

1 AN ACT concerning civil law.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Code of Civil Procedure is amended by  
5 changing Section 15-1512 and by adding Section 15-1510.5 as  
6 follows:

7 (735 ILCS 5/15-1510.5 new)

8 Sec. 15-1510.5. Mortgage Foreclosure Prevention Fee.

9 (a) Definitions.

10 "Civil legal services provider" means a not-for-profit  
11 corporation that (1) employs one or more attorneys who are  
12 licensed to practice law in the State of Illinois and who  
13 directly provide civil legal services or (2) is established  
14 for the purpose of providing civil legal services by an  
15 organized panel of pro bono attorneys.

16 "Community-based outreach" means in-person contact  
17 with mortgagors in foreclosure intended to inform such  
18 mortgagors about the foreclosure process and the  
19 mortgagors' rights and options for assistance in the  
20 process, including the availability of mortgage  
21 foreclosure housing counseling and mortgage foreclosure  
22 legal services.

23 "Comprehensive court-sponsored foreclosure mediation

1 programs" means programs, administered at least in part by  
2 an Illinois Circuit Court, that offer mediation in actions  
3 for foreclosure. Programs shall provide mortgagors access  
4 to housing counseling and legal services and include  
5 community-based outreach.

6 "Governmental agency" means any State, county, or  
7 local government body in Illinois, and any agency or  
8 instrumentality thereof, corporate or otherwise.

9 "HUD-approved housing counseling agency" means a  
10 mortgage foreclosure housing counseling agency that is  
11 approved by the United States Department of Housing and  
12 Urban Development, or any successor agency.

13 "Mortgage foreclosure housing counseling" means  
14 housing counseling provided by a mortgage foreclosure  
15 counselor that works for a HUD-approved housing counseling  
16 agency.

17 "Mortgage foreclosure legal services" means legal  
18 services to mortgagors with an interest in a property  
19 subject to a mortgage foreclosure proceeding under Article  
20 XV of the Code of Civil Procedure provided by a civil legal  
21 service attorney that works for a civil legal services  
22 provider.

23 "Mortgage Foreclosure Prevention Fund" means a special  
24 fund used expressly to support mortgage foreclosure  
25 prevention programs.

26 (b) There shall be a \$500 Mortgage Foreclosure Prevention

1 Fee collected from the proceeds resulting from a judicial sale  
2 of residential real estate conducted pursuant to a foreclosure  
3 judgment under this Article. The fee shall be remitted to the  
4 Department of Revenue by the purchaser at the time of sale and  
5 the Department shall deposit these amounts into the Mortgage  
6 Foreclosure Prevention Fund. Amounts in the Fund may be  
7 expended only for eligible activities described in this  
8 Section.

9 Eligible foreclosure mitigation activities are mortgage  
10 foreclosure housing counseling, mortgage foreclosure legal  
11 services, community-based outreach, and administration of  
12 comprehensive court-sponsored foreclosure mediation programs.

13 Eligible entities are HUD-approved housing counseling  
14 agencies, civil legal services providers, not-for-profit  
15 corporations, and governmental agencies.

16 (c) All of the moneys in the Fund collected in counties  
17 with a population greater than 3,000,000 shall be used to make  
18 grants to eligible entities for eligible foreclosure  
19 mitigation activities to be carried out in coordination with  
20 comprehensive court-sponsored foreclosure mediation programs  
21 servng residents of the county in which the funds were  
22 collected. At least 75% of those moneys shall be used to make  
23 grants to eligible entities for mortgage foreclosure housing  
24 counseling or mortgage foreclosure legal services.

25 (d) Moneys in the Fund collected in counties with a  
26 population less than 3,000,000 shall be used to make grants to

1 eligible entities for eligible foreclosure mitigation  
2 activities serving residents of the county in which the funds  
3 were collected. At least 75% of those moneys shall be used to  
4 make grants to eligible entities for mortgage foreclosure  
5 housing counseling or mortgage foreclosure legal services.

6 (e) All grants shall be made by the Illinois Housing  
7 Development Authority (IHDA). IHDA may prescribe reasonable  
8 rules for the administration of this Section.

9 (735 ILCS 5/15-1512) (from Ch. 110, par. 15-1512)

10 Sec. 15-1512. Application of Proceeds of Sale and Surplus.  
11 The proceeds resulting from a sale of real estate under this  
12 Article shall be applied in the following order:

13 (a) the reasonable expenses of sale;

14 (b) the reasonable expenses of securing possession before  
15 sale, holding, maintaining, and preparing the real estate for  
16 sale, including payment of taxes and other governmental  
17 charges, premiums on hazard and liability insurance,  
18 receiver's and management fees, the Mortgage Foreclosure  
19 Prevention Fee, and, to the extent provided for in the mortgage  
20 or other recorded agreement and not prohibited by law,  
21 reasonable attorneys' fees, payments made pursuant to Section  
22 15-1505 and other legal expenses incurred by the mortgagee;

23 (c) if the sale was pursuant to judicial foreclosure,  
24 satisfaction of claims in the order of priority adjudicated in  
25 the judgment of foreclosure or order confirming the sale; and

1 (d) remittance of any surplus to be held by the person  
2 appointed by the court to conduct the sale until further order  
3 of the court. If there is a surplus, such person conducting the  
4 sale shall send written notice to all parties to the proceeding  
5 advising them of the amount of the surplus, and that the  
6 surplus shall be held until a party obtains a court order for  
7 its distribution or until, in the absence of an order, the  
8 surplus is forfeited to the State.

9 (Source: P.A. 86-974.)

10 Section 10. The State Finance Act is amended by adding  
11 Section 5.786 as follows:

12 (30 ILCS 105/5.786 new)

13 Sec. 5.786. The Mortgage Foreclosure Prevention Fund.

14 Section 99. Effective date. This Act takes effect upon  
15 becoming law.