

THE FORECLOSURE CRISIS IN THE CHICAGO AREA: FACTS, TRENDS AND RESPONSES

A Working Document Compiled by

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-INTRODUCTION-

The purpose of this working document is to capture information about the growing foreclosure crisis in the Chicago region and the efforts to provide assistance to homeowners and communities. It is designed to be a working document, to be updated as new information becomes available.

It is no secret that national foreclosure trends have led to a crisis. According to Realtytrac, 405,000 homes were lost across the country in 2007 - an increase of 51% over 2006. Nor is it a surprise that a significant increase in subprime and third-party lending activity, coupled with loose underwriting and interest-only and adjustable rate loans, were major factors contributing to this increase. The repercussions: according to the Center for Responsible Lending, one out of five subprime mortgages originated in the last two years will end in foreclosure.

With the 10th highest state foreclosure rate as of July, 2008, the State of Illinois has not been spared this crisis, and the Chicago metropolitan area has also been severely affected. In fact, according to Realtytrac, 1.6 percent of all housing units in the Chicago metro area were in foreclosure proceedings in 2007, compared to 1 percent nationally. Furthermore, this epidemic is not confined to the City limits. While foreclosures are concentrated in minority areas, with the City of Chicago and the South Suburbs seeing the most activity, significant increases in foreclosures have also occurred throughout the Collar Counties.

In terms of housing stock affected, 35% of foreclosure filings in Chicago were on 2-6 unit buildings, many of them rental properties. Since foreclosures on rental buildings often result in tenant evictions, tenants - in addition to homeowners - have become casualties of the foreclosure crisis.

The increased number of families facing foreclosure is heart wrenching, but foreclosed and vacant buildings can also foster local disinvestment, which has the potential to devastate nearby blocks and neighborhoods. The Center for Responsible Lending estimates that Cook County alone will lose \$13 billion in housing value to this crisis.

The good news is that Chicago is on the cutting edge of addressing foreclosure-related issues. Neighborhood Housing Services began its Homeownership Preservation Initiative, or HOPI, in 2003 – and it has been viewed as a national model ever since. This report includes descriptions of HOPI and other foreclosure programs in and around Chicago.

To highlight the work already occurring, and to help identify gaps that may need more attention, this working document attempts to capture:

- Foreclosure data and trends, which can help us understand past and current activity in the Chicago metro area; and
- Foreclosure-related initiatives and programs, including outreach and counseling, legal services, refinancing products, disposition vehicles, municipal enforcement, and other strategies.

Organizations working to alleviate the foreclosure crisis would be strengthened through a shared base of knowledge, and increased coordination to mitigate the various effects of foreclosures. This document is intended to provide timely information on the crisis and facilitate collaboration among practitioners who are actively working to find the appropriate solutions to meet the scale of the problem.

Stacie Young
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July, 2008

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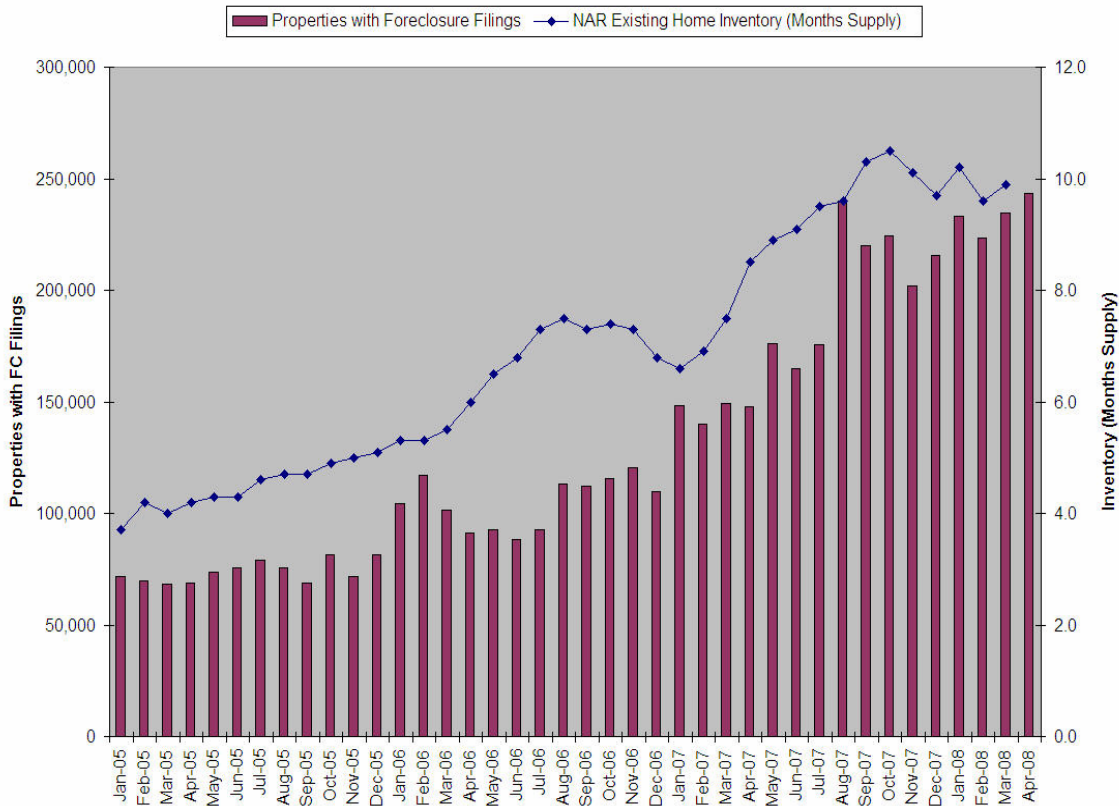
SECTION I

FACTS AND TRENDS

- 1. National Context**
- 2. Regional and Local Context**
- 3. Comparisons and Rankings**
- 4. Projections**
- 5. Costs of Foreclosure**

