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MADIGAN ANNOUNCES \$4.5 MILLION GRANT FOR FREE LEGAL HELP FOR NORTHERN, CENTRAL ILLINOIS HOMEOWNERS

Attorney General Distributes Funds from National Foreclosure Settlement Involving Banks' Illegal 'Robo-signing,' Servicing Practices

Rockford — Attorney General Lisa Madigan today announced that her office has distributed \$4.5 million in funding from the national foreclosure settlement to the Prairie State Legal Services. Madigan said the grant will help to provide much-needed legal services to struggling homeowners in Northern and Central Illinois.

The Attorney General made her announcement today during a press conference at Prairie State's offices. 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 bank servicers engaged in while servicing loans of struggling homeowners.

As part of the national settlement, Madigan's office recovered money from the banks to remediate the historic levels of foreclosure in Illinois. Today's announcement is among the first distributions of that funding, which as a whole will benefit legal assistance programs, housing counseling services and community revitalization efforts to counteract the negative effects of foreclosures on communities throughout Illinois. Madigan announced in April she would commit to distribute \$20 million of the funds recovered in the settlement to legal aid services. The Attorney General's office is continuing to analyze grant proposals toward that goal.

"This grant money will translate into real help for homeowners who otherwise never would have received it, because the need far exceeds the current legal aid resources," Madigan said. "By ensuring that more homeowners across Northern and Central Illinois have an advocate, we can give more people a fighting chance to save their homes and help stabilize communities throughout the region and the housing market overall."

Prairie State Legal Services serves residents in need of legal help across Northern and Central Illinois. Prairie State represents hundreds of clients each year in preventing domestic violence and unlawful evictions as well as preserving their health care, Social Security and disability benefits. In recent years, Prairie State has represented an increasing number of vulnerable homeowners in danger of losing their homes to foreclosure and predatory lending practices.

With the \$4.5 million in funding, Prairie State will hire additional staff to create a new, comprehensive Legal Help for Homeowners Project to help distressed homeowners save their homes. The project will be led by Samuel DiGrino, who joined Prairie State in 2007. It will provide legal help for borrowers and renters in foreclosure as well as other litigation resulting from foreclosure. The project will conduct outreach and education across Prairie State's 36-county service area and promote free assistance on foreclosure matters.

As of Oct. 1, the project will offer a toll-free foreclosure hotline, (888) 966-7757, for borrowers in need. Homeowners seeking foreclosure help prior to Oct. 1 should contact the Prairie State office in their neighborhood. Visit www.pslegal.org to find your local office.

"Homeowners who try to save their homes without legal help are at an unfair disadvantage. Last year, more than a thousand struggling homeowners asked Prairie State for help," said Michael O'Connor, executive director of Prairie State. "The Attorney General's support allows us to build a team of experienced attorneys dedicated to meeting the needs of homeowners facing foreclosure. Our attorneys will help clients negotiate to avoid foreclosure, and they will represent clients in a court of law. Multi-

year funding means our lawyers will be able to stand at our clients' sides throughout the lengthy process of protecting their homes."

In addition to the cash payments directed to the state, Illinois borrowers 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 will also completely overhaul mortgage servicing standards to prevent future abuses by lenders.

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.

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