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**MADIGAN ANNOUNCES \$5 MILLION GRANT FOR
FORECLOSURE MEDIATION PROGRAMS**

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

Chicago — Attorney General Lisa Madigan today awarded \$5 million in grants from the national foreclosure settlement to fund the creation and implementation of new mortgage foreclosure mediation programs in counties with significant needs but without current programs.

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

"The goal of a foreclosure mediation program is to connect homeowners in crisis with legal assistance and housing counseling services so they can accurately assess their options and pursue the best plan," Madigan said. "Because mediation has been proven to give homeowners a greater chance to save their homes, these grant funds will help both families and communities that have been devastated by the foreclosure crisis."

The \$5 million from the settlement will fund three regional projects to assist with the startup of foreclosure mediation programs in the following Judicial Circuits where the judges are interested in pursuing a program: 1st, 2nd, 5th, 6th, 7th, 16th, 17th, 19th, 20th and 21st. In each judicial circuit, the projects will initially focus on the counties with the highest number of foreclosure cases and will begin by working closely with the circuit's judges.

In the northern region of the state, Northern Illinois University Law School and nonprofit Resolution Systems Institute will partner to develop mediation programs. In Central Illinois, the University of Illinois College of Law will work to develop and administer mediation programs in surrounding counties. And, in Southern Illinois, Dispute Resolution Institute, a Carbondale-based nonprofit mediation program coordinator, will assist the courts with the startup of mediation programs.

The three regional projects will help:

- Work with judges to develop rules and documents the judicial circuit needs to implement a mediation program;
- Recruit and train mediators;
- Develop case coordination systems;
- Work with housing counselors and legal aid attorneys to assist homeowners who participate in the foreclosure mediation programs;
- Develop an online monitoring system to permit the mediation programs to input data for tracking and evaluation; and
- Evaluate and report outcomes and efficiency of the mediation programs and develop ways to improve the programs when needed.

As part of the national foreclosure settlement, Madigan's office recovered money from the banks to remediate the historic levels of foreclosures in Illinois. Today's announcement is part of an ongoing plan to distribute the settlement funds to legal assistance programs, housing counseling services and community revitalization programs in an effort to counteract the impact of foreclosures on communities throughout Illinois. Madigan has already distributed \$20 million for legal aid services for homeowners and renters

in distress. In addition, she has solicited proposals for \$70 million in settlement funding to be put toward housing counseling and community redevelopment projects. A review of those proposals is ongoing.

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