The Virgin Islands Consortium

V.I. Legal Assistance Foundation Receives $368,059 Under Bank Of America Mortgage Settlement

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ST. CROIX -- The Virgin Islands Legal Assistance Foundation, Inc. Is set to receive $368,059 as part of Bank of America's August 20, 2014, mortgage settlement with the U.S. Department of Justice and six states.

The distribution of funds announcement was made on Wednesday by Eric D. Green, independent monitor of Bank of America's August 20, 2014 settlement.

The V.I. Legal Assistance Foundation solicites, receives, manages and distributes tax exempt interest on [Lawyers Trust Accounts] funds for charitable purposes. These funds are to be used exclusively to assist in providing and improving delivery of free legal services to the disadvantaged and indigent of the Virgin Islands, according to a description of the foundation. The Bank of America windfall, as mandated by the settlement, is to be used to provide legal assistance in foreclosure prevention and community redevelopment.

The Foundation, headquartered in Christiansted, is one of 56 legal-assistance organizations in the United States and territories receiving funds under the settlement, which settled legal claims arising from mortgage-related activities by Bank of America and its subsidiaries. A distribution was made earlier to NeighborWorks America, a national, congressionally-chartered nonprofit organization that provides training and support for community-based redevelopment programs in the United States and Puerto Rico.

The distributions – totaling more than $490 million nationwide – were triggered in December by President Obama's signing into law an act extending federal tax relief through 2016 to homeowners who otherwise would have incurred income-tax liability from mortgage debt forgiveness they received under consumer-relief provisions of the settlement. The money being distributed to the nonprofit organizations is from a fund established under the settlement to provide federal tax assistance to homeowners in case Congress failed to extend the tax-relief legislation.

With the signing of the legislation, the tax-relief fund became surplus. Under the terms of the settlement, Professor Green is required to distribute 75 percent ($367.62 million) of the fund to eligible legal-assistance organizations in each state and the remaining 25 percent ($122.54 million) to NeighborWorks America.

The settlement provides that in each state, the District of Columbia, and each U.S. territory or possession, to the extent practicable, the legal-assistance organizations are to receive a distribution of $200,000 from the fund, with the remainder to be allocated among the states and other eligible jurisdictions based on poverty population data collected by the U.S. Census Bureau, in the manner used for funding distribution by the Legal Services Corporation. As specified in the settlement, these recipients are state-based Interest on Lawyers Trust Account (IOLTA) organizations or other state bar association affiliated intermediaries that fund legal aid organizations in their jurisdictions.

Co-signatories to the settlement, besides the bank and the Department of Justice, were the Attorneys General of the States of California, Delaware, Illinois, Maryland and New York, and the Commonwealth of Kentucky. Eligible legal-assistance organizations in all six "settling states" have received their distributions, as have organizations in a number of other jurisdictions.

The remaining distributions will be made in the coming days upon completion of appropriate documentation by the recipient organizations.

Professor Green, a Boston-based professional mediator and retired Boston University law professor, was hired as independent Monitor to oversee the tax-relief fund and the bank's compliance with its ongoing consumer-relief obligations under the settlement.