1. NATIONAL CONTEXT

-Foreclosures-

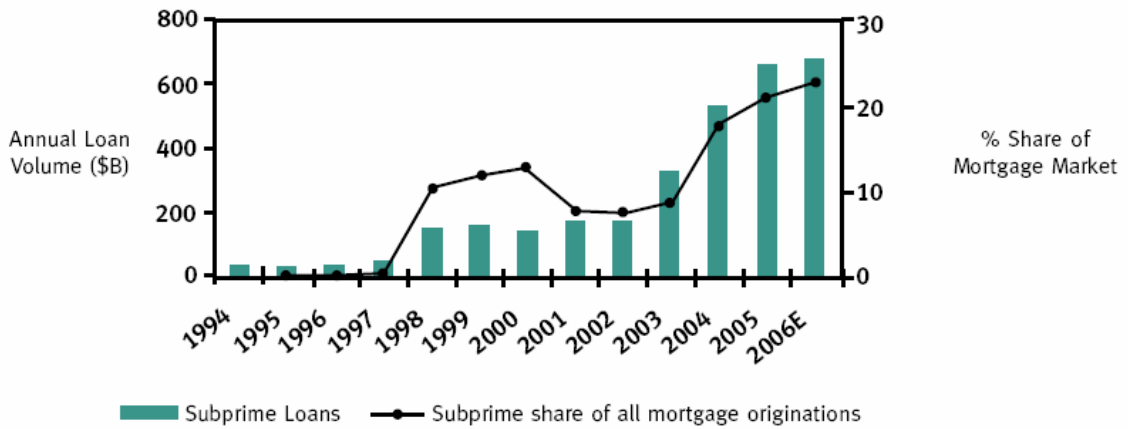


**Source RealtyTrac
[RealtyTrac May Report](#)

- Home foreclosure filings rose 14% in the second quarter of 2008, the eighth consecutive quarterly climb, and more than doubled from the same period a year earlier ([RealtyTrac 2nd Quarter Report](#)).
- Home foreclosure filings on 739,714 U.S. properties were reported during the second quarter of 2008, up 121% from a year earlier ([Ibid](#)).
- As of the first quarter of 2008, a record 2.5% of all home loans serviced by the Mortgage Bankers Association are in the process of foreclosure, which amounts to about 1.1 million homes (MBA report, June 5, 2008).
[Mortgage Bankers June Report](#)
- Nearly 3 million home loans are now at least one payment past due, while about 737,000 are at least three months past due, but not yet in foreclosure (Ibid).
- In 2007, 405,000 households lost their homes, an increase of 51% over 2006 ([cnnmoney.com, January 2008](#)).

- Subprime Market-

Figure 1: Subprime Mortgage Market Growth and Share of Total Mortgage Market



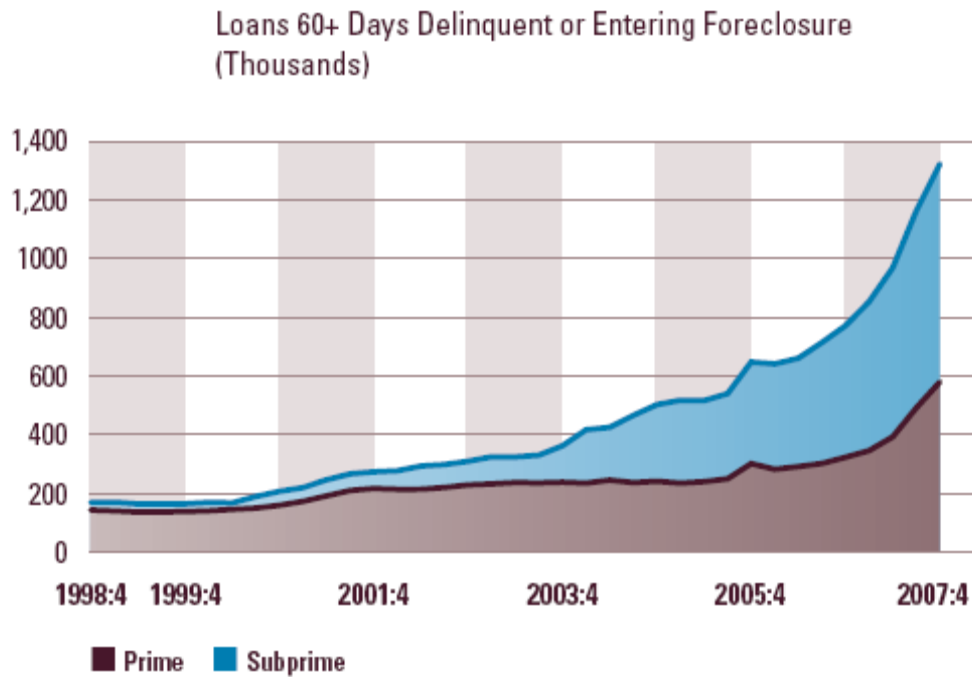
**Center for
Responsible
Lending
[Losing
Ground](#)

Nationally, from 1994-2005, the subprime market grew from \$35 billion to \$665 billion ([Losing Ground](#)).

- From 1998- 2006, the subprime share of mortgage originations grew from 10% to 23%.
- The chance of foreclosure on a subprime loan doubled between 2002 and 2005: subprime loans originated in 2002 have a one-in-ten lifetime chance of foreclosing, while loans originated in 2005 have a one-in-five chance.

- Approximately one out of five (19 percent) subprime mortgages originated in the last two years will end in foreclosure ([Losing Ground](#)).
- The 2.2 million subprime holders who lose their homes to foreclosure will lose as much as \$164 billion in home equity (Ibid).

-Delinquencies-



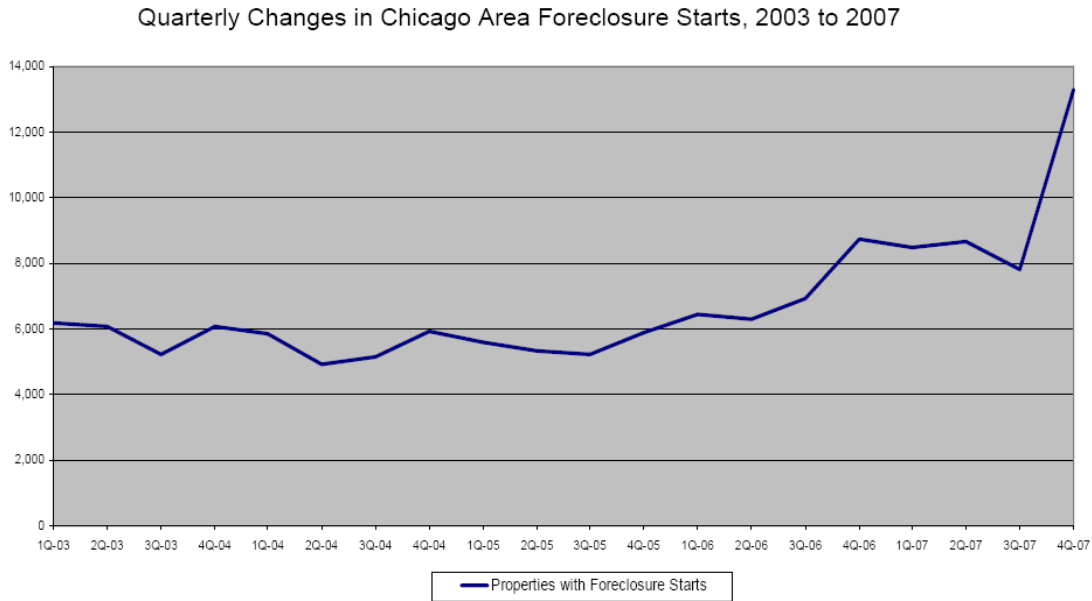
Note: Numbers equal four-quarter moving average of non-seasonally adjusted conventional loans serviced, multiplied by the seasonally adjusted rates of delinquencies and foreclosure starts.
Source: Mortgage Bankers Association.

