



## Attorney General Madigan Announces \$70 Million to Help Rebuild Illinois Communities Devastated by Foreclosure Crisis

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### National Foreclosure Settlement Funding To Advance Neighborhood Rebuilding Efforts

Chicago—(ENEWSPF)—July 17, 2013. Attorney General Lisa Madigan today announced \$70 million to assist housing efforts across the state to help rebuild Illinois communities that have been devastated by the national foreclosure crisis.

The funding provided by Madigan stems from her lead role in obtaining a historic \$25 billion national settlement last year with the country's five largest bank mortgage servicers – Bank of America, JPMorgan Chase, Wells Fargo, Citibank and Ally Bank, formerly GMAC. The settlement addressed allegations of widespread robo-signing of documents and other fraudulent practices by banks during foreclosure proceedings.

With today's announcement, Madigan is dedicating \$70 million in settlement funding toward relief efforts for Illinois communities fraught with vacant and abandoned properties. The funding seeks to help rebuild neighborhoods that have been hardest hit by foreclosure in two critical ways: By rebuilding and rehabilitating vacant and abandoned properties to turn around blighted neighborhoods and by providing critical housing counseling to homeowners and renters to build stable communities. Some resources were also dedicated to housing policy and data experts that will ensure all the awardees have access to vital information, tools and strategies for success.

"With these awards, we are making a down payment on a better future for families in communities hardest hit by the foreclosure crisis," Madigan said. "The work being done by these outstanding organizations will help move us forward on the road to recovery."

The settlement has already provided nearly \$2 billion in direct relief to Illinois homeowners, who were victims of the banks' practices, through principal reductions on home loans and refinancing for underwater loans, and an additional \$43 million in direct payments to foreclosed borrowers. In addition, Madigan has awarded \$20 million to legal aid organizations and \$5 million to pilot mortgage foreclosure mediation programs in Illinois.

"I applaud Attorney General Madigan's leadership and focus on promoting resilient and sustainable collaborations through the National Mortgage Servicing Settlement," said Shaun Donovan, Secretary of the U.S. Department of Housing and Urban Development. "More specifically, Attorney General Madigan and her team's creative use of this flexible funding source to help local leaders design programs that will not only help Illinois communities today, but will remain impactful long after this funding source is depleted. Her dedication to use the funds allocated to Illinois for foreclosure-related activities is highly commendable and will pay dividends for years to come."

To allocate the \$70 million in funding, Attorney General Madigan appointed a Blue Ribbon Advisory Council made up of housing and community development experts from Illinois' non-profit, government and private sectors to determine and recommend effective allocation of the funding. The Advisory Council focused awards in areas of the state that showed significant need, using data on foreclosed and vacant homes in Illinois.

Members of Madigan's Advisory Council are: Bennett P. Applegate, of Applegate & Thorne-Thomsen and a founder of the Illinois Housing Council; Allison Clark, of the John D. and Catherine T. MacArthur Foundation; Robert Grossinger, of the Enterprise Community Partners Inc.; King Harris, of Harris Holdings Inc. and the Metropolitan Planning Council; Pam Daniels-Halisi, of The PrivateBank and Trust Company; Sharon Hess, of the Southern Illinois Coalition for the Homeless; Juanita Irizarry, of The Chicago Community Trust; Roberto Requejo, of the Federal Reserve Bank of Chicago; Antonio Riley, of the U.S. Department of Housing and Urban Development; and Dawn Stockmo, of the National Community Stabilization Trust. The Advisory Council is assisted by Robin Snyderman and Karen Muchin.

The Advisory Council received 136 proposals seeking a total of \$507 million. Ultimately, the \$70 million was awarded to 54 proposals that focused on areas of need and on housing initiatives that have been nationally recognized by the institutions as diverse as the U.S. Department of Housing and Urban Development and the Brookings Institution. Funding was awarded to groups of organizations working collaboratively to ensure efforts are not duplicated and are more effective – allowing public and private partners to reach a larger number of homeowners and renters in neighborhoods across the state. Some resources were also dedicated to housing policy and data experts that will ensure the long-term viability of the projects.

A snapshot of awards from the \$70 million:

- Cook County Land Bank: \$6 million to assist in the start-up of the Cook County Land Bank, estimated to be the largest land bank in the country, and support the already existing South Suburban Land Bank. The two land banks will support local municipalities in bringing vacant, abandoned and foreclosed properties back to productive use – boosting local economies, benefiting area schools and reducing crime.
- Rock Island Economic Growth Corporation, Rock Island and surrounding counties: \$3.5 million to the Rock Island Economic Growth Corporation that is made up of public and private entities to coordinate housing redevelopment strategies in Henry, Mercer, Rock Island and Whiteside counties. The funding will support 83 new construction or rehabbed properties for sale or rent, including some historic preservation properties. Property management and social service strategies will be implemented to prioritize veterans or special needs populations.
- IFF (formerly the Illinois Facilities Fund), Suburban Cook County: \$3 million to support the West Cook Housing Collaborative's five-town redevelopment strategy that prioritizes redeveloping properties affected by the foreclosure crisis near public transportation. The funding will nearly double the acquisition and rehab underway, enabling IFF to create an additional 53 affordable homes for working families.
- Local Initiatives Support Corporation, Greater Peoria area: \$3 million to fund LISC's new effort to bring local housing stakeholders together to create a new, unified vision for revitalization. The funding will support the demolition of 20 buildings and create 30 new homes – half of which will be for rental properties for the special needs population and half for sale – to revitalize Peoria's East Bluff neighborhood.
- **Community Foundation of the Fox River Valley**, DuPage and Kane counties: \$3 million to redevelop properties in these collar counties, including properties in Aurora, Batavia, Carpentersville, Elgin, North Aurora and St. Charles. The funding will initiate the start of a regional revitalization strategy called the Homes for Changing Region Plan that will promote long-term neighborhood stability in those areas.
- Hispanic Housing Development Corporation, Chicago: \$3 million to fund an unprecedented effort to rehabilitate and convert single-family homes in foreclosure into rental properties. The program will allow struggling homeowners and their families who are currently in foreclosure to stay in their homes as renters.

## Combating the Housing Crisis on Many Fronts

Throughout the housing crisis, Attorney General Madigan has taken actions to hold the country's biggest mortgage lenders accountable for unlawful misconduct. Last year, Madigan became the only state Attorney General to bring and resolve a fair lending lawsuit against a national bank when she and the U.S. Department of Justice reached a \$175-million settlement with Wells Fargo over discriminatory lending practices. In 2011, Madigan and the U.S. Department of Justice reached a \$335-million settlement to resolve allegations that Countrywide – now owned by Bank of America – employed similar discriminatory lending practices against minority borrowers. That settlement represented the largest fair lending settlement in the nation's history.

Madigan led an earlier lawsuit against Countrywide that brought about a national \$8.7 billion settlement in 2008 regarding the company's predatory lending practices, and she reached a \$39.5 million settlement with Wells Fargo over the bank's deceptive marketing of extremely risky loans called Pay Option ARMs. Madigan has also filed a consumer fraud lawsuit against Standard & Poor's, alleging the ratings agency compromised its independence by assigning high ratings to unworthy, risky investments as a corporate strategy to increase its revenue and market share.

For more information on the national foreclosure settlement that led to today's announcement, visit [www.illinoisattorneygeneral.gov/consumers/bankforeclosuresettlement.html](http://www.illinoisattorneygeneral.gov/consumers/bankforeclosuresettlement.html). Borrowers also can visit [www.NationalForeclosureSettlement.com](http://www.NationalForeclosureSettlement.com).

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