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**MADIGAN CALLS ON FANNIE, FREDDIE TO ABANDON HIGHER FEES ON ILLINOIS HOMEOWNERS*****Attorney General Says Proposal Would Unfairly Penalize States that  
Protect Homeowners in Foreclosure***

**Chicago** — Attorney General Lisa Madigan has sent a letter to the Federal Housing Finance Agency (FHFA), demanding the agency abandon a proposal that would unfairly penalize Illinois borrowers by tacking higher fees on new mortgages sold in the state.

In a letter to Edward J. DeMarco, the acting director of FHFA, which oversees Fannie Mae and Freddie Mac, Madigan and her counterparts in New York and Connecticut said the agency's proposal targets higher fees on borrowers who live in Illinois and four other states that have enacted critical legal protections to safeguard homeowners in foreclosure.

FHFA claims the additional fees on borrowers living in Illinois, Connecticut, Florida, New Jersey and New York are necessary because the states' legal protections supposedly result in higher costs to Fannie Mae and Freddie Mac during the foreclosure process. In addition, FHFA's proposal makes clear that higher fees on borrowers in these states would be eliminated if state lawmakers roll back these legal protections.

Madigan and the attorneys general said FHFA's proposal lacks evidence showing that statutory consumer protections are the main factors of higher foreclosure costs for Fannie and Freddie. In fact, the proposal ignores a known driver of higher foreclosure costs – widespread mortgage servicer misconduct during the foreclosure process, as demonstrated by the \$25 billion national settlement reached earlier this year with the nation's five largest servicers.

Ultimately, Madigan said the proposal amounts to a thinly disguised threat to compel the states to accept higher costs for borrowers in their states or dismantle important legal protections altogether.

"If FHFA's proposal is adopted, Illinois homeowners will inevitably pay a steep price – through higher interest rates or diminished legal protections for borrowers," Madigan said. "Either way, it's a lose-lose situation for homeowners."

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