(Source [Joint Center for Housing Studies, 2008](#))

- Nationally, from 2004-2007, the number of serious delinquent loans (more than 60 days overdue) more than doubled to 1.3 million loans ([Joint Center for Housing Studies, 2008](#)).
- Over 580,000 subprime loans were estimated to be seriously delinquent by the end of 2007 (Ibid).

2. REGIONAL AND LOCAL CONTEXT

-Chicago Region Foreclosure Starts-

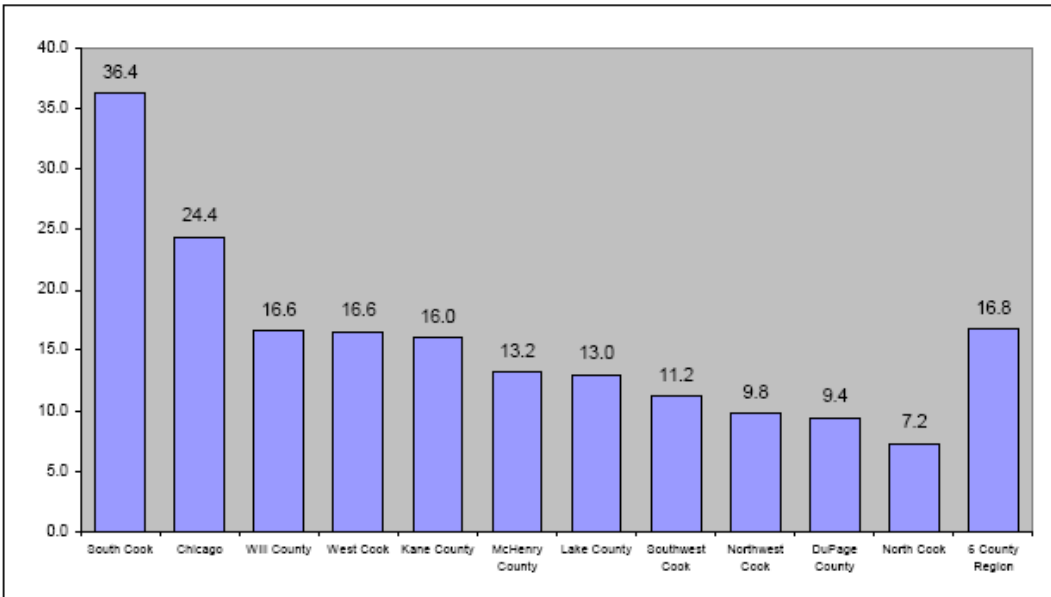


([Woodstock Rental Report, 2008](#))

- Foreclosure filings in the six-county metro area have grown 80% between 2005- 2008 ([Woodstock, Foreclosure Report for 2007](#)).
 - The number of properties with foreclosure filings grew to 38,215 in 2007, an increase of 32% from the previous high of 28,997 in 2006.
- Foreclosures were filed on 13,872 buildings in 2007 in the City of Chicago ([Woodstock Rental Report, 2008](#)).
- The foreclosure rate (number of properties with foreclosure filings/total number of properties) increased 50% between 2006 and 2007 in the Chicago Metro Area ([Realty Trac 2008](#)).

-Chicago Region Foreclosure Filings-

Figure 3. Chicago Six County Area Foreclosure Filings Per 1,000 Mortgageable Properties, 2007



Source: Foreclosure Report of Chicago

[Woodstock, Foreclosure Report for 2007](#)

- South suburban Cook and the city of Chicago continue to have the highest levels of foreclosures ([Woodstock, Foreclosure Report for 2007](#)).
 - South Suburban Cook had over 36 foreclosure filings per 1,000 mortgageable properties; nearly double the six county regional rate of 16.8 filings per 1,000.

-Chicago Region Foreclosure Filings by County-

Table 1. Chicago Six County Area Properties with Foreclosure Filings, 2002 to 2007

	2002	2003	2004	2005	2006	2007	Change	
							2006 to 2007	2005 to 2007
Chicago	9,907	8,188	7,195	7,499	10,268	13,872	35.1%	85.0%
North Cook	499	408	360	378	575	962	67.3%	154.5%
Northwest Cook	1,130	1,019	942	990	1,472	1,971	33.9%	99.1%
West Cook	1,611	1,421	1,282	1,390	1,793	2,545	41.9%	83.1%
Southwest Cook	1,197	1,066	946	959	1,240	1,615	30.2%	68.4%
South Cook	3,818	3,389	3,169	3,290	4,174	4,773	14.4%	45.1%
Cook County	18,162	15,491	13,894	14,506	19,522	25,738	31.8%	77.4%
DuPage County	1,621	1,467	1,282	1,288	1,886	2,640	40.0%	105.0%
Kane County	1,229	1,217	972	1,174	1,614	2,302	42.6%	96.1%
Lake County	1,879	1,687	1,476	1,631	2,219	2,781	25.3%	70.5%
McHenry County	812	736	729	809	1,014	1,366	34.7%	68.9%
Will County	2,179	1,911	1,781	1,894	2,742	3,388	23.6%	78.9%
6-County Region	25,882	22,509	20,134	21,302	28,997	38,215	31.8%	79.4%

