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**OVERVIEW OF ATTORNEY GENERAL MARTHA COAKLEY'S INITIATIVE TO  
COMBAT THE SUBPRIME LENDING CRISIS**

*During the Economic Crisis, AG Coakley's Office has secured more than **\$600 million** in relief for investors and borrowers, recovered nearly **\$60 million** in taxpayer funds to the Commonwealth and ensures mortgage relief to more than **25,400** homeowners in Massachusetts*

- In November 2011, Attorney General Coakley's Office reached a \$52 million settlement with the [Royal Bank of Scotland](#) over allegations that it financed, purchased, and securitized residential loans that were presumptively unfair. The settlement provides more than **\$40.2 million** to be used for principal reduction and related relief for more than **700** Massachusetts subprime borrowers. Coakley also obtained an **\$8.9 million** payment for the Commonwealth and more than **\$2.6 million** to compensate state "sub-entities," including municipalities most acutely affected by foreclosures of the RBS securitized loans.
- In August 2011, Attorney General Coakley settled her office's 2008 enforcement action against [Option One Mortgage Corp.](#), a subsidiary of H&R Block, which alleged predatory lending and discriminatory lending. The settlement provides a loan modification program for certain ultra-risky loans, which will provide an estimated **\$115 million** in value to Massachusetts borrowers in principal write-downs and reduced monthly payments. Coakley also obtained a **\$9.8 million** payment for restitution and the Commonwealth's litigation costs.
- In June 2010, Attorney General Coakley's Office reached a **\$102 million** settlement with [Morgan Stanley](#) over its role in financing and securitizing subprime loans, which contributed to the housing crash in Massachusetts.
- In March 2010, Attorney General Coakley's office secured **\$3 billion** in loan modifications for homeowners nationwide with [Countrywide Financial Corporation](#). The agreement secured an estimated \$18 million in loan modifications for Massachusetts homeowners, \$3 billion in loan modifications for homeowners across the country, and a \$4.1 million payment to the Commonwealth. Countrywide is now owned by Bank of America.
- In February 2010, Attorney General Coakley's office, together with the SEC, reached a **\$310 million** settlement with [State Street Bank](#) to resolve allegations that the financial giant misled fund investors, including numerous Massachusetts charities and retirement funds, regarding the extent of the funds' subprime exposure.

- In June 2009, Attorney General Coakley's office reached a **\$10 million** settlement with [Fremont Investment & Loan and Fremont General Corporation](#) in which Fremont resolved claims that it wrote 15,000 Massachusetts mortgages that were considered “doomed to foreclosure.” The agreement also secured an injunction affording state officials the opportunity to review any of Fremont’s 2,200 remaining Massachusetts mortgages before the initiation of foreclosure proceedings.
- In May 2009, Attorney General Coakley's office reached a first-in-the-nation **\$60 million** settlement with [Goldman Sachs](#) in which the company agreed to provide loan restructuring for over 700 Massachusetts homeowners.
- The Attorney General’s Office has also brought civil and criminal actions against local lenders and brokers who engaged in fraudulent lending activity, or who perpetrated foreclosure rescue or loan modification scams.

*In addition to the enforcement component of her initiative, Attorney General Coakley has also taken regulatory and legislative action to address predatory lending:*

- In January 2008, the Attorney General’s Office implemented **new consumer protection regulations** governing mortgage brokers and lenders.
- In June 2007, the office enacted Consumer Protection Act regulations which **barred “foreclosure rescue transactions”** to protect homeowners from losing their homes in these scams.
- In October 2007, Attorney General Coakley testified before the U.S. House of Representatives Committee on Financial Services about **racial and ethnic disparities in mortgage lending**:
- Attorney General Coakley, State Senator Karen Spilka, and State Representative Steven Walsh **sponsored state legislation** which requires that creditors take reasonable steps to avoid foreclosure and prohibits foreclosures without appropriate documentation. The legislation will also prevent additional foreclosures by mandating loan modifications in certain circumstances.