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**SUPREME COURT JUSTICE THOMAS KILBRIDE AND CHIEF JUDGE
GERALD KINNEY ANNOUNCE NEW FORECLOSURE MEDIATION
PROGRAM FOR WILL COUNTY**

Justice Thomas L. Kilbride of the Illinois Supreme Court announced Monday an innovative mediation program to help ease the financial and emotional burden of homeowners, lenders and taxpayers caused by residential mortgage foreclosures.

Justice Kilbride, appearing with Chief Judge Gerald R. Kinney of the Circuit Court of Will County, said the foreclosure mediation program also is aimed at keeping families in homes to prevent vacant and abandoned houses that drive down property values and destabilize neighborhoods.

The Illinois Supreme Court approved the program which will operate with no additional expense to taxpayers and be sustained by an increase in filing fees paid by lenders and other plaintiffs seeking to foreclose.

“This is an important step forward for those in Will County suffering the effects of our nation’s economic crisis,” said Justice Kilbride. “The Supreme Court has a keen interest in programs with the strong promise of achieving timely and lasting resolution to tough problems.

“We are grateful to Chief Judge Kinney and those in the community who helped formulate the details from concept to a working model. We are hopeful it will help families cope with some of the emotional and financial burdens brought on by the current economic difficulties, and help give them a new start on their way to better times.”

Chief Judge Kinney first brought the proposal to Justice Kilbride, and worked with the Administrative Office of the Illinois Courts, the administrative arm of the Supreme Court, to refine and finalize details. He also has discussed the plan with lawyers for lenders and debtors in the community. He expects the program to be up and running within a month.

“Obviously, this is an attempt to begin to solve a serious societal problem,” Chief Judge Kinney said. “Foreclosures are tearing up our neighborhoods and our communities. This is an effort to lend some stability to what could be a financially and emotionally chaotic process. It’s a way for the courts to help address some of these community problems.”

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Foreclosure Mediation Program in Will County Add One

Judge Kinney believes that Will County has a rate of foreclosure as high as any other area in the state. From June 2008 to June 2009, there were 5,541 foreclosures filed in Will County, and that number is increasing.

Judge Kinney estimates that between 2,700 and 3,000 cases would be screened annually for mediation.

Under rules approved by the Supreme Court and promulgated by the Twelfth Judicial Circuit (Will County), the program would work this way:

1. Any complaint filed for residential foreclosure would be automatically scheduled for a mandatory pre-mediation conference within 60 days.

2. Along with the summons, defendant borrowers will be given a form explaining the mandatory mediation program. The form will state that the case will be evaluated by an outside mediator for possible loan modification or other resolution. It will also state that if modification is not deemed feasible or if the borrower does not want to save the home, then mediation may still be used to assist the parties in discussing a consent foreclosure in which the lender will waive any deficiency against the borrowers.

3. The form also will advise the borrower to bring certain financial information, and will contain a list of local counseling agencies available to assist borrowers in foreclosure. All financial information will be held in confidence by the mediator and not disclosed to any other party without the consent of the borrower.

4. An independent mediator will determine at the pre-mediation hearing whether the borrower meets initial criteria of having greater monthly income than expenses in order to qualify for a loan workout or modification. If the borrower does not meet the criteria or does not wish to keep the house, the mediator may seek to determine whether the borrower can deed the property to the lender or consent to a judgment waiving any deficiency judgment against the borrower.

5. If the borrower meets initial criteria for a loan modification or wishes to surrender the property in a consent foreclosure or other arrangement, the mediator will schedule a mediation conference within 30 days.

6. At the mediation conference, a representative of the lender must appear in person with full settlement authority and participate in good faith in the mediation process. Failure to attend or to participate in good faith will result in sanctions by the court, including possible dismissal of the action. If the borrower fails to appear without excuse, the mediation will be terminated and the matter will be referred back to the trial court.

7. Any agreement will be reduced to writing and signed by the parties and their counsel. The Circuit Court may retain jurisdiction of the case for a trial period. If the borrower fails to

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successfully modify the loan, or if no agreement is reached, the foreclosure will resume in the Circuit Court.

Chief Judge Kinney has compiled a list of qualified mediators, who are either retired judges or attorneys with a minimum of five years experience in the mortgage foreclosure field. Any mediator will be prohibited from practice in residential mortgage foreclosure proceedings in the Twelfth Circuit in any capacity, including bidders at the Sheriff's sales.

Mediators will be paid \$150 for each file. To finance the program, the Supreme Court has authorized an increase in the filing fees paid by a plaintiff for all foreclosures in the Twelfth Judicial Circuit from \$276 to \$426.

"This is a new program, and it's an innovative way to do it without a lot of government bureaucracy," said Chief Judge Kinney. "The lenders are going to have to pay a bit more in filing fees but in the long run it's far less expensive and less risky for them, and more beneficial to neighborhood communities than watching an abandoned home deteriorate and take down surrounding home values with it."

Justice Kilbride sits on the Supreme Court from the Third Judicial District which includes Will County and these additional counties: Iroquois, Kankakee, Grundy, LaSalle, Marshall, Putnam, Bureau, Whiteside, Henry, Stark, Peoria, Fulton, Knox, Whiteside, Rock Island, Mercer, Warren, Henderson, Hancock and McDonough.

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(FOR MORE INFORMATION, CONTACT: Joe Tybor, press secretary to the Illinois Supreme Court, at 312.793.2323)