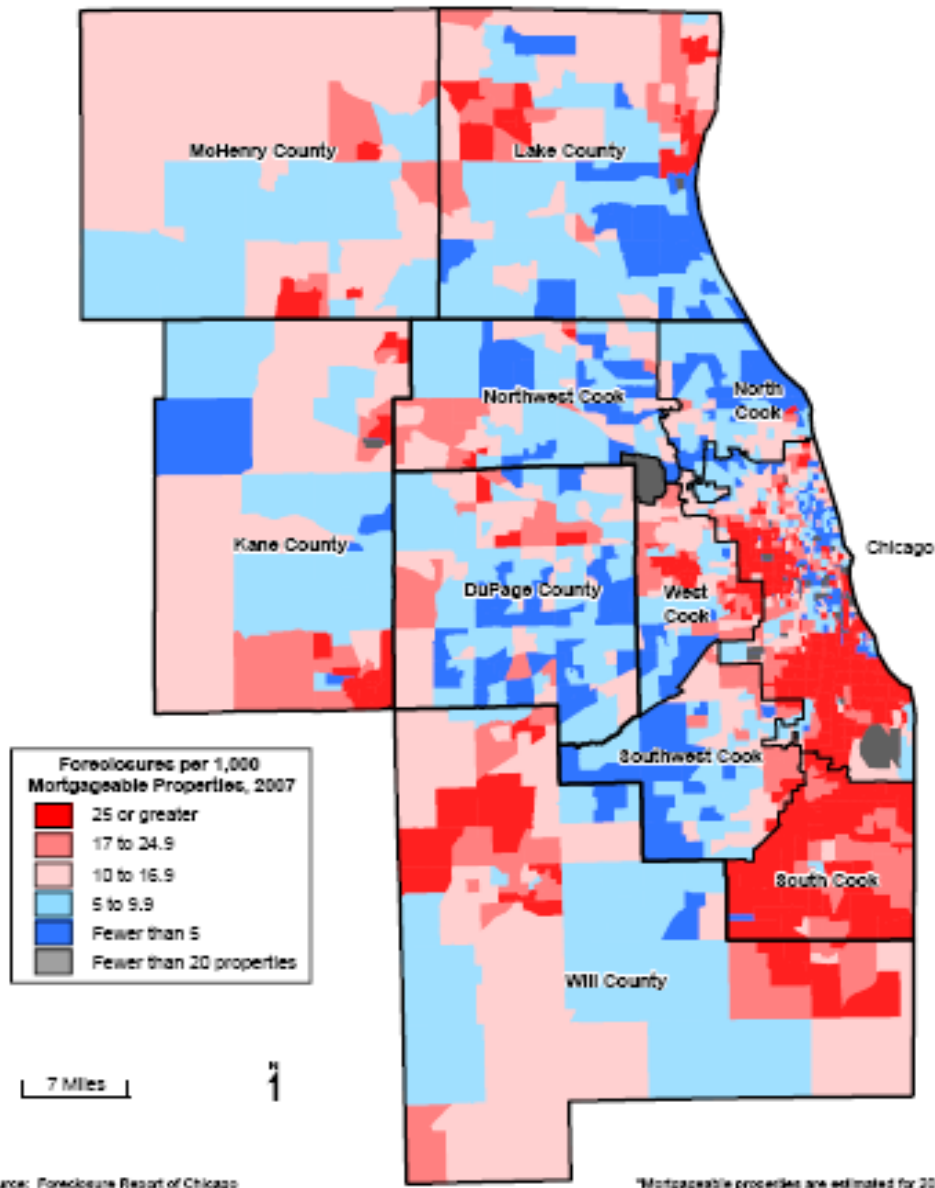
Source: Foreclosure Report of Chicago

[Woodstock, Foreclosure Report for 2007](#)

- Foreclosure filings have increased 32% since 2005 across the 6-county region. Suburban communities have experienced the largest proportional growth in foreclosure filings ([Woodstock, Foreclosure Report for 2007](#)).
- Every region of the Chicago Six County area had communities with very high foreclosure levels (Ibid).
 - Chicago: Entire South and West Sides. Community areas with highest levels include Washington Park, Grand Boulevard, Woodlawn, West Garfield Park, and Englewood.
 - North Cook: Parts of Evanston.
 - Northwest cook: Parts of Hanover Park and Palatine.
 - West Cook: Parts of Cicero, Bellwood, Berwyn, Maywood, and Melrose Park.
 - **South Cook: Entire Region.**
 - DuPage County: Parts of Addison, Carol Stream, Glendale Heights, and Lombard.
 - Kane County: Parts of Aurora, Carpentersville, and Elgin.
 - Lake: Parts of Fox Lake, North Chicago, Round Lake, Round Lake Beach, Waukegan, and Zion.
 - McHenry County: Parts of Huntley, Lake in the Hills, and McHenry
 - Will County: Parts of Bolingbrook, Joliet, Plainfield, Romeoville, and University Park.

-Chicago Metro Foreclosures-

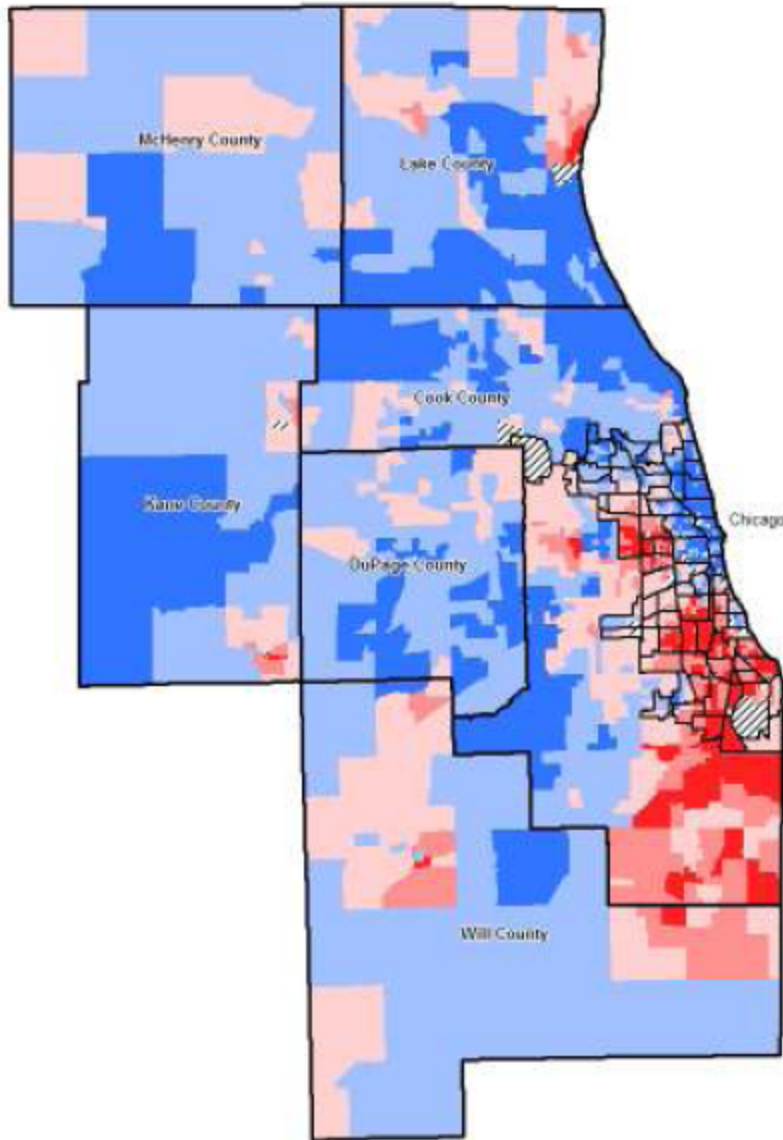
Figure 4. Foreclosures per 1,000 Mortgageable Properties
Chicago Six County Area, 2007*



