

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

ILLINOIS ASSOCIATION OF MORTGAGE)	
BROKERS, an Illinois not-for-profit)	
corporation,)	
)	No. 01 C 5151
Plaintiff,)	
)	Judge Charles R. Norgle, Sr.
vs.)	
)	Magistrate Ian Levin
OFFICE OF BANKS AND REAL ESTATE, an)	
Illinois state agency; and WILLIAM DARR,)	
not personally but in his official capacity as)	
Commissioner of the Office of Banks and Real)	
Estate,)	
)	
Defendants.)	

MOTION FOR LEAVE TO FILE AMICUS BRIEF IN SUPPORT OF DEFENDANTS

The entities listed below, which range from research organizations to elected government officials, and from national associations to grass-roots organizations, by and through their undersigned counsel, hereby move for leave to file instant their brief *amici curiae* in support of defendants.¹ These *amici* are in a unique position to offer the Court a detailed picture of what makes certain subprime loans “predatory,” how predatory loans have mushroomed in Illinois, and how devastating those loans are, both to the individual borrowers who take them on and to the communities in which those borrowers live. This Court needs the information *amici* can provide to evaluate whether the public interest will be served or undermined by the preliminary injunction plaintiff seeks. In further support of their Motion, *amici* state as follows:

1. **The Woodstock Institute** is a 28-year-old applied research and technical

¹ A copy of the Brief *Amici Curiae* in Support of Defendants is attached as Exhibit 1.

assistance organization that has conducted policy research on mortgage credit, fair lending, and community reinvestment in Illinois and around the country. The Woodstock Institute is nationally recognized as an expert on access to credit for home owners, small businesses, and consumers. It has conducted extensive research on subprime lending practices and the impact of those practices on communities.

2. **Neighborhood Housing Services of Chicago, Inc. (“NHS”)** is a non-profit community-based lender and certified Community Development Financial Institution. Formed in 1975, NHS brings about community reinvestment through a partnership of residents, business, and government. Last year, NHS originated \$11 million and leveraged an additional \$17 million in home improvement and home mortgage loans. NHS also provided over 2700 families with hands-on home ownership counseling and training through its Neighborworks Home Ownership Center and offered a comprehensive Foreclosure Intervention Program to assist families in danger of foreclosure. NHS works directly with families who have been victimized by predatory lenders.

3. **The Chicago Area Fair Housing Alliance (“CAFHA”)** is an association of private fair housing organizations, governmental bodies, and other concerned groups in the Chicago metropolitan area.² CAFHA's purposes are to initiate and support programs that further

² CAFHA's members are Access Living, Beverly Area Planning Association, Business and Professional People for the Public Interest, Village of Calumet Park, Chicago Lawyers' Committee for Civil Rights Under Law, Inc., City of Chicago Commission on Human Relations, Cook County Commission on Human Rights, City of Country Club Hills, Diversity Inc. (the Housing Coalition of the Southern Suburbs), DuPage County Division of Human Services, City of Evanston, Evanston Neighborhood Conference, HOPE Fair Housing Center, Illinois Department of Human Rights, Interfaith Housing Center of the Northern Suburbs, Fair Housing Center of Lake County, Lawyers' Committee for Better Housing, Leadership Council for Metropolitan Open Communities, Village of Matteson, Oak Park Regional Housing Center, Village of Park Forest, Village of Richton Park, Village of South Holland, South Suburban

fair housing rights and opportunities; develop strategies to promote long-term racial diversity; and combat discrimination and harassment based on race, color, sex, age, national origin, disability, religion, ancestry, sexual orientation, marital status, familial status, military discharge status, source of income, or housing status. CAFHA accomplishes these goals through networking, education and research. CAFHA has been a long-time voice for fair lending, and has conducted research documenting the disparities in how conventional credit is made available in white and minority communities. CAFHA is particularly concerned about the fair housing implications of predatory lending practices and their impact on minority communities.

