



October 6, 2010

**ATTORNEY GENERAL MADIGAN, SEVEN OTHER ATTORNEYS GENERAL
OBTAIN MILLIONS IN MORTGAGE RELIEF FROM WELLS FARGO**

Settlement Requires Wells Fargo to Provide More Than \$39 Million in Mortgage Relief to Illinois Homeowners

Chicago — Attorney General Lisa Madigan and seven other state attorneys general today announced a settlement with Wells Fargo Bank over allegedly deceptive marketing of extremely risky loans called payment option adjustable rate mortgages (POA). The settlement means Wells Fargo is expected to provide loan modifications to Illinois homeowners equaling more than \$39.5 million in mortgage relief.

Under this settlement, at least 531 Illinois POA borrowers will be considered for loan modifications that will provide an expected \$39.5 million in mortgage relief. This sum includes nearly \$17 million in principal forgiveness for Illinois homeowners. This number of Illinois POA borrowers is based on April 1, 2010, projections which were used in reaching the settlement.

Wells Fargo will also pay \$2.2 million to the Illinois Attorney General's office to distribute to borrowers with POAs who have lost their homes to foreclosure, to cover the costs of this investigation and to cover efforts to provide assistance to Illinois homeowners who are struggling to keep their homes. Borrowers eligible for the monetary distribution will be contacted by the Attorney General's Office.

"The mortgage crisis has devastated thousands of Illinois families, leaving them struggling with unfairly high interest rates, unfair loan terms and mushrooming loan balances," Madigan said. "Our investigation brings homeowners relief at a critical time and holds Wells Fargo accountable to struggling homeowners."

The settlement with Wells Fargo follows a fraud investigation by Madigan's office and the other states into Wachovia's and Golden West's marketing of POAs, which are complex and extremely risky home loans with high default rates. Wells Fargo purchased the POA portfolios from these failed lenders in the wake of the mortgage market collapse. Investigating the bank along with Madigan were attorneys general in Arizona, Florida, Colorado, New Jersey, Washington, Texas and Nevada.

In Illinois and seven other states, loan modifications are expected to be offered to 8,715 eligible borrowers, an estimated value of more than \$772 million, as part of the settlement. In all, the settlement will generate more than \$402 million in overall principal forgiveness.

The investigation focused on whether Wachovia and Golden West violated state consumer protection laws, including the Illinois Consumer Fraud Act, by failing to fully explain to POA borrowers that the minimum payment on their loans did not cover the full amount of accrued interest, and that choosing to make the minimum payment would increase the amount of the loan.

Many of these borrowers eventually faced higher loan balances and unaffordable monthly payments when they had to begin making full principal and interest payments. POA borrowers in Illinois have experienced payment shock or will experience it in the years ahead.

The settlement provides that between December 18, 2010, and June 30, 2013, Wells Fargo will offer loan modifications to eligible, qualified residential POA borrowers who are either 60 days delinquent or facing imminent default. Borrowers will first be considered for the federal Home Affordable Modification Program (HAMP). If the borrower cannot qualify under HAMP or elects not to accept a HAMP modification, Wells Fargo will consider the borrower for its new modification program, known as MAP2R.

Modified loan terms will vary according to the borrower's circumstances but can include principal forgiveness, loan extension, interest rate reduction and principal forbearance. Borrowers who remain current on their modified payments for three years will be able to earn additional principal forgiveness. Borrowers who qualify may also convert their loan into a fixed-rate loan.

At the end of 2008, Wells Fargo purchased Wachovia and its originated POAs. Wachovia had already purchased Golden West, a significant payment option adjustable rate mortgage lender. After it acquired this portfolio of POAs, Wells Fargo began to offer loan modifications to those homeowners.

As part of this settlement, Wells Fargo is also required to make a number of servicing commitments to its POA borrowers. Specifically, Wells Fargo must:

- Ensure adequately staffed help lines to serve consumers, including Spanish-speaking consumers.
- Provide a single, primary point of contact to assist borrowers seeking modifications under this agreement.
- Make decisions on modifications within 30 calendar days of receiving a complete application.
- Establish a formal second look or appeal process for borrowers who are turned down for a modification.
- More clearly communicate with borrowers to avoid confusion during this process.

The settlement also provides for a compliance monitor and requires quarterly reporting to the eight state attorneys general.

The agreement is part of an aggressive effort by Attorney General Madigan to protect homeowners in the wake of the ongoing mortgage crisis. Last year, Madigan investigated and filed suit against Wells Fargo in a separate lawsuit alleging discriminatory and deceptive mortgage lending practices. That lawsuit is ongoing and alleges that Wells Fargo's lending practices targeted African American and Latino borrowers for subprime loans while white borrowers of similar economic means received lower-cost loans.

Madigan said homeowners who have questions about the settlement and how it may affect them can call Wells Fargo at 1-888-565-1422 or Madigan's Homeowners' Referral Helpline at 1-866-544-7151. Homeowners can also visit Madigan's Web site at www.illinoisattorneygeneral.gov for resources that can assist homeowners, including her Illinois Mortgage Lending Guide.

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