[Woodstock, Foreclosure Report for 2007](#)

-Chicago Metro High Cost Loans-

Market Share Higher Cost Loans, 2006

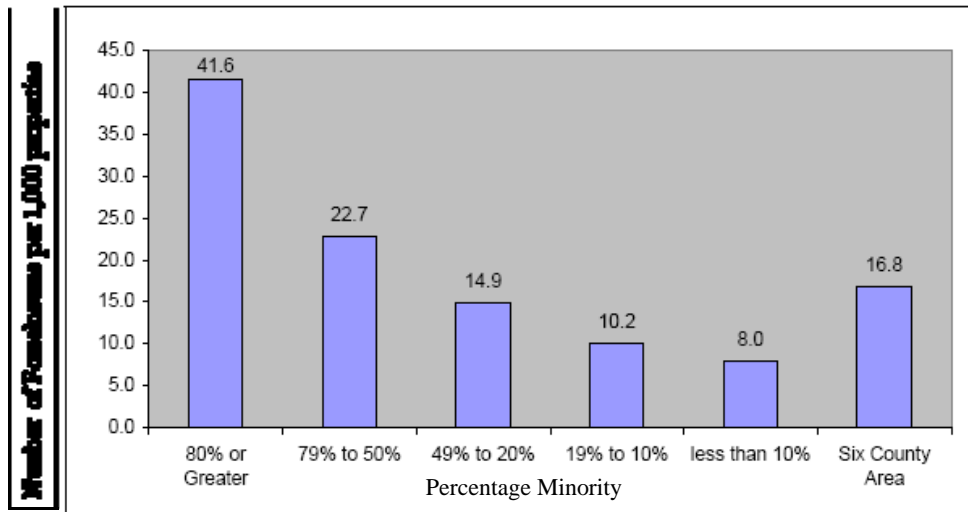


([Woodstock, Mortgage Lending Presentation 2008](#))

- In Cook County, 32% of all single family conventional loans were high cost in 2006 ([Woodstock, Foreclosure Report for 2007](#)).
- In Chicago, 38% of all single family conventional loans were high cost in 2006 (Ibid).
- High cost loans are concentrated in South Suburban Cook County (Ibid).

-Chicago Metro Impact in Minority Communities-

Figure 5. Chicago Six County Area Foreclosure Filings per 1,000 Mortgageable Properties by Minority Level of Census Tract, 2007

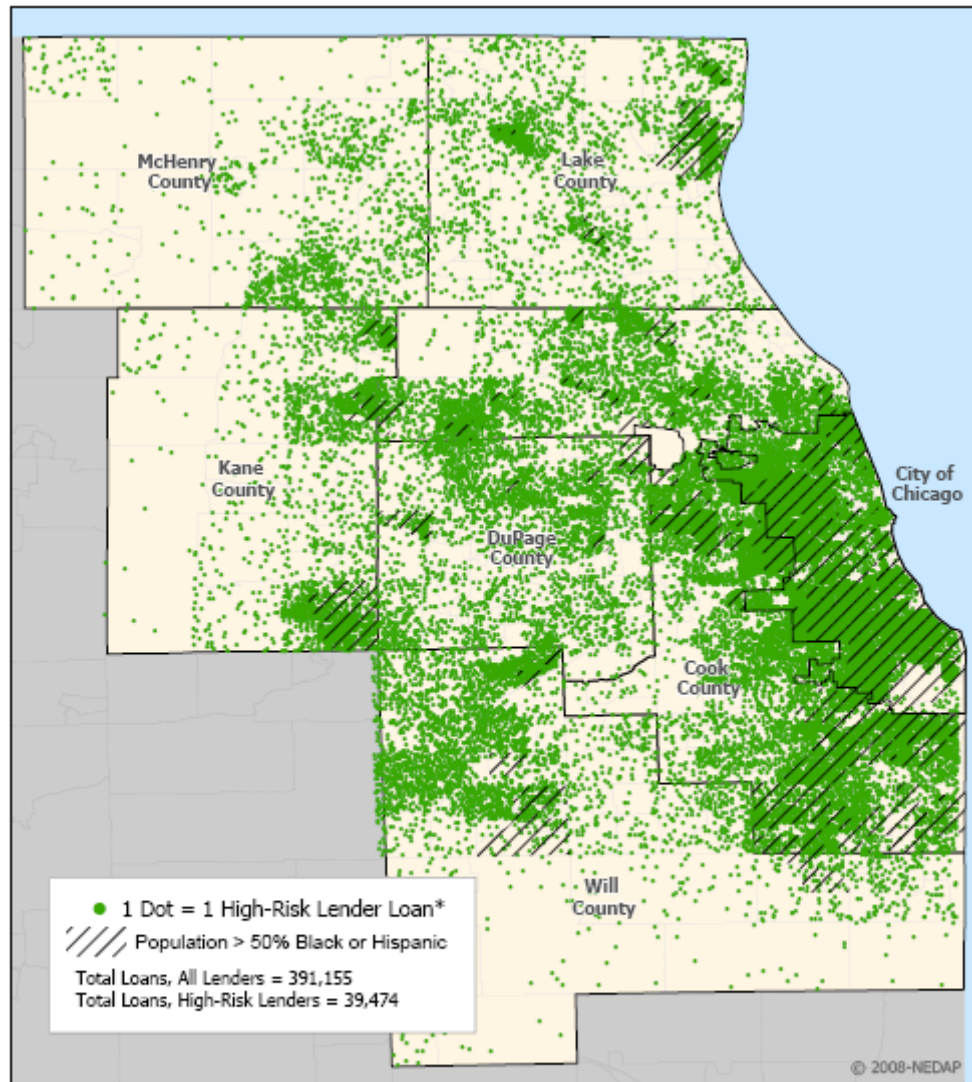


[Woodstock, Foreclosure Report for 2007](#)

- Across the six county region foreclosure filings are disproportionately located in minority neighborhoods ([Woodstock, Foreclosure Report for 2007](#)).

