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## MADIGAN: FRIDAY DEADLINE FOR COUNTRYWIDE SETTLEMENT CLAIMS

### ***Attorney General Urges Eligible Illinois Borrowers to Submit Claim Forms to Benefit Under Lending Discrimination Settlement***

**Chicago** — Attorney General Lisa Madigan today reminded Illinois borrowers who are eligible for compensation under the \$335 million national settlement with Countrywide over lending discrimination to submit their claim forms by Friday to benefit from the settlement.

African-American and Latino borrowers who obtained a mortgage from Countrywide, now a subsidiary of Bank of America, and who have received a claim form packet or letter are eligible for compensation if they mail a claim form to the settlement administrator by Friday.

The settlement with Countrywide resolved allegations that the lender engaged in widespread and illegal discrimination against minority borrowers in the years before the financial crisis. Madigan and the U.S. Department of Justice alleged the former mortgage giant steered African-American and Latino borrowers into risky subprime loans more often than similarly situated white borrowers and charged them more for their loans during the height of the nation's housing boom.

"The relief obtained in this settlement is crucial for borrowers who've paid far too high a price for the risky, discriminatory lending practices Countrywide employed in the buildup to the housing collapse," Madigan said. "I encourage anyone who has received information from the settlement administrator to act quickly to submit their claim before the deadline."

The settlement's administrator sent initial claim form packets to eligible Illinois borrowers directly. Madigan's office also recently sent a follow up letter to some eligible borrowers who had not yet sent in their claim form. Borrowers who have questions, need a new claim form or need help filing their claim should contact the settlement administrator at 1-800-843-5148, or send questions by email to [countrywide.settlement@usdoj.gov](mailto:countrywide.settlement@usdoj.gov). Consumers may also contact Madigan's Homeowner Helpline at 1-866-544-7151 for more information.

The settlement stems from Madigan's June 2010 lawsuit against Countrywide Financial Corporation, Countrywide Home Loans Inc. and Full Spectrum Lending Inc., an arm of Countrywide that mostly sold subprime loans. The lawsuit alleged numerous violations of the Illinois Fairness in Lending Act and the Illinois Human Rights Act included data showing minority borrowers paid more for mortgages than white borrowers and that they were more often sold riskier subprime home loans despite qualifying for prime rate, or lower cost, loans. Madigan's analysis of Countrywide loan data found that these disparities could not be explained by objective factors, including borrowers' credit scores or their debt-to-income ratios.

Madigan's lawsuit and subsequent settlement follows years of investigation by her office into Countrywide's lending policies and practices during the years leading up to the real estate market's collapse. Madigan issued a fair lending subpoena to Countrywide in March 2008 after a *Chicago Reporter* study of federally collected mortgage lending data for the Chicago area found that, in 2006, Countrywide Financial Corporation sold higher-cost loans to 50.9 percent of its African-American borrowers and 33.8 percent of its Latino borrowers, while only 19.5 percent of the company's white borrowers received high-cost loans.

Madigan's further analysis of Countrywide's loan data found that African-American and Latino borrowers were three times more likely to receive a higher-cost subprime mortgage than white borrowers, and that Countrywide charged African-American and Latino borrowers higher interest rates and fees on loans spanning the company's range of products, including its prime products, as compared with similarly-situated white borrowers.

The Attorney General's analysis also found that these disparities in Countrywide's subprime sales and loan pricing were the result of company policies that gave employees and mortgage brokers almost unlimited discretion in the selection and pricing of loans.

Countrywide was once the largest mortgage lender in the nation, including in Illinois, and led the country in selling subprime loans. The failure of millions of these higher-cost mortgages nationwide contributed to the nation's housing crash, resulting economic recession and ongoing foreclosure crisis.

This is the second lawsuit Madigan filed against Countrywide. In 2008, the Attorney General filed a consumer fraud lawsuit against the lender for over its origination, marketing and servicing of unnecessarily risky and costly mortgage loans for Illinois homeowners. In November 2008, Madigan led negotiations that resulted in an \$8.7 billion nationwide settlement of that lawsuit with Bank of America.

Her case against Countrywide is also Madigan's second fair lending lawsuit brought against a mortgage lender. In 2009, Madigan sued Wells Fargo for violating the state's fair lending and civil rights laws, becoming the first state attorney general in the nation to sue a federally chartered lender for its role in creating the foreclosure crisis. In 2012, Madigan and the U.S. Department of Justice reached a \$175 million settlement with Wells Fargo.

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