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To: Public Relations Division
Sent: 1/24/2011 12:03:23 PM
Subject: Release: Mortgage banks must obey federal law when lending to military families

Attachments:

FOR IMMEDIATE RELEASE

Mortgage banks must obey federal law when lending to military families

WASHINGTON (Jan. 24, 2011) - The American Legion is calling upon all U.S. financial institutions that handle mortgages for military families to make sure they are complying with provisions of the Servicemembers Civil Relief Act (SCRA).

Last week, NBC News reported that one of America's largest banks - JP Morgan Chase - had been overcharging about 4,000 servicemembers on their home loans, and had improperly foreclosed on the homes of 14 military families.

"This is a sad situation, to discover that any bank may be violating a law intended to ease the pressure of financial concerns while people are serving in uniform," said Jimmie Foster, national commander of The American Legion, the country's largest veterans service organization.

"While we are encouraged that JP Morgan Chase is making restitution to these families they have unjustly overcharged, we also note that these irregularities came to light because of a lawsuit - not through internal review," he said.

Foster was referring to a lawsuit filed against JP Morgan Chase by Marine Corps Capt. Jonathan Rowles, claiming the bank was charging too much interest on his home loan. SCRA caps such interest at 6 percent for troops on active duty.

"We wonder whether other banks are charging military families more than 6 percent on their home loans. The American Legion is calling upon all financial institutions that handle mortgages for military families to review policies and practices, to make sure they are obeying federal law," Foster said.

Responding to a query from The American Legion, the chief communications officer for JP Morgan Chase, Kristin Lemkau, said that \$2 million in refunds "are in the process of being sent" to about 4,000 home owners who were overcharged on their interest rates.

Of the 14 military families whose homes were improperly foreclosed, Lemkau said "13 of the (cases) have been resolved - some were resolved going back to 2006. We are working to resolve the other case."

Joseph Sharpe, economic director of The American Legion, wants JP Morgan Chase to make sure that it doesn't overcharge military families in the future. "When our troops go overseas, they still have to deal with family issues and those often include house payments. The last thing that soldiers in Iraq or Afghanistan need to worry about is whether they're getting ripped off on their loan payments."

Lemkau told The American Legion, "There were a number of problems with our systems and we think we have fixed them. We have an ongoing review of this program to ensure we have identified and cured every problem, and are satisfied that they won't recur."

JP Morgan Chase now has a dedicated, trained team focused on military customers for its home lending business. "They deserve nothing less," Lemkau said. She encourages any customers in the military with mortgage issues to call the bank's hotline at (877) 469-0110.

“Chase has a very strong history of supporting military and veterans’ organizations, which makes the mistakes we made here particularly painful,” JP Morgan Chase said in a statement. “We apologize for letting the men and women of our military down and are committed to making this right.”

Last October, The American Legion’s membership passed a resolution calling for further strengthening of the SCRA.

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