



October 13, 2010

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**ATTORNEY GENERAL MADIGAN AMONG 49 STATE ATTORNEYS GENERAL PROBING ROBO-SIGNED FORECLOSURE FILINGS**

***Multistate Group Investigating Potential Inaccuracies in Foreclosure Filings and Procedures of All Major Loan Servicers Nationwide***

Chicago — Attorney General Lisa Madigan today announced her role in a multi-state investigation into all major loan servicers across the country and their foreclosure filings over deepening concerns that foreclosures were handled improperly. Madigan said these potential errors in Illinois could equal violations of the state's Consumer Fraud Act.

A task force of 49 state attorneys general and 37 state bank and mortgage regulators will look into all major servicers and whether filings had procedural errors or were signed off without proper oversight. The investigation comes days after GMAC, the lender now known as Ally, Bank of America and JP Morgan Chase – some of the nation's largest loan servicers – admitted their employees signed off on thousands of foreclosure affidavits without having personal knowledge of the facts involved and without verifying the underlying loan information.

Today's announcement follows Madigan's letters to GMAC/Ally, Bank of America and JP Morgan Chase demanding a halt to all pending foreclosures in Illinois, including post-foreclosure sales and evictions, in the wake of this growing dilemma.

Last week Madigan also demanded 23 additional loan servicers provide her office details on the fairness and accuracy of their foreclosure procedures and immediately suspend pending foreclosure actions in Illinois unless they can demonstrate the filings are accurate.

The Attorney General has also proposed legislation to ensure the integrity of documents filed in foreclosures. Her bill would ensure each homeowner know the amount they owe, who owns their loan, the terms of their original loan and whom they can contact. Specifically, the proposed legislation would require servicers to:

- Provide borrowers with a verified and accurate amount owed and a payment history to ensure borrowers are given proper credit for all payments;
- Detail the steps taken to verify the accuracy of the information contained in the affidavit to prevent the filing of false affidavits not based on personal knowledge;
- File a copy of the original note with the foreclosure complaint so that borrowers clearly know the terms of their contract with their lender; and
- Ensure that the named plaintiff is the legal owner of the loan and has the right to foreclose on the homeowner.

Madigan has additionally asked Washington lawmakers to support the re-introduction of legislation drafted by U.S. Sen. Richard Durbin, D-Ill., to permit bankruptcy court judges to reduce principal amounts on mortgages and thereby save homes.

Attorney General Madigan has been at the forefront of protecting Illinois homeowners during the mortgage foreclosure crisis and holding Wall Street banks accountable. In 2008, she led a nationwide \$8.7 billion settlement with Countrywide over its predatory lending practices. The Attorney General has also filed suit against both Wells Fargo and Countrywide alleging widespread discrimination against African American and Latino borrowers and causing them to pay disproportionately more for their mortgages than other borrowers.

Madigan urged homeowners to visit her Web site, [www.IllinoisAttorneyGeneral.gov](http://www.IllinoisAttorneyGeneral.gov), for resources available to assist homeowners in crisis. Included on the site is her Illinois Mortgage Lending Guide, a resource manual containing step-by-step instructions for those struggling to make their loan payments and a list of HUD-certified counseling agencies that offer default counseling services. Homeowners who do not have easy access to the Internet should call the Attorney General's Homeowner Helpline at 1-866-544-7151 to quickly receive the guide or the brochure by mail.

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## JOINT STATEMENT OF THE MORTGAGE FORECLOSURE MULTISTATE GROUP

It has recently come to light that a number of mortgage loan servicers have submitted affidavits or signed other documents in support of either a judicial or non-judicial foreclosure that appear to have procedural defects. In particular, it appears affidavits and other documents have been signed by persons who did not have personal knowledge of the facts asserted in the documents. In addition, it appears that many affidavits were signed outside of the presence of a notary public, contrary to state law. This process of signing documents without confirming their accuracy has come to be known as “robo-signing.” We believe such a process may constitute a deceptive act and/or an unfair practice or otherwise violate state laws.

