



HR0045

LRB097 00252 AJ0 43010 r

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HOUSE RESOLUTION

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WHEREAS, The United States continues to experience an
3 unprecedented number of mortgage foreclosures and these, in
4 turn, have contributed to a real estate market that has
5 declined in a precipitous fashion; and

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WHEREAS, When a residential mortgagor defaults on his or
7 her mortgage, it is common for the lending institution involved
8 to obtain the property back from the mortgagor by way of
9 receiving a deed in lieu of foreclosure or by foreclosing and
10 then purchasing the property at a foreclosure judicial sale;
11 and

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WHEREAS, In recent years, it is not unusual for a lending
13 institution to have a large inventory of foreclosed properties
14 and this has often led to a lending institution repeatedly
15 resorting to selling a foreclosed property at a "short sale"
16 price, which means that the sale price for the individual home
17 is significantly less than the mortgagor's purchase price or
18 even the amount of the mortgagor's outstanding loan at the time
19 of the foreclosure; and

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WHEREAS, The credit rating of a person whose home has been
21 foreclosed is often very low and this means that even if the
22 person could afford a more modestly priced property than the

1 foreclosed home, the former homeowner is unable to qualify for
2 a loan under today's standards; and

3 WHEREAS, If a lending institution that expects to sell a
4 foreclosed residential property at a "short sale" price were
5 compelled to offer to the mortgagor modifications in the terms
6 of the mortgagor's home mortgage loan, the mortgagor would, in
7 many cases, be able to afford the home under the modified loan
8 terms and remain in his or her home; in that case, the lending
9 institution would avoid adding to its foreclosed properties
10 inventory, the residential mortgagor might be able to remain in
11 his or her home, the real estate market would be improved
12 because fewer "short sale" properties would be depressing home
13 prices on the market, neighborhood blight and crime would be
14 reduced due to the decline in empty and vandalized homes, and
15 all of these circumstances would tend to stem the tide of
16 neighborhood deterioration that is due to the large number of
17 foreclosures and vacancies; therefore, be it

18 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
19 NINETY-SEVENTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that
20 we urge Congress to pass legislation that would compel any
21 lending institution, before foreclosing on a residential
22 property occupied by a mortgagor, to provide the mortgagor with
23 modifications to the home loan that are reasonable for the
24 mortgagor and that include, but are not limited to, an interest

1 rate reduction, a term extension, or other changes to the
2 elements of the home loan, provided that the homeowner is
3 interested in remaining in the home and qualified for the
4 modified loan terms; and be it further

5 RESOLVED, That suitable copies of this resolution be
6 presented to President Barack Obama, the Speaker of the United
7 States House of Representatives, the President pro tempore of
8 the United States Senate, and each member of the Illinois
9 congressional delegation.