, there are at least 100,000 vacant and abandoned properties that are ready for immediate demolition across this state -- 100,000 properties! Candidly, we don't really know the actual number, as there is a real disparity in data gathering from community to community, and good data does not exist in every neighborhood to measure the true extent of the problem. But, what we do know for certain is that this blight covers the state.

No county in Ohio is immune. This plague has infected each of our cities from Youngstown to Cincinnati and from Mansfield to Lima. Rural areas have not been spared.

These abandon homes cause crime, and often become crack houses for drug pushers and addicts. These properties force down the value of the remaining homes and drive away those left living in the neighborhoods. Simply put, this vicious cycle of blight is killing Ohio communities.

When these homes are foreclosed and left vacant to decay, the scavengers come quickly, rapping these houses of anything left of value. Plumbing? Gone. Siding? Gone. Cabinetry? Gone.

Let me take you to East 144th Street in Cleveland.

Or the 300 Block of West Warren in Youngstown.

Or Myrtle Avenue in Columbus.

Or McPherson and Well Streets in Cincinnati.

Or South C Street in Hamilton.

Or West Pleasant Street in Springfield.

Or Central Avenue in Lorain.

Or Delaware Avenue in Dayton.

If you go to any one of these streets -- and many others just like them in every part of this state -- you will find the remnants of homes -- the hollow carcasses of the life they once had.

The interiors are crumbling -- collapsing ceilings, plaster falling off the walls, trash strewn about. An old mattress left on the floor. A broken couch in the yard.

The overgrown grass and weeds have commandeered the once neatly manicured yards, though the "No Trespassing" signs, which litter these neighborhoods, are still clearly visible.

Go to any one of these streets, and you'll find house after house after house with broken, missing, or boarded up windows. Roofs caving in. Gutters dangling haphazardly. Empty beer bottles in the yard. Broken, rotted, and rusted out fences. Homes so dilapidated that some are even missing the house numbers.

There's a bright orange "Vacant" sign on the door at 398 Johnson Avenue in Columbus. The sign says it's a "Hazardous Building." It says it's a "Nuisance" -- and it is. This house has been stripped of the gas meter. Stripped of the electric meter. And wires just hang on the outside of the house.

Down the street is a small community church.

Graffiti marks at least one boarded up property on Myrtle Avenue -- words, like "Short North" (for the Columbus gang), "Squab," "Crip," and "Bitch."

On Cleveland Avenue, there's a sign at one property that reads: "For Sale -- \$500 Down!"

Siding has been ripped from the house at 1509 Rosethorne Avenue, while the front porch is falling off the house down the street.

The house at 1569 Greenway Avenue is boarded up in the front, while the back of the house is a burned out shell. You can see the hole in the roof that the firefighters cut away for the smoke to escape.

But, perhaps the most troubling thing you see on these streets are the homes that remain occupied -- the homes sandwiched between the abandoned structures. Imagine living with these decrepit buildings around you. Imagine trying to raise your kids there. Imagine trying to maintain your home there. Go there and see for yourself.

Ohio cannot achieve greatness as long as this blight remains. These decaying properties are chaining this state to the past and choking our ability to move forward. The mortgage crisis created this mess, and we can no longer wait to clean it up. The time has come to shout: "Tear down these houses!"

While \$75 million is a lot of money, the problems these blighted houses present are even greater. This money should be the spark we need to ignite even greater efforts. But, we need help from every local community. We need help from the business community. We need help from non-profit groups. We need help from local governments. We will work together to form partnerships to tackle this and to develop solutions.

There are many good people already working on this problem -- people like Jim Rokakis, who is the former Cuyahoga County Treasurer and now the director of the Thriving Communities Initiative. He is this state's expert on the problem of vacant and abandoned homes in Ohio, and I thank him for the work he has undertaken.

I also want to applaud Ohio Congressman Steve LaTourette, who is leading an effort in Washington to provide demolition funding assistance to America's hardest hit communities, including those here in Ohio. Under Congressman LaTourette's proposal, a new tax credit bond program would be established to provide a much-needed and direct federal subsidy to defray the costs of large-scale demolition projects. This subsidy would serve as an incentive to attract additional monies in the form of private sector investments to address this widespread problem.

By razing these houses, we can restore communities. Jobs will be created through the demolition process. There will be a boost to the economy by the increase in home values after demolition. And, with an increased home value, Ohioans at risk of losing their homes and those who are underwater increase their odds of remaining in their homes.

\$20 MILLION OHIO AG GRANT PROGRAM TO HELP VICTIMS OF THE FORECLOSURE CRISIS

In addition to my office's \$75 million grant program, we will also make available \$20 million for a separate grant program to provide direct assistance to efforts that help protect Ohio families and individuals who are at risk of foreclosure or have already lost their home. The idea is to use these resources to fund creative and innovative proposals from non-profit organizations and local government entities to address the needs of citizens who have suffered because of the foreclosure crisis and to help them get back on their feet. We will give priority to projects that target assistance to more vulnerable populations, including children, persons with disabilities, elderly, veterans, and homeless.

\$2 MILLION OHIO AG PROGRAM FOR ECONOMIC CRIMES

Finally, I will set aside \$2 million to expand efforts in my office to go after con artists and scammers who prey on economically distressed Ohio families. Foreclosure rescue and debt relief scams are complex and require hundreds of hours to investigate and prosecute. Oftentimes, what happens is that a consumer facing foreclosure looks for help on the Internet. That consumer is then contacted by a company that demands a large up-front fee -- usually about \$2,000 -- and then tells the consumer not to pay the mortgage and to cease contact with the lender. The company takes the money, doesn't contact the lender, doesn't make any payment, and the consumer ends up losing his or her home.

The resources from the settlement will vastly increase our ability to investigate and prosecute scams like this and other financial fraud cases. We're going to use this money to hunt down these criminals and put them in prison where they belong.

Additionally, we will use some of this money to provide training to law enforcement and prosecutors around Ohio. Many law enforcement agencies around the state, especially those in rural areas, don't have the time or resources to send staff to financial fraud training. Our goal will be to have regional trainings around Ohio to help with that. Furthermore, my office will increase our consumer education efforts to help Ohioans avoid becoming victims of financial fraud and to safely manage their credit and mortgage debts.

The settlement we have announced today presents a monumental opportunity for our state to move forward -- to restore, rebuild, and revitalize Ohio neighborhoods and communities devastated by the foreclosure crisis.

It is our mandate for change.

It is our chance to make real and lasting changes that will make Ohio's future -- changes that will fundamentally reshape the landscapes of our communities.

It is time to be bold.

It is time to be innovative.

It is time to take the kind of unprecedented actions that Ohio needs to thrive.

I believe that Ohio is going to lead the nation by example. By tearing down abandoned and vacant properties, we are actually building a future for this state. We are creating the opportunity for economic growth and for development. Each property we tear down represents hope for a new and better tomorrow.

The past is behind us. It's time to move forward.