In order to handle this issue in the most efficient and consistent manner possible, the states have formed a bi-partisan multistate group to address issues common to a large number of states. The group is comprised of both state Attorneys General and the state bank and mortgage regulators. Currently 49 state Attorneys General have joined this coordinated multistate effort. State bank and mortgage regulators are participating both individually and through their Multistate Mortgage Committee, which represents mortgage regulators from all 50 states. Through this process, the states will attempt to speak with one voice to the greatest extent possible. At the end of this statement is a list of the participating states.

Our multistate group has begun inquiring whether or not individual mortgage servicers have improperly submitted affidavits or other documents in support of foreclosures in our states. The facts uncovered in our review will dictate the scope of our inquiry. The Executive Committee is comprised of the following Attorneys General Offices: Arizona, California, Colorado, Connecticut, Florida, Illinois, Iowa, New York, North Carolina, Ohio, Texas, and Washington; and the following state banking regulators: Maryland Office of the Commissioner of Financial Regulation, New York State Banking Department, and the Pennsylvania Department of Banking.

## **Participating Attorneys General**

Alaska  
Arizona  
Arkansas  
California  
Colorado  
Connecticut  
Delaware  
Florida  
Georgia  
Hawaii Department of the Attorney General / Hawaii Office of Consumer Protection  
Idaho  
Illinois  
Indiana  
Iowa  
Kansas  
Kentucky  
Louisiana  
Maine  
Maryland  
Massachusetts  
Michigan  
Minnesota  
Mississippi  
Missouri  
Montana  
Nebraska  
Nevada  
New Hampshire  
New Jersey  
New Mexico  
New York  
North Carolina  
North Dakota  
Ohio  
Oklahoma  
Oregon  
Pennsylvania  
Rhode Island  
South Carolina  
South Dakota  
Tennessee  
Texas  
Utah  
Vermont

Virginia  
Washington  
West Virginia  
Wisconsin  
Wyoming

**Participating State Bank and Mortgage Regulators**

Arizona Department of Financial Institutions  
Arkansas Securities Department  
Connecticut Department of Banking  
D.C. Department of Insurance Securities and Banking  
Florida Office of Financial Regulation  
Idaho Department of Finance  
Illinois Secretary of Financial and Professional Regulation  
Indiana Department of Financial Institutions  
Iowa Division of Banking  
Kentucky Department of Financial Institutions  
Louisiana Office of Financial Institutions  
Maine Bureau of Consumer Credit Protection  
Maine Bureau of Financial Institutions  
Maryland Office of the Commissioner of Financial Regulation  
Division of Banks, Commonwealth of Massachusetts  
Michigan Office of Financial & Insurance Regulation  
Minnesota Department of Commerce  
Mississippi Department of Banking and Consumer Finance  
Montana Division of Banking and Financial Institutions  
Nebraska Department of Banking and Finance  
Nevada Financial Institutions Division and Mortgage Lending Division  
New Hampshire Banking Department  
New Jersey Department of Banking & Insurance – Office of Consumer Finance  
New York State Banking Department  
North Carolina Commissioner of Banks  
North Dakota Department of Financial Institutions  
Ohio Division of Financial Institutions  
Oregon Department of Consumer and Business Services – Division of Finance  
and Corporate Securities  
Pennsylvania Department of Banking  
Rhode Island Department of Business Regulation - Division of Banking  
South Carolina Department of Consumer Affairs  
Tennessee Department of Financial Institutions  
Texas Department of Banking  
Texas Finance Commission and Consumer Credit Commissioner  
Vermont Department of Banking, Insurance, Securities and Health Care Administration  
Washington State Department of Financial Institutions

West Virginia Division of Banking  
Wisconsin Department of Banking  
Wyoming Division of Banking