

Iowa AG seeks jail time for bad mortgage bankers

by JON PRIOR



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Iowa Attorney General Tom Miller told distressed homeowners that he supports criminal prosecutions and other settlements against bank executives found guilty of breaking due process laws in dealing with foreclosure affidavits.

Miller met with homeowners Tuesday at a church in Des Moines, Iowa, to hear questions and go over possible settlements to the investigation into robo-signing allegations at mortgage servicing companies. Major banks froze foreclosures in October when employees signed affidavits en masse and without a review of documentation as required by state law. A joint investigation from federal regulators and a coalition of the 50-state AGs followed.

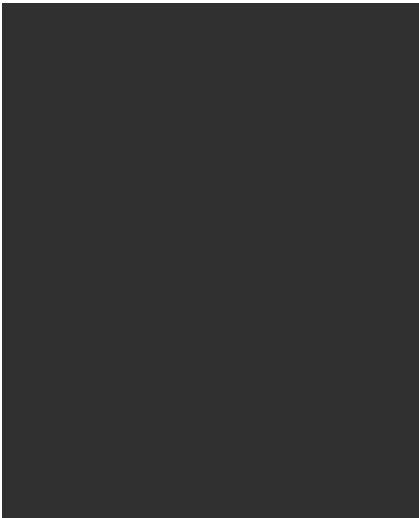
"We will put people in jail," Miller told homeowners in the meeting, according to the PICO faith-based network, a consumer advocacy group.

Miller also said he would support settlements with the banks that require significant principal rate reductions, loan modifications and compensation for citizens defrauded of their homes.

"There should be some kind of compensation system for people who have been harmed," Miller said. "And the foreclosure process should stop while loan modifications begin. To have a race between foreclosures and modifications to see which happens first is insane."

The lenders including **Bank of America** ([BAC](#): 14.44 - 0.41%), **Wells Fargo** ([WFC](#): 32.15 -0.68%), **JPMorgan Chase** ([JPM](#): 44.48 -0.49%), **Ally Financial** ([GJM](#): 23.38 -0.60%) and others have already restarted foreclosures as they make adjustments to their processes and resubmit affidavits.

Bank of America Chief Executive Brian Moynihan [told investors](#) during the company's third-quarter conference call that he expected fewer than 30,000 foreclosure sales to be delayed, and borrowers who received a foreclosure in the third quarter were delinquent on their mortgage for an



average 560 days.

Miller's office told HousingWire earlier in December that a settlement compensating homeowners was one of the many options on the table in meetings with the banks, but any deal is far from done.

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