Illinois foreclosures skyrocket

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A report published last Thursday by foreclosure listing firm RealtyTrac revealed that foreclosure activity in the state of Illinois jumped 29 percent between April and May and was up 54 percent from a year ago.

Lenders issued 16,318 foreclosure filings to Illinois properties last month. Filings include default notices, auction sale notices, and bank repossessions. The state had at least 113,680 homes in foreclosure, nearly 10 percent of the national total.

According to the report, Illinois had the fifth highest foreclosure rate in the country, with 1 in every 325 housing units seeing some sort of foreclosure activity. The state’s foreclosure rate was only slightly less than that in California, which had 1 in 324 housing units seeing foreclosure activity. Georgia shot up several spots to the top of the list, after its foreclosure rate increased 30 percent over the last month. The Southwest also continued to suffer harshly from the housing crisis, with Arizona and Nevada bearing the second and third highest foreclosure rates, respectively.

The report found that Chicago’s foreclosure rate increased 56 percent from one year ago, giving it the fourth highest foreclosure rate of the 20 largest metropolitan areas in the US. The Chicago area had a foreclosure filing on 1 in every 252 housing units. Metro areas with a higher foreclosure rate were Phoenix, Atlanta, and the Riverside-San Bernardino area in Southern California, which bore a foreclosure rate of 1 in 179.

However, with 15,066, Chicago had the highest overall number of properties with foreclosure filings of any major metro area; the second highest was Los Angeles, with 10,816. Foreclosure activity was reported as increasing in half of the 20 largest metro areas in the country.

Nationally, there were 109,051 foreclosure starts in May, in which default or scheduled home-auction notices were filed for the first time. This marks a 12 percent increase in foreclosure starts since April and a 16 percent increase from a year ago. Some states saw huge increases in foreclosure starts, such as New Jersey (118 percent), Pennsylvania (97 percent), and Florida (83 percent). The report also noted that May marks the first month in almost two and a half years that foreclosure starts increased on an annual basis, and the first time in three months that overall foreclosure filings rose above 200,000.

Seventeen states saw an increase in bank repossessions of homes, including Illinois, where the rate increased an incredible 65 percent from a year ago. Nationwide, banks repossessed 54,844 homes in May, up 7 percent from April.

The Associated Press (AP) noted in its coverage of the report that if the last five years are any indication, as many as half of the homes now entering the foreclosure process could end up being repossessed. Banks started the foreclosure process against nearly 9 million US homes between January 2007 and last month; of those, they have repossessed nearly 4.5 million.

Contradicting the many claims made by major media outlets and the Obama administration that the country is slowly recovering from the housing crisis, RealtyTrac noted that the jump in new foreclosure filings could mark the beginning of another wave of foreclosure activity, which would depress home values and the housing market.

The sudden increase in home foreclosures and bank repossessions is in no way accidental or unforeseen. It is in fact the result of a deliberate policy pursued by the Obama administration on behalf of the financial elite. In the fall of 2010, a scandal erupted when it emerged that many of the major banks were relying on forged and incomplete documents in order to foreclose upon homes. As the AP noted, “Foreclosure activity, as measured by the number of homes receiving foreclosure-related notices, slowed sharply last year as banks grappled with allegations that they had been processing foreclosures without verifying documents."

However, in February of this year, the Obama administration orchestrated a settlement between state governments and the big banks that "has since cleared the way for banks to move against homeowners who have fallen behind on their mortgage payments."

The deal reportedly required the banks to pay $5.9 billion, a pittance, in cash to the states and to commit another $25 billion ostensibly to assist those homeowners whose mortgages are underwater. However, it was soon revealed by the *Financial Times* that as much as two thirds of the latter amount would in fact be provided by taxpayers, by way of the preexisting federal Home Affordable Modification Program (HAMP) (see "Bank foreclosure fraud to be rewarded at taxpayer expense").

In addition, the settlement halted all investigations into the banks' mishandling of foreclosures, provided immunity from future prosecutions and financial liability for criminal practices related to the foreclosure crisis, and did not even require an admission of wrongdoing.

Not a single family who had their house illegally seized by the banks was returned to their home. If a family successfully pursued the onerous process of proving that they were illegally evicted, they were to be offered the contemptuous sum of $1,500.

The settlement, which at the time Obama claimed would "speed relief to the hardest-hit homeowners," has in fact had quite the opposite effect. Now that the major banks no longer have to worry about the fraud investigation, they are aggressively and ruthlessly pursuing homeowners who can no longer afford their mortgages. The result is that the Obama administration has delivered yet another windfall to the financial oligarchy through the immiseration of a large section of the working population.