

FORECLOSURE CRISIS: POLICY STRATEGIES FROM ILLINOIS

AN OVERVIEW

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The Impacts of the Foreclosure Crisis Have Been Wide Spread

- Homeowners
- Tenants
- Community
- Lenders

Beginning 2008 – Significant Push to Address Foreclosure

- Federal (Making Home Affordable (HARP, HAMP, HAFA), Dodd-Frank, Consumer Financial Protection Bureau)
- State (Illinois Mortgage Foreclosure Law, Illinois Municipal Code)
- Local (Cook County Mediation Program, Micro-Market Recovery Program, Residential Landlord and Tenant Ordinance)
- Litigation: Attorney General litigation, TILA litigation

Illinois is a Judicial Foreclosure State

In many states, a foreclosure can proceed without going to court (e.g. MA, MN). These states are “non-judicial” foreclosure states.

Illinois, on the other hand, has judicial foreclosure. As a result, lenders file a foreclosure lawsuit in state court in order to foreclose on a property and seek the transfer of title.

Strategies Vary



- Help Homeowners Save Their Homes
- Protect Tenants at Foreclosure
- Combat the Effects of Foreclosure on Communities
- Improve Our Judicial Foreclosure Process

Help Homeowners Save Their Homes

- Improve access to housing counselors
- Increase loss mitigation/loan modification opportunities
- Improve access to legal service attorneys
- Create court mediation programs
- Slow down the foreclosure process when individuals are working to save their homes
- Provide safer exit strategies

Protecting Tenants at Foreclosure

- Notice to Tenants
- Right to Remain
- Ample Time to Move
- Security Deposits

Federal Sunsets

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- Protecting Tenants at Foreclosure
 - Making Home Affordable

Vacant and Abandoned Properties



- Servicer Liability
- Land Banking
- Fast-tracking certain foreclosures
- Empowering municipal intervention

Protections within the Court Process

- Who owns the note? (or who has the right to foreclose?)
- Proof of loss mitigation attempts
- Due process, notice, and right to be heard
- Fraud, robo-signing, altered affidavits

Bringing Strategies Home

- Think about the resources you have. What can be put toward addressing foreclosure?
- Community outreach
- Coordinate players in the community
- Municipal enforcement
- Circuit court administrative changes

Legal Resources

- Legal Assistance Foundation of Metropolitan Chicago (312) 341-1070
- Lawyers Committee for Better Housing (312) 347-7500
- Prairie State Legal Services www.pslegal.org
- Land of Lincoln Legal Assistance Foundation www.lollaf.org

For more information

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