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

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

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

WHEREAS, The credit rating of a person whose home has been foreclosed is often very low and this means that even if the person could afford a more modestly priced property than the
foreclosed home, the former homeowner is unable to qualify for a loan under today's standards; and

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

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-SEVENTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that we urge Congress to pass legislation that would compel any lending institution, before foreclosing on a residential property occupied by a mortgagor, to provide the mortgagor with modifications to the home loan that are reasonable for the mortgagor and that include, but are not limited to, an interest
rate reduction, a term extension, or other changes to the
elements of the home loan, provided that the homeowner is
interested in remaining in the home and qualified for the
modified loan terms; and be it further

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