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MADIGAN ANNOUNCES \$1 MILLION SETTLEMENT WITH SAFEGUARD PROPERTIES***Homeowners Illegally Locked Out of Homes to Receive Restitution***

Chicago — Attorney General Lisa Madigan today announced a \$1 million settlement with Safeguard Properties LLC over allegations the company illegally locked Illinois residents out of their homes before a foreclosure was finalized.

Under Madigan's settlement, Safeguard, a Delaware corporation based in Ohio, must pay \$1 million, nearly all of which will be paid to Illinois residents who filed complaints over Safeguard's practices. Safeguard must also follow 40 operating standards in conducting inspections and other services relating to Illinois properties set by Madigan's office to ensure homeowners' rights are protected.

Safeguard is the largest company in the country hired by mortgage lenders to determine whether homeowners in default or facing foreclosure are living in their homes. If a property is deemed vacant, Safeguard is responsible for securing and maintaining the property to ensure it does not lose value after it is foreclosed. Madigan alleged in a 2013 lawsuit that Safeguard wrongly deemed homes vacant, instructing its contractors to shut off utilities, change the properties' locks and illegally remove residents' personal belongings even though they actively remained in their homes.

"When I filed this lawsuit, Safeguard was illegally breaking and entering into homes, often removing residents' belongings and locking people out," Madigan said. "I am pleased that this settlement will provide some compensation for the nightmare they caused these homeowners and that it will ensure that Safeguard does not employ these brazen practices moving forward."

As the number of foreclosures rose in Illinois in the aftermath of the housing market's collapse, mortgage lenders increasingly relied on third-party companies like Safeguard to ensure that properties did not lose value after their owners defaulted on their mortgage. Vendors such as Safeguard manage properties throughout the foreclosure process. However, homeowners and tenants have a legal right to occupy a home until the completion of the foreclosure process.

Under the settlement, Safeguard agreed to overhaul its business practices to ensure that the company only secures a property that is vacant based on objective standards, including:

- Inspectors must support their inspections with photographs and an affidavit;
- Safeguard must post notice to the occupant that it has determined the property to be vacant before it enters the property;
- Safeguard is prohibited from misrepresenting the rights of occupants that are allowed to remain in their home even though they might be behind on their mortgage and in foreclosure;
- The company must increase its oversight and quality control of its subcontractors;
- Safeguard must maintain a 24-hour hotline for fielding consumer complaints; and
- The company is prohibited from removing non-perishable and non-hazardous personal property prior to foreclosure unless it has a court order, and if Safeguard makes a mistake, it must restore a consumer's possession of the home, restore utility service, and return or reimburse any personal property that has been removed.

The settlement requires Safeguard to submit to monitoring by Madigan's office to ensure compliance with the settlement. The \$1 million in payments to consumers will be distributed by Madigan's office to consumers who filed complaints with her office over Safeguard's practices.

Assistant Attorneys General Andrew Dougherty and Agnes Ptasznik and Bureau Chief Susan Ellis handled the case for Madigan's Consumer Fraud Bureau.

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