4. **The Southwest Organizing Project (“SWOP”)** is an institutional-based organization of 26 members (churches, schools, mosques, and other religious and not-for-profit community organizations) in Southwest Chicago. SWOP has seen an increase in predatory loans and foreclosures in the area it serves, leading to the destabilization of many blocks on the Southwest side and eroding confidence among remaining homeowners. SWOP was active in supporting the regulations challenged in this litigation.

5. **The National Training and Information Center (“NTIC”)** is a 30-year-old training and research center for grassroots neighborhood organizations. In 1999, NTIC conducted and released a seminal study of subprime lending and foreclosures in the Chicago metropolitan area (“Preying on Neighborhoods: Subprime Mortgage Lenders and Chicagoland Foreclosures”). NTIC was instrumental in the passage of the Community Reinvestment Act in

Housing Center, Village of Streamwood, Thresholds, Village of University Park, and the Woodstock Institute. CAFHA’s associate members are the Community and Economic Development Association (CEDA), HCP of Illinois, Inc., the John Marshall Law School Fair Housing Legal Support Center, Neighborhood Housing Services of Chicago, Inc., Northwest Indiana Open Housing Center, and South Metropolitan Regional Leadership Center.

1977, the Chicago anti-predatory lending ordinance in 2000, and the regulations challenged in this lawsuit in 2001. NTIC is also the organizer of the Chicago Loan Shark Task Force (a homeowners' group), and the Illinois Coalition Against Predatory Home Loans (roughly 100 community groups, religious organizations, and lenders from around the state).

1. **The Leadership Council for Metropolitan Open Communities (“Leadership Council”)** is a not-for-profit fair housing organization whose purpose is to promote open housing in the Chicago metropolitan area. Its programs and activities include three Fair Housing Centers providing referral services and housing and financial counseling to minority home-seekers; a Community Outreach and Education Program; an Assisted Housing Program and Supportive Services Program for Section 8 tenants; and a Legal Action Program that provides legal representation to victims of housing discrimination. The Leadership Council has represented victims of predatory lending and counseled home owners who have received predatory loans.

6. **AARP** is the nation’s leading organization for people age 50 and older. AARP’s membership includes 23 million households nationwide. There are more than 1.6 million AARP members in Illinois alone. AARP has been active, at the national and state level, in combating fraud and abuse against older people in a wide range of consumer transactions, including predatory loans. AARP has supported legislation and regulations to curb loan abuses, educated older people about those abuses, and represented hundreds of older, low-income homeowners in legal proceedings arising out of predatory loans.

8. **State Representative Karen Yarbrough (D-Maywood)** represents a district that has been ravaged by predatory lenders. In her district, Oak Park had 24 foreclosures in 2000 (up from 1 in 1993), Maywood had 200, and Bellwood and Broadview had comparable increases. Ms. Yarbrough is also president of an independent insurance agency in Maywood, and a real

estate agent. She therefore sees the effects of predatory lending from a business as well as a governmental perspective.

9. **The Coalition for Consumer Rights (“CCR”)** is a public interest research and education center which focuses on pocketbook consumer issues in Illinois. Although most of its efforts have been directed at curbing “payday” loans, CCR has also been frequently contacted by predatory home mortgage lenders’ victims and supports regulatory oversight of predatory lenders.

10. **South Austin Coalition** has spent the last 24 years organizing and mobilizing residents, groups, and institutions in the Austin neighborhood to build a more livable and safe community. Nothing has been more destructive of the viability of the Austin neighborhood and its housing stock than predatory lending. South Austin Coalition helped spearhead the drive for a Chicago ordinance against predatory lending, and supported the Illinois regulations challenged here. Recently, it was involved in a class-action lawsuit on behalf of 148 homeowners who took on predatory loans to buy substandard homes in Austin (the “Easy Life” case). That suit netted \$1.13 million for the homeowners.

