



CBAI Member Named to Special Supreme Court Committee on Mortgage Foreclosures

June 8, 2012

CBAI member William Smith, General Counsel of HomeStar Bank in Manteno, has been named to the Special Supreme Court Committee on Mortgage Foreclosures. The Committee held public hearing in Chicago on June 8th on proposed recommendations for improving the loss mitigation process for mortgage foreclosure proceedings in Illinois. Previously, the Committee held a public hearing to discuss technical proposals submitted by the Practices and Procedures subcommittee.



Illinois Special Supreme Court Committee on Mortgage Foreclosures – William Smith (HomeStar Bank in Manteno) second from left

The Illinois Supreme Court established the Mortgage Foreclosure Committee and charged it with the task of investigating the procedures currently used throughout Illinois in mortgage foreclosure proceedings. The Committee consists of 14 persons on the front lines of the housing crisis including judges, bankers, lawyers, a law professor and an official from the Illinois Attorney General's office.



William Smith (HomeStar Bank in Manteno) left, and Manny Flores (Director of Illinois Department of Financial and Professional Regulation – Division of Banking) right

The Committee heard testimony from representatives of real estate professional trade groups, housing services, attorneys and private citizens. In questions and discussions with those offering testimony Smith highlighted the distinctions between community banks like HomeStar and the largest banks and mortgage brokers in the origination and servicing of residential mortgage loans. Individuals testifying expressed their frustrations in

dealing with the largest lenders and servicers with not knowing who actually owns the mortgage, the inability to speak with anyone except an answering machine, missing and incomplete (and improperly executed) documentation, and no one who is able to make a decision regarding their loan. Smith indicated these issues are not present with community banks like his that service their own residential mortgage loan portfolios. Smith however did state that too often troubled borrowers are reluctant to contact their lender to discuss their situations and available options. In those instances the bank has no choice other than to commence or continue a foreclosure proceeding.

CBAI is pleased that William Smith is representing the interests of responsible community bank residential mortgage lenders and for his valuable input in reforming Illinois' foreclosure process which is seriously strained during the current housing crisis.