

Press Releases

September 12, 2016

MADIGAN: ILLINOIS HOMEOWNERS RECEIVED MORE THAN DOUBLE THE EXPECTED RELIEF IN BANK OF AMERICA SETTLEMENT

Settlement Reached by Attorney General Madigan Over Bank's Misconduct Has Provided \$440 Million in Relief, including \$240 Million in Homeowner Principal Reductions, Loan Modifications & Loans to First Time Buyers

Chicago — Attorney General Lisa Madigan today announced that Illinois homeowners have received \$240 million in relief under a settlement with Bank of America as a result of the bank's misconduct in its marketing and sale of risky residential mortgage-backed securities (RMBS) leading up to the 2008 economic collapse.

The relief is part of a national settlement reached by Madigan, the U.S. Department of Justice, and attorneys general from California, Delaware, Massachusetts, New York and Kentucky. Madigan's settlement for Illinois has provided more than double the \$100 million in consumer relief required and included an additional \$200 million for the state's pension systems that sustained losses from RMBS investments as a result of the economic crisis.

Under the settlement, over 5,200 Illinois homeowners have received \$240 million in relief, including nearly 400 homeowners who received an average of \$147,000 each in principal reductions on their home loans. The relief also provided forgiveness for previous and current forbearances, junior lien forgiveness and loans to first-time low to moderate income homebuyers.

"This settlement has provided millions of dollars in significant, direct relief to thousands of homeowners across the state who were harmed by Bank of America's misconduct that contributed to the economic crisis," Madigan said.

The settlement stemmed from an investigation by Madigan's office which revealed that between 2006 and 2008 Bank of America failed to disclose the true risk of RMBS investments to Illinois' pension systems and therefore misled the systems when they invested in the RMBS market.

It is among several settlements that Madigan has secured as part of her work on the Residential Mortgage-Backed Securities Working Group under President Obama's Financial Fraud Enforcement Task Force. Madigan has reached similar agreements with JPMorgan Chase & Company, Citigroup, Morgan Stanley and Goldman Sachs.

The settlement is also the latest action against Bank of America and Countrywide for misconduct that led to the economic collapse.

In 2008, Madigan filed an historic lawsuit against Countrywide that led to an \$8.7 billion national settlement for deceptively placing thousands of Illinois homeowners into ultra-risky and unaffordable subprime mortgages. Madigan's settlement established the nation's first mandatory mortgage modification program.

Two years later, in 2010, Madigan again filed suit against Countrywide and Bank of America for illegally targeting African American and Latino borrowers for sales of the lender's poorest quality and most expensive mortgages during the height of the subprime mortgage lending spree. The lawsuit led to a \$335 million national settlement reached by Madigan and DOJ that provided restitution to harmed Illinois borrowers and represented the largest settlement of a fair lending lawsuit ever obtained by a state attorney general. In addition, Madigan and DOJ secured a \$175 million national settlement with Wells Fargo to resolve similar fair lending allegations.

As a result of all of the enforcement actions that Attorney General Madigan has taken against the perpetrators of the economic collapse, she has recovered over \$3 billion for Illinois consumers, communities, pension funds and county recorders.

[Return to September 2016 Press Releases](#)



[© 2020 Illinois Attorney General](#)

[Home](#) • [Privacy Policy](#) • [Contact Us](#)