-Chicago Metro Impact in Minority Communities-

Map of Subprime Loans in Chicago Metro 2006



Map prepared by NEDAP, Neighborhood Economic Development Advocacy Project - www.nedap.org
Data provided by Woodstock Institute - www.woodstockinst.org

Sources: HMDA (2006), Census (2000)
* loans originated by now-defunct subprime lenders, as compiled by the Wall Street Journal in Sept. 2007,
"Subprime Shakeout: Lenders that have Closed Shop, Been Acquired, or Stopped Loans."

[Paying More for the American Dream, 2008](#)

- 57.5% of the subprime market share is in minority communities (communities where minority population are at least 50% of total population) ([Paying More for the American Dream, 2008](#)).
- Combined, African American and Latino homeowners in the Chicago metro area received nearly 50 percent of all high-cost loans in 2006 compared to nearly 22 percent of prime-rate loans ([Chicago Reporter, May 2008](#)).
- Even wealthy homeowners got high-cost loans, particularly African Americans. In 2005, Black homeowners earning more than \$100,000 a year were more likely to get high-cost loans than white homeowners earning less than \$35,000 (Ibid).

-Chicago Metro Foreclosures in Selected Suburbs-

Near western and southern suburbs have a high density of foreclosures

Rank	City or Village	First Half Foreclosure		Change 2006-07	Foreclosure Cases per square mile	
		2006	2007		2006	2007
1	Bellwood	71	103	45.1%	29.8	43.3
2	Stone Park	9	13	44.4%	27.3	39.4
3	Dolton	172	171	-0.6%	36.9	36.7
4	Maywood	103	96	-6.8%	38.1	35.6
5	Wilmington	24	28	16.7%	30.4	35.4
6	Hazel Crest	116	112	-3.4%	34.1	32.9
7	Calumet Park	32	36	12.5%	28.1	31.6
8	Berwyn	85	120	41.2%	21.9	30.8
9	Cicero	114	175	53.5%	19.5	30.0
10	Elmwood Park	33	56	69.7%	17.4	29.5
11	Calumet City	158	216	36.7%	21.4	29.3
12	Country Club Hills	123	134	8.9%	26.6	28.9
13	Harvey	162	177	9.3%	26.2	28.6
14	Park Forest	109	138	26.6%	22.2	28.0
15	Chicago	4464	6339	42.0%	19.4	27.5
16	Round Lake	64	88	37.5%	17.9	24.6
17	Riverdale	89	92	3.4%	23.5	24.3
18	Richton Park	76	82	7.9%	22.4	24.2
19	Carpentersville	99	165	66.7%	13.0	21.7
20	Phoenix	9	9	0.0%	20.0	20.0
21	Plainfield	188	248	31.9%	15.1	20.0

Source: [NTIC 2007 Foreclosed Report](#)

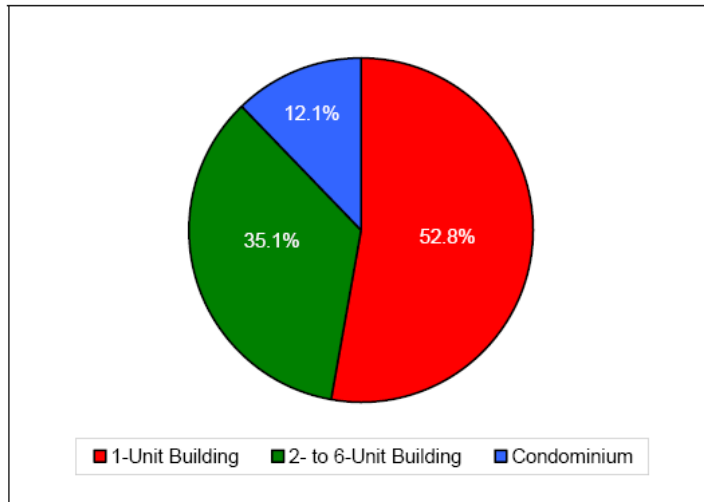
-City of Chicago Foreclosures-

Source: [NTIC 2007 Foreclosed Report](#)

