



## Guest opinion: Mortgage deal is a historic opportunity

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On Feb. 9, Florida Attorney General Pam Bondi, joined by 48 other state attorneys general, participated in the announcement of the National Mortgage Settlement ("NMS"). This \$25 billion settlement is to be paid by five national lenders: Wells Fargo, Bank of America, Citi, JP Morgan/Chase and Ally/GMAC.

It is estimated that of the \$25 billion, almost \$8.4 billion will be allocated to Florida borrowers. This settlement provides a historic opportunity for borrowers in our State who are customers of the five lending institutions.

Two significant components of the NMS are:

- (a) For the first time since the mortgage foreclosure crisis started, relief is available for the non-defaulting borrower who is able to obtain an interest rate reduction to current market rates, notwithstanding the fact that their property has negative equity and,
- (b) For the first time since the mortgage foreclosure crisis started, relief is available for defaulting borrowers in the form of principal reduction of the mortgage balance, converting negative equity into true equity.

This is a valuable opportunity and will benefit Florida borrowers providing them with:

- (a) the ability for borrowers to take advantage of the current unprecedented low interest rates and, on average, save approximately \$3,000 per year in payments,
- (b) the opportunity for borrowers to obtain a reduced interest rate or principal reduction to retain their home or investment property, and
- (c) the opportunity for borrowers to obtain a principal reduction payment eliminating negative equity and enabling borrowers to sell their home when they otherwise could not.

This may assist in stabilizing our real estate market and enhance the ability to increase traditional residential sales and reduce time consuming short sales that now exist.

The interest rate reduction or principal reduction will aid in avoiding foreclosures.

A borrower, with lower monthly mortgage payments and true home equity, should be incentivized to remain current in their mortgage payments.

This settlement should have a positive impact on our economy and provide much needed relief to our court system by reducing foreclosures.

Some of the criteria for qualifying under the NMS are:

(a) The borrower who is in default is being offered a principal reduction on their mortgage. The largest amount of the NMS pool (\$10 billion), is allocated to these at-risk mortgages.

To qualify for a principal reduction under NMS the borrower has to demonstrate that the mortgage is in default and at risk.

(b) The borrower who is making their mortgage payments can refinance to current low interest rates, notwithstanding negative equity in their property.

The important point is to be proactive and to apply for this settlement program.

For more information, visit [nationalmortgagesettlement.com](http://nationalmortgagesettlement.com)

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