



1 HOUSE RESOLUTION

2 WHEREAS, The Illinois House of Representatives recognizes
3 that predatory lending is a serious problem that victimizes
4 homeowners throughout our State through the provision of
5 financing that they cannot afford and that, for many, results
6 in default, foreclosure, and the loss of their home; the
7 highest concentration of these victims is found among our most
8 vulnerable citizens, especially the elderly; and

9 WHEREAS, The Illinois House of Representatives further
10 recognizes that the practice of predatory lending serves to
11 undermine the health and quality of life in local communities
12 throughout Illinois because the growing volume of foreclosures
13 caused by this unprincipled activity results in dense clusters
14 of vacant and abandoned homes severely compromising the
15 physical safety and home equity value of surrounding neighbors;
16 and

17 WHEREAS, In 2003, the Illinois General Assembly enacted the
18 High Risk Home Loan Act to provide additional protection from
19 predatory lending to Illinois home loan borrowers by (i)
20 establishing standards for lenders engaged in high risk
21 lending, (ii) endowing high-risk loan borrowers with the right
22 to pursue civil remedies against both the originator and
23 secondary market holder of the loans, and (iii) allowing the
24 Illinois Attorney General to pursue civil actions against
25 unscrupulous lenders under the Consumer Fraud and Deceptive
26 Business Practices Act; the High Risk Home Loan Act is
27 recognized as one of the toughest state laws on predatory
28 lending in the nation; and

29 WHEREAS, Illinois law is intended to target abusive lending
30 practices and protect Illinois citizens with credit problems
31 who have taken out loans with higher fees and interest rates
32 than the fees and rates charged to people with better credit;

1 and

2 WHEREAS, Lenders that make home loans to people with
3 fragile credit are lobbying Congress for federal rules that
4 could roll back the robust protections now available under
5 Illinois law; and

6 WHEREAS, Lenders have rallied behind the Responsible
7 Lending Act (H.R. 1295), legislation that would impose uniform
8 national regulations on the industry and, by preempting state
9 law, strip individual states of the ability to protect their
10 citizens from predatory lending practices; and

11 WHEREAS, While lenders argue that a uniform system of
12 federal regulation would allow them to better provide lending
13 products to a segment of the population that is in dire need of
14 specialized home ownership resources, the federal legislation
15 they support is merely an attempt to eliminate barriers to
16 predatory lending practices throughout the nation; in fact, the
17 Responsible Lending Act would reduce the number of Illinois
18 citizens protected under current law, override essential
19 protections in Illinois law prohibiting equity stripping, roll
20 back provisions of Illinois law that prohibit prepayment on
21 loans with interest rates above 8%, and damage the rights and
22 remedies of Illinois citizens with respect to foreclosure and
23 the right to rescind an abusive home loan; and

24 WHEREAS, The more consumer-friendly Prohibit Predatory
25 Lending Act (H.R. 1182) has also been introduced in Congress;
26 that legislation would not strip the states of their ability to
27 more stringently regulate predatory lenders and would provide
28 for additional protections for vulnerable borrowers, such as a
29 strict ban on pre-payment fees and on the home-equity stripping
30 practice of "flipping", in which lenders encourage borrowers to
31 refinance quickly, and a requirement for borrowers to get
32 counseling before signing contracts for higher-cost loans; and

1 WHEREAS, Illinois citizens deserve the right to vigorous
2 protection against abusive predatory lending practices;
3 therefore, be it

4 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
5 NINETY-FOURTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that
6 we urge Congress to defeat the Responsible Lending Act and all
7 other proposals that would undermine Illinois predatory
8 lending laws and the important protections they provide; and be
9 it further

10 RESOLVED, That a copy of this resolution be presented to
11 the President pro tempore of the U.S. Senate, the Speaker of
12 the U.S. House of Representatives, and each member of the
13 Illinois congressional delegation.