Community Area	Foreclosure Cases Started from January through June			1st Half Foreclosure Starts per square mile	
	2006	2007	Percent Change 2006-07	2006	2007
67 West Englewood	220	348	58.2%	70.3	111.2
68 Englewood	191	276	44.5%	62.2	89.9
43 South Shore	153	215	40.5%	51.9	72.9
38 Grand Boulevard	80	122	52.5%	46.5	70.9
26 West Garfield Park	86	89	3.5%	67.7	70.1
66 Chicago Lawn	146	242	65.8%	41.5	68.8
53 West Pullman	211	228	8.1%	58.1	62.8
49 Roseland	202	277	37.1%	41.9	57.5
71 Auburn Gresham	154	207	34.4%	41.2	55.3
42 Woodlawn	81	115	42.0%	37.9	53.7
69 Greater Grand Crossing	126	188	49.2%	35.6	53.1
23 Humboldt Park	124	189	52.4%	34.5	52.6
46 South Chicago	119	169	42.0%	35.7	50.8
25 Austin	301	345	14.6%	42.3	48.5
73 Washington Heights	123	136	10.6%	43.2	47.7
61 New City	117	221	88.9%	24.2	45.7
39 Kenwood	30	49	63.3%	27.8	45.4
27 East Garfield Park	65	87	33.8%	33.5	44.8
29 North Lawndale	106	142	34.0%	33.1	44.4
08 Near North	95	112	17.9%	34.9	41.2
44 Chatham	112	116	3.6%	38.0	39.3
45 Avalon Park	66	48	-27.3%	52.8	38.4
40 Washington Park	32	57	78.1%	21.1	37.5
48 Calumet Heights	36	66	83.3%	20.5	37.5
77 Edgewater	39	64	64.1%	22.8	37.4
37 Fuller Park	10	26	160.0%	14.1	36.6
20 Hermosa	23	42	82.6%	19.8	36.2
75 Morgan Park	95	101	6.3%	30.0	31.9
19 Belmont Craigin	85	122	43.5%	21.7	31.2
70 Ashburn	105	145	38.1%	21.7	30.0
01 Rogers Park	32	55	71.9%	17.4	29.9
65 West Lawn	45	80	77.8%	15.2	27.0
32 Loop	28	42	50.0%	17.8	26.8
47 Burnside	13	16	23.1%	21.0	25.8
18 Montclair	15	25	66.7%	15.2	25.3
22 Logan Square	43	90	109.3%	12.0	25.2
02 West Ridge	41	87	112.2%	11.7	24.8
63 Gage Park	49	55	12.2%	22.0	24.7
15 Portage Park	32	94	193.8%	8.1	23.8
14 Albany Park	23	45	95.7%	12.0	23.4
16 Irving Park	30	73	143.3%	9.3	22.7
21 Avondale	25	43	72.0%	12.6	21.7
62 West Elston	18	25	38.9%	15.4	21.4
03 Uptown	33	49	48.5%	14.1	20.9
58 Brighton Park	29	56	93.1%	10.7	20.7
35 Douglas	29	29	0.0%	17.5	17.5
30 South Lawndale	37	79	113.5%	8.1	17.4
24 West Town	64	79	23.4%	14.0	17.3
17 Dunning	39	64	64.1%	10.5	17.2
06 Lakeview	31	54	74.2%	9.9	17.2
33 Near South Side	23	28	21.7%	13.2	16.1
41 Hyde Park	20	26	30.0%	11.9	15.5
36 Oakland	4	9	125.0%	6.8	15.3
64 Clearing	18	37	105.6%	7.1	14.6
50 Pullman	22	29	31.8%	10.4	13.7
72 Beverly	30	43	43.3%	9.4	13.5
60 Bridgeport	23	26	13.0%	11.0	12.4
11 Jefferson Park	20	28	40.0%	8.6	12.0
07 Lincoln Park	18	37	105.6%	5.6	11.4
28 Near West Side	31	62	100.0%	5.4	10.9
56 Garfield Ridge	35	44	25.7%	8.3	10.4
04 Lincoln Square	13	26	100.0%	5.1	10.2
52 East Side	25	28	12.0%	8.8	9.8
74 Mount Greenwood	12	24	100.0%	4.4	8.9
10 Nonwood Park	22	36	63.6%	5.2	8.5
59 McKinley Park	9	11	22.2%	6.4	7.8
05 North Center	13	14	7.7%	6.3	6.8
13 North Park	8	15	87.5%	3.2	6.0
31 Lower West Side	16	17	6.3%	5.5	5.8
57 Archer Heights	13	10	-23.1%	6.5	5.0
51 South Deering	57	51	-10.5%	5.2	4.7
76 O'Hare	7	14	100.0%	2.2	4.4
09 Edison Park	6	5	-16.7%	5.2	4.3
12 Forest Glen	10	13	30.0%	3.1	4.1
34 Armour Square	1	3	200.0%	1.0	3.1
55 Hegewisch	16	14	-12.5%	3.0	2.7
54 Riverdale	3	5	66.7%	0.9	1.4
City of Chicago	4464	6339	42.0%	19.4	27.5

-City of Chicago Housing Stock Affected-

Figure 1. City of Chicago Residential Foreclosure Filings by Building Type, 2007



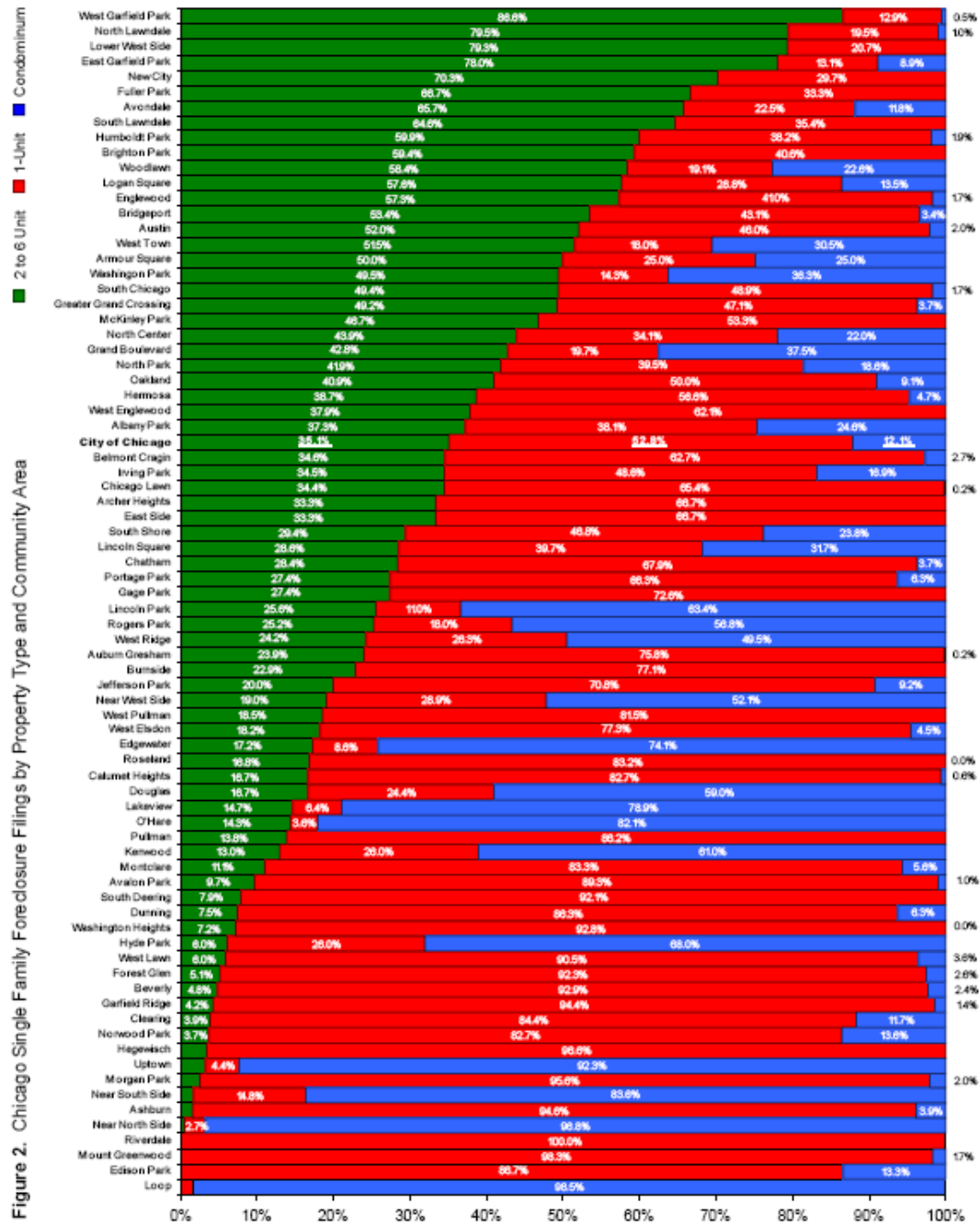
Source: Woodstock Institute analysis of data from Foreclosure Report of Chicago