11. **The South Suburban Housing Center (“SSHC”)** is a private, non-profit, regional fair housing agency serving over 100 communities in southern Cook, Will, and Kankakee Counties. SSHC was formed in 1975 to monitor and address discriminatory practices in the housing markets and thereby foster racially stable and economically diverse communities. SSHC conducts predatory lending awareness education for homeowners and assists victims of predatory lending practices.

12. **The Central Illinois Organizing Project (“CIOP”)** is an ecumenical, faith-based community organization, which consists of 19 congregations, organized labor, and

ethnic groups from the central Illinois communities of Bloomington-Normal, Champaign, Danville, Decatur, Rantoul, and Springfield. Stopping predatory lending is a critical issue to CIOP's members and to low-income families in downstate Illinois. CIOP members have testified before state and federal officials on regulatory and enforcement issues. CIOP is also working with Fannie Mae and regional lenders to develop a \$5 million anti-predatory lending loan pool.

13. *Amici* seek to submit their brief because they all have extensive, hands-on experience with the devastating impact of predatory lending, and are therefore in a unique position to show the Court how the public interest would be affected if the challenged regulations were enjoined -- a key factor for the Court to consider in ruling on plaintiff's request for an injunction. *Kiel v. City of Kenosha*, 236 F.3d 814, 816 (7th Cir. 2000); *International Union of Operating Engineers, Local 150, AFL-CIO v. Village of Orland Park*, 139 F. Supp. 2d 950, 957 (N.D. Ill. 2001). At this stage of the litigation, none of the parties is in a position to present comparable information.

14. There is ample precedent for allowing *amicus* briefs in the district court. *See, e.g., Boim v. Quranic Literacy Institute*, 127 F. Supp. 2d 1002, 1020 (N.D. Ill. 2001); *United States v. Krilich*, No. 00 C 6078, 2001 U.S. Dist. LEXIS 4125 at *24 (N.D. Ill. Apr. 5, 2001); *In re Mexico Money Transfer Litigation*, Nos. 98 C 2407, 98 C 2408, 2000 U.S. Dist. LEXIS 18863 at *49 (N.D. Ill. Dec. 21, 2000); *Commonwealth Edison v. Casillas*, No. 97 C 0006, 1998 U.S. Dist. LEXIS 7236 at **2, 25-26, 29-30 (N.D. Ill. May 12, 1998); *King v. State Board of Elections*, 979 F. Supp. 582, 586 (N.D. Ill.), *vacated on other grounds*, 519 U.S. 978 (1996). In addition, the Court of Appeals has said that *amicus* briefs are particularly useful where the *amici* have

information or a point of view that is different from what the lawyers for the parties themselves can provide. *Ryan v. Commodity Futures Trading Commission*, 125 F.3d 1062, 1063 (7th Cir. 1997). This is just such a case.

WHEREFORE, the *amici* request that this Court grant them leave to file their brief
instanter.

Dated: August 3, 2001

Respectfully submitted,

By: _____
One of the Attorneys for *Amici*

Nina E. Vinik
Chicago Lawyers' Committee for
Civil Rights Under Law, Inc.
100 North LaSalle Street, Suite 600
Metropolitan
Chicago, IL 60602-2403
(312) 630-9744

Diana White
Brenda Grauer
Michelle Weinberg
Legal Assistance Foundation of
Chicago
111 West Jackson Boulevard, Suite 300
Chicago, IL 60604
(312) 347-8359

Dory Rand
National Center on Poverty Law
205 West Monroe Street, 2d Floor
Chicago, IL 60606
(312) 263-3860

Stephen Stern
Leadership Council for Metropolitan
Open Communities
111 West Jackson Boulevard, 12th Floor
Chicago, IL 60604
(312) 341-5678

Jean Constantine-Davis
Nina F. Simon
AARP Foundation Litigation

Michael Schuster
AARP

601 E Street NW
Washington, D.C. 20049
(202) 434-2158