The Gadsden Times

Mortgage settlement helps balance Alabama budget

By PHILLIP RAWLS Associated Press Published: Monday, June 18, 2012 at 3:21 p.m.

A \$25 billion national settlement with five big mortgage companies is helping balance Alabama's operating budget during lean times and might help low-income families get into their own homes.

The office of Alabama Attorney General Luther Strange is receiving \$25.3 million from the settlement. The money is trickling in rather than coming in a lump sum. Of that amount, \$19.3 million will be used from 2013 through 2015 to pay for operations in the attorney general's office and in district attorneys' offices statewide.

Senate budget committee Chairman Arthur Orr, R-Decatur, said Monday the \$19.3 million is freeing up money in the state General Fund budget that would have gone to the attorney general's office and county district attorneys. Instead, it is being used to support other programs. He said the settlement money may seem small when compared to the state's \$1.68 billion General Fund budget for the fiscal year starting Oct. 1, but "that helped the overall budget picture."

The use of the remaining \$6 million is up in the air. Two advocacy groups for Alabama's poor, the Arise Citizens' Policy Project and the Low Income Housing Coalition of Alabama, are urging state officials to put some of the money into housing for people in need of a home.

Arise spokesman Jim Carnes said the vehicle to do that opened up last month when the Legislature voted, at the urging of the two groups, to create the Housing Trust Fund. It is supposed to help provide affordable housing for low-income residents. The Legislature did not put any money into it because of the state's budget problems, but the two groups said mortgage settlement money could be the start.

The attorney general's spokeswoman, Joy Patterson, said no decision has been made about how to use the money, but the attorney general is happy to look into the suggestion.

Strange was one of 49 state attorneys general who joined the federal government in February in reaching a \$25 billion agreement in the country's five largest mortgage service companies: Ally (formerly GMAC), Bank of America, Citi, JPMorgan Chase and

Wells Fargo. They were accused of improper handling of mortgages, including employees signing foreclosure paperwork without reading it.

Alabama's estimated share is \$106 million. In addition to the money provided to the attorney general's office, Alabama borrowers are supposed to receive nearly \$30 million in benefits from loan term changes and other relief. Alabama borrowers who lost their homes to foreclosures in 2008-J011 and encountered servicing abuse are supposed to get \$20.6 million in payments. Refinanced loans to borrowers who are under water on their mortgages are supposed to be worth nearly \$30 million.

The settlement agreement allows Alabama's attorney general to use his office's \$25.3 million for investigations, litigation and other efforts to protect citizens or for housing programs, including counseling, legal assistance and foreclosure mediation. He can also distribute the money to other government office or charitable organizations that work in those areas.

"The people hurt the most by our nation's housing crisis deserve to benefit from the mortgage settlement," said Kimble Forrister, executive director of Arise.

Copyright © 2012 GadsdenTimes.com — All rights reserved. Restricted use only.