



HR0010

LRB097 00255 AJO 40273 r

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HOUSE RESOLUTION

2 WHEREAS, The mortgage foreclosure crisis deepened after it
3 was disclosed that several large home mortgage lenders utilized
4 procedures that were legally insufficient to support
5 foreclosures; and

6 WHEREAS, After problems were revealed about the manner in
7 which foreclosure affidavits were processed, the uncertainty
8 about the true ownership of mortgages, and the questionable
9 legal standing of the entities that initiated foreclosure
10 proceedings, 2 of the nation's largest residential lenders
11 announced that they were each beginning a self-imposed mortgage
12 foreclosure moratorium; and

13 WHEREAS, Although this crisis has its origins in numerous
14 events, practices, and policy decisions, a central element of
15 the foreclosure problem is the Mortgage Electronic Registry
16 System (MERS), an electronic registry of land records which was
17 created in 1998 by the Federal National Mortgage Association
18 (Fannie Mae), the Federal Home Loan Mortgage Corporation
19 (Freddie Mac), and several large U.S. banks; and

20 WHEREAS, Today MERS is listed as the agent for mortgage
21 lenders on documents for 65 million home loans, which represent
22 about 60% of the mortgages in the United States, and is the

1 agent for about 97% of the home mortgages created between 2005
2 and 2008; and

3 WHEREAS, Although MERS boasts on its website that it
4 "simplifies the way mortgage ownership and servicing rights are
5 originated, sold and tracked" which "eliminates the need to
6 prepare and record assignments when trading residential and
7 commercial mortgage loans", housing counselors and advocates
8 have documented patterns of abuse and fraud by mortgage
9 servicers that utilized MERS; and

10 WHEREAS, Joining MERS at the center of the foreclosure
11 crisis is the practice of "robo-signing", the process of
12 generating thousands of affidavits often by unskilled and
13 unqualified employees who neither read nor certified the
14 underlying documents, which are used to obtain summary
15 judgments in foreclosure proceedings; and

16 WHEREAS, Since a large volume of mortgages were digitized,
17 there have been countless instances of original promissory
18 notes being lost or misplaced; in lieu of producing the
19 original promissory notes in the foreclosure proceedings,
20 servicers simply provided "robo-signed" affidavits that state
21 that the loan servicers own the notes; and

22 WHEREAS, Court records in mortgage foreclosure cases have

1 documented egregious examples of: falsified documents; "fee
2 padding"; misapplication of mortgage payments; and improper,
3 unnecessarily expensive insurance assessments, which, in turn,
4 precipitated defaults on otherwise up-to-date loans and wholly
5 improper mortgage foreclosures; and

6 WHEREAS, The effect of all of these problems and the
7 resulting consumer confusion cry out for a nationwide
8 moratorium on pending and new mortgage foreclosures;
9 therefore, be it

10 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
11 NINETY-SEVENTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that
12 we urge Congress to enact legislation that creates a mortgage
13 foreclosure moratorium to allow a thorough review of
14 foreclosure actions, provide meaningful opportunities for
15 homeowners to renegotiate their mortgages so as to avoid
16 foreclosure, enact further reforms, and allow the entire
17 housing market to return to normalcy; and be it further

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