



July 17, 2012

MADIGAN ANNOUNCES \$3 MILLION IN FUNDING FOR FORECLOSURE MEDIATION PROGRAMS

Chicago — Attorney General Lisa Madigan announced that up to \$3 million in funding from the national foreclosure settlement reached this year will be used to fund new mortgage foreclosure mediation programs in Illinois counties where such programs currently do not exist.

The funding stems from Madigan's role in securing a \$25 billion national settlement in February with the nation's five largest bank mortgage servicers – Bank of America, JPMorgan Chase, Wells Fargo, Citibank and Ally Bank, formerly GMAC. The settlement addressed allegations of widespread "robo-signing" of foreclosure documents and other fraudulent practices while servicing loans of struggling homeowners.

"Effective mediation programs are proven to give homeowners a fighting chance to save their homes," Madigan said. "Borrowers who've gone through foreclosure mediation have significantly better chances at receiving a loan modification and reaching a positive outcome."

The funding announced today is available for multi-year grants to 501(c)(3) tax-exempt organizations that can demonstrate a capacity to run effective mortgage foreclosure mediation programs. Eligible organizations must have a solid plan for starting a mortgage foreclosure mediation program that incorporates meaningful access to housing counseling and pro bono legal representation for eligible borrowers, and a sustainability plan that includes a long-term funding plan either through a dedicated filing-fee add-on or another identifiable source. Projects must also include the training of judges, key court personnel and volunteers on mortgage foreclosure mediation.

Proposals should include a brief summary of the proposed services, a budget, and background about the organization's expertise and capabilities to provide the services. Applications are due electronically by August 15, 2012, to Deborah Hagan, dhagan@atg.state.il.us, and Tracy Celletti, tcelletti@atg.state.il.us. Grants will be awarded on a rolling basis.

In addition to the foreclosure mediation funding commitment, Madigan has also announced \$20 million in grants for legal assistance programs. The remainder of the settlement funds received by the Attorney General's office will be dedicated to programs and initiatives that will help to counteract the historic levels of foreclosure in Illinois through outreach to borrowers, housing policy development and community revitalization.

In addition to the funds directed to Madigan's office, Illinois borrowers also will receive an estimated \$1 billion in direct relief as a result of the national settlement. The direct borrower funds will assist those who have lost their homes, are underwater or at imminent risk of defaulting on their mortgages. The settlement also calls for completely overhauling mortgage servicing standards to prevent future abuses by lenders that many consumers have faced while trying to save their homes and during the foreclosure process.

Consumers seeking more information on the national settlement can contact Madigan's Homeowner's Helpline at (866) 544-7151, or visit her website, www.illinoisattorneygeneral.gov/consumers/bankforeclosuresettlement.html. Borrowers also can visit www.NationalForeclosureSettlement.com.

-30-

[Return to July 2012 Press Releases](#)



