

### **HSBC Agreement Closely Mirrors National Mortgage Settlement:**

The agreement's mortgage servicing terms largely mirrors the 2012 [National Mortgage Settlement \(NMS\)](#) reached in February of 2012 between the federal government, 49 state attorneys general, including Nevada, and the five largest national mortgage servicers. That agreement provided consumers nationwide with more than \$50 billion in direct relief, created new servicing standards, and implemented independent oversight.

A subsequent [state-federal agreement with SunTrust Mortgage Inc.](#) worth nearly \$1 billion was announced in June of 2014.

### **Mortgage Servicing Standards:**

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 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;
- 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.

### **Independent Monitor:**

The National Mortgage Settlement's independent monitor, Joseph A. Smith Jr., will oversee HSBC agreement compliance for one year. Smith served as the North Carolina Commissioner of Banks from 2002 until 2012, and is also the former Chairman of the Conference of State Banks Supervisors (CSBS). Smith will oversee implementation of the servicing standards required by the agreement; impose penalties of up to \$1 million per violation (or up to \$5 million for certain repeat violations); and issue public reports that identify whether HSBC complied or fell short of the standards imposed by the settlement.

### **Additional Terms:**

The agreement resolves potential violations of civil law based on HSBC's deficient mortgage loan origination and servicing activities. The agreement does not prevent state or federal authorities from pursuing criminal enforcement actions related to this or other conduct by HSBC, 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.

The agreement will be filed as a consent judgment in the U.S. District Court for the District of Columbia.