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Illinois title company says HB 5055 would streamline foreclosures

Posted By [Jon Prior](#) On August 23, 2010 @ 11:17 AM In [Auctions](#), [Government and Regulation](#), [News](#), [News Leads](#) | [No Comments](#)

Attorney's Title Guaranty Fund (ATG), a title insurance company based in Illinois, said the recently vetoed HB 5055, which would have allowed lenders to privatize county foreclosure auctions, would have also streamlined the process and helped clear the state's backlog.

ATG owns **Judicial Sales Corp.**, a division that could handle foreclosure auctions if the bill was signed, and already does so in Cook County. After it passed the Illinois General Assembly in June, several organizations and county administrators complained of the bill's effect on local budgets. Gov. Pat Quinn [vetoed the bill last week](#)^[1], returning it to lawmakers with a recommendation that it not take effect immediately, but rather on Jan. 1, 2011.

Will County, for example, located southwest of Chicago, receives a \$500 flat fee for each sale processed by the county sheriff's office. In 2009, Will County generated \$1.5m in income from these fees, and in 2010, the county is on pace to reach \$2.5m, said Lee Ann Goodson, a county board member, when the bill passed. The bill would have put that income in jeopardy.

But according to ATG, clearing the backlog of foreclosed homes, not generating income is the key issue. Streamlining this process would ensure these properties would clear the system, and those already waiting months to be auctioned would finally be pushed through, according to ATG.

"The big-picture issue is the positive impact this bill will have on communities besieged by mounting foreclosures and the rights of foreclosure litigants," stated Peter Birnbaum, president of ATG. "This bill is intended to add efficiencies to a woefully inefficient foreclosure process. The bill would benefit distressed homeowners who have to pay these costs and the communities affected by vacant homes and the foreclosure crisis."

According to ATG, it takes eight to nine months to schedule a sale in Kane County where the sheriff conducts the sale. In Cook County, where a program is already in

place to allow private companies in, sales occur within 30 days of the judgment.

But according to a spokesperson at Cook County, foreclosure auctions done by the county, and not the ones already being done by Judicial Sales Corp., take five to six weeks to complete from judgment to sale. The spokesperson could not comment on operating times within Judicial Sales Corp.

A spokesperson at the Kane County sheriff's office told *REO Insider* that a mortgage company sending a judgment in for scheduling on Aug. 23 would have the property auctioned in March. The system is flexible, the spokesperson said. If a lender asks for a property to be treated as a priority, the office can get that property auctioned in December, rather than March.

Kane County, located west of Chicago, has an average of 100 or more foreclosure filings per week, said Scott Berger, director of the county's office of community reinvestment. After the judgment is made, the county receives an average of 85 properties to auction per week. In August, the county raised the limit from 85 to 90 to expand the program.

Kane County is conducting a workshop Oct. 2 to give distressed borrowers a one-on-one session to help them with mortgage modification applications. ATG is a sponsor of the program.

There were more than 19,000 Illinois foreclosure filings in July, according to **RealtyTrac**. One in 269 homes received a filing, the eighth highest rate in the country.

"The process has slowed down considerably due to staff capacity," Berger said.

ATG also claimed the bill would have been less expensive to taxpayers, fees would have gone down, and that it's consistent with law already in place. According to ATG, the Illinois Mortgage Foreclosure Law was amended in 1987 to break up the monopoly sheriffs had on the process and allow private companies to be appointed. ATG claims that sheriffs are now trying to retain that monopoly.

"The revenue sheriffs gain from conducting foreclosure sales does not make up for the damage communities suffer by having a backlog of foreclosed properties on their books and in their neighborhoods," said Mitch Lieberman, a partner with **Noonan and Lieberman Ltd.** and attorney to ATG and Judicial Sales Corp.

Write to [Jon Prior](#) ^[2].

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