

# SUPPORT SB 2894: Allow Nonprofits to Operate Resale Programs for Homeowners At Risk of Foreclosure (Collins-Castro-Martinez)

**SB 2894 provides relief from existing arms-length affidavit requirements that keep nonprofits from negotiating short sales with lenders intended to keep a family in their home prior to a foreclosure.**

Arms-length affidavits usually make sense, because they protect distressed homeowners against mortgage fraud schemes and protect banks from homeowners seeking a strategic default to right size their mortgage to fair market values. The affidavits include an acknowledgement by the seller that no party to the sale is a family member, business associate or a person who shares a business interest with the seller and further restricts the seller from continuing to live in the home after the sale.

The proposed legislation would provide a narrow exemption from arms-length affidavit requirements for nonprofit organizations with a charitable, tax-exempt filing status under section 501(c)(3) of the Internal Revenue Code, as well as their affiliates.

## Key Provisions of SB 2894

- Lenders could not require arms-length affidavits for sales to 501(c)(3) organizations that limit ownership or occupancy of the residential property.
- If an arms-length affidavit is obtained, it shall not provide a basis to void a sale and shall not be enforceable against a 501(c)(3) buyer and other parties to the sale.

## SB 2894 Will Allow Successful Model Program to Expand in Illinois

Boston Community Capital's SUN Initiative program helps families facing foreclosure stay in their homes by providing affordable 30-year fixed rate mortgages that allow the family to regain ownership of the home. To date they have helped nearly 900 families, deploying over \$140 million in capital and saving homeowners 35%, on average, on their monthly mortgage payment. The program currently operates in seven states including MA, MD, RI, NJ, PA, CT and IL. Boston Community Capital is a 32-year-old Community Development Financial Institution and non-profit with the mission of helping communities where low income people live and work.

The SUN Initiative program was expanded into Illinois in 2015 and to date has stabilized over 26 families. However, the program has been challenged, because some lenders will not work with them because of the subsequent sale back to the homeowner. They estimate that 40% of offers are not accepted for this reason.

If SB 2894 becomes law, other 501(c)(3) organizations will be able to replicate this model.



A stronger Illinois begins at home

For more information, please contact:  
Bob Palmer, Policy Director, Housing Action Illinois  
312-939-6075 | [bob@housingactionil.org](mailto:bob@housingactionil.org)