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ATTORNEY GENERAL LISA MADIGAN COMBATS THE HOME FORECLOSURE CRISIS

Throughout the home foreclosure crisis, Attorney General Madigan has fought to hold lenders accountable for their unlawful financial misconduct, and to provide relief and assistance to Illinois families struggling to save their homes. Attorney General Madigan's efforts to address the foreclosure crisis include:

Taking legal action:

- In February 2012, Attorney General Madigan, in conjunction with other states and the U.S. Department of Justice and the U.S. Department of Housing and Urban Development, secured a **\$25 billion national bank foreclosure settlement** with five of the nation's largest banks—**Bank of America, JPMorgan Chase, Wells Fargo, Citibank and GMAC/Ally**—that will provide assistance to homeowners harmed by fraudulent foreclosure and servicing practices, including \$17 billion in relief for borrowers who are struggling to stay in their homes. The settlement will also set new servicing standards to ensure borrowers are given a fair chance to save their homes. It is the second largest settlement ever obtained by state attorneys general.
- In February 2012, Attorney General Madigan filed suit against **Nationwide Title Clearing Inc.**, which prepares documents for mortgage servicers to use against borrowers who are in default, foreclosure or bankruptcy. The suit alleges consumer fraud violations for filing faulty documents with Illinois county recorders. Such practices were a key contributor to undermining the integrity of the mortgage servicing and foreclosure process in Illinois courts.
- In January 2012, Attorney General Madigan filed a consumer fraud lawsuit against leading credit rating agency **Standard & Poor's**, alleging that the company compromised its independence as a rating agency by doling out high ratings to unworthy, risky investments as a corporate strategy to increase its revenue and market share.
- In December 2011, Attorney General Madigan and the U.S. Department of Justice reached a joint settlement valued at **\$335 million** with **Bank of America** over allegations that **Countrywide** discriminated against minority borrowers by putting them into higher-cost loans than similarly credit-situated white borrowers. The settlement will provide restitution to harmed Illinois borrowers and is the largest settlement of a fair lending lawsuit ever obtained.
- In October 2010, Attorney General Madigan secured **\$39.5 million** in mortgage relief for Illinois borrowers in a settlement with **Wells Fargo** over the deceptive marketing of extremely risky Pay Option ARM loans.
- In July 2009, Attorney General Madigan filed a fair lending lawsuit against **Wells Fargo** for discriminating against African American and Latino homeowners by selling them higher-cost loans than similarly credit-situated white borrowers. With this lawsuit, Attorney General Madigan became the first attorney general in the nation to sue a national bank for its role in causing the foreclosure crisis. Attorney General Madigan continues to aggressively fight this case in court.
- In October 2008, Attorney General Madigan reached a landmark national settlement valued at **\$8.7 billion** of her lawsuit against **Countrywide** for fraudulently and deceptively placing Illinois homeowners into risky

and unaffordable subprime mortgages. The settlement with Countrywide's new owner, **Bank of America**, established the nation's first mandatory loan modification program, which to date has saved Illinois homeowners more than **\$163 million** in principal and interest payments on their mortgages.

- In January 2006, Attorney General Madigan obtained more than **\$10 million** in restitution for Illinois homeowners as part of a **\$325 million** multi-state settlement with **Ameriquest** over the former mortgage giant's deceptive sales of predatory subprime mortgages.
- Attorney General Madigan has filed lawsuits against **50 loan modification schemes** for using false promises of foreclosure assistance to scam struggling homeowners. Courts have ordered more than \$2 million in restitution so far. In addition, Attorney General Madigan has sent "cease and desist" letters to over 600 loan modifications schemes operating in violation of Illinois law.

Forging national enforcement partnerships:

- Attorney General Madigan's work protecting homeowners and holding lenders accountable has also made her a leader on the national level. Madigan is a member of the U.S. Department of Justice's **Financial Fraud Enforcement Task Force**, which President Obama created to advance collaborative efforts between the federal government and states involved in investigating and prosecuting financial crimes. Madigan serves as a chief member of three Working Groups on the Task Force: **Non-Discrimination, Consumer Protection and Residential Mortgage-Backed Securities**.

Fighting to strengthen laws and regulations:

- In 2010, Attorney General Madigan testified before the **Federal Financial Crisis Inquiry Commission** about the root causes of the economic meltdown, emphasizing the link between weak federal oversight of banks and lenders and the explosive growth in predatory mortgage lending.
- In 2009, Attorney General Madigan testified before the **U.S. House Financial Services Committee** about the causes of the economic crisis and the importance of preserving state authority to take legal action against big banks that violate state consumer protection laws.
- In 2008, Attorney General Madigan was the chief architect of the **Homeowners' Bill of Rights Act**, which strengthens protections for homeowners facing default and foreclosure.
- In 2007, Attorney General Madigan drafted a law that requires mortgage brokers to put borrowers' financial interests before their own and **to verify and document a borrower's ability to repay their mortgage** before sale.
- In 2006, Attorney General Madigan drafted the **Illinois Mortgage Rescue Fraud Act** to protect homeowners from losing their homes in loan modification scams and foreclosure rescue schemes.
- Attorney General Madigan was an outspoken advocate for the creation of the **Consumer Financial Protection Bureau**, the nation's first federal regulator focused on protecting consumers from harmful lending practices.

Providing direct assistance to struggling homeowners:

- In 2008, Attorney General Madigan created the **Illinois Homeowner Helpline**, which provides struggling homeowners with access to trained housing counselors and other resources to help them save their homes. To date, the Helpline (1-866-544-7151) has handled approximately 40,000 requests for assistance and has generated **\$69 million** in savings for Illinois homeowners.