[Woodstock Rental Report, 2008](#)

- Of the 13,872 properties with foreclosure filings in the City of Chicago in 2007, 35% were 2-6 unit buildings ([Woodstock Rental Report, 2008](#)).
 - This could impact between 9,644 and 28,923 housing units/families.
- To estimate the number of tenants that might be affected by multifamily foreclosures in Chicago, the Lawyer's Committee for Better Housing analyzed eviction activity of lenders who are most active in foreclosure cases, and extrapolated that 2,500 families could face eviction in 2008.
 - Depending on the number of people in these families, this likely represents upwards of 5,000-10,000 displaced individuals in the city.

-City of Chicago Housing Stock Affected-

Percentage of Foreclosed Building Type in Chicago Community Areas



Woodstock Rental Report, 2008

- Neighborhoods on the West and South Sides had the highest concentration of foreclosures of 2-6 unit buildings ([Woodstock Rental Report, 2008](#)).
- Chicago community areas with the highest concentration of 2-6 unit building foreclosures include: West Garfield Park, Austin, Humboldt Park, New City, Englewood, and West Englewood (Ibid).
- Areas along the lake have the highest concentrations of condominium foreclosures. They include: Near North Side, Edgewater, Uptown, and Lincoln Park (Ibid).

3. COMPARISONS AND RANKINGS

-National, State and Local Comparisons-

National and Local Comparisons

	Chicago		6 County Region (Excluding City of Chicago)		US**	
	2006*	2007*	2006*	2007*	2006**	2007**
Number of forecl. Filings	10,268	13,872	18,729	24,343	717,522	1.3 million
Forecl. Per 1000 units	18.4	24.4	13.8	16.8		
Subprime volume	49,466	Not Available		89,089		3.2 million

* Source Woodstock 2007 Foreclosure Report

** Source Realtytrac

- In the Chicago metro area, 1.6% of all housing units (about 50,000) were in foreclosure proceedings in 2007, compared to 1% nationally. ([Realty Trac 2008](#)).
- During the second quarter of 2008, the Chicago metro area ranked 35 among the top 100 metro areas. The foreclosure rate rose 22% from the previous quarter, and 58% from the second-quarter 2007. ([Realty Trac 2008](#)).
- In 2006, the Chicago metro area ranked first in the nation in high-cost loans to white homeowners. The metro area ranked second in high-cost loans to African Americans, trailing only the Washington, D.C. metro area; and fifth in high-cost loans to Latinos ([Chicago Reporter, May 2008](#)).
- Illinois has the 10th highest foreclosure rate as of July, 2008 ([Realty Trac 2008](#)).
- Illinois has the fifth highest foreclosure inventory in the nation by share of loans and foreclosures ([Brookings, May 2008](#)).

-National, State and Local Comparisons-

National and Local Comparisons

2008 Second Quarter Foreclosure Rankings by Metropolitan Area

Rank	State	Metro Name	Props with Fillings	1/every x HH (rate)	% Change from Q1 2008	% Change from Q 2007
1	CA	Stockton	9066	25	19.92	170.63
2	CA	Riverside/San Bernadino	43600	32	17.08	193.42
3	NV	Las Vegas/Paradise	21742	35	25.53	143.66
4	CA	Bakersfield	6431	41	25.78	294.78
5	CA	Sacramento	15505	49	11.01	125.46
6	FL	Fort Lauderdale	15558	51	42.39	215.26
7	AZ	Phoenix/Mesa	31613	51	36.65	306.81
8	CA	Oakland	15904	60	25.56	237.31
9	CA	Fresno	4806	62	26.08	178.13
10	FL	Miami	15260	62	30.39	112.86
11	CA	San Diego	17343	65	13.24	206.52
12	MI	Detroit/Livonia/Dearborn	12826	66	3.42	52.91
13	FL	Orlando	11809	72	12.23	247.94
14	FL	Sarasota/Bradenton/Venice	4690	82	9.1	163.34
15	CA	Orange	12439	82	29.69	276.71
16	CA	Ventura	3177	85	34.62	228.88
17	FL	Tampa/St Petersburg/Clearwater	14960	87	26.66	158.51
18	FL	Palm Beach	7141	88	50.69	188.29
19	CA	Los Angeles/Long Beach	36955	91	14.85	168.24
20	GA	Atlanta/Sandy Springs/Marietta	22484	91	-0.31	77.05
21	OH	Toledo	3253	92	73.31	121.44
22	OH	Akron	3283	93	58.68	24.4
23	CO	Denver/Aurora	10829	95	-18.99	44.71
24	CA	San Jose/Sunnyvale/Santa Clara	6437	97	35.66	343.32
25	TN	Memphis	5141	105	3.75	95.33
26	OH	Cleveland/Lorain/Elyra/Mentor	8735	108	-2.61	-3.69
27	DC	Washington/Arlington/Alexandria	15569	109	3.05	250.97
28	MI	Warren/Farmington Hills/Troy	9312	113	17.22	100.26
29	OH	Dayton	3304	115	21.47	18.68
30	IN	Indianapolis	6058	122	-4.3	30.87
31	OH	Columbus	6285	122	17.74	39.11
32	MA	Essex	2418	122	1.77	365.9
33	FL	Jacksonville	4540	125	-0.37	73.35
34	IN	Gary	1980	144	10.61	61.11
35	IL	Chicago	21488	144	22.08	58.3
36	MA	Worcester	2156	146	-14.24	188.62
37	AZ	Tucson	2820	148	51.29	138.18
38	NJ	Newark	5458	154	26.25	170.47
39	IL	Lake/Kenosha	1573	159	5.93	61.66
40	MA	Boston/Quincy	4719	159	-1.34	333.33
41	OH	Cincinnati	5601	161	15.6	16.49
42	NJ	Camden	1588	177	40.04	137.37
43	WA	Tacoma	1732	179	14.4	112.78
44	WI	Milwaukee/Waukesha/Wst Allis	3545	184	16.23	208.8
45	MO	Kansas City	4643	187	38.1	94.84

[RealtyTrac](#)

-State Rankings-

Foreclosure Inventory, Fourth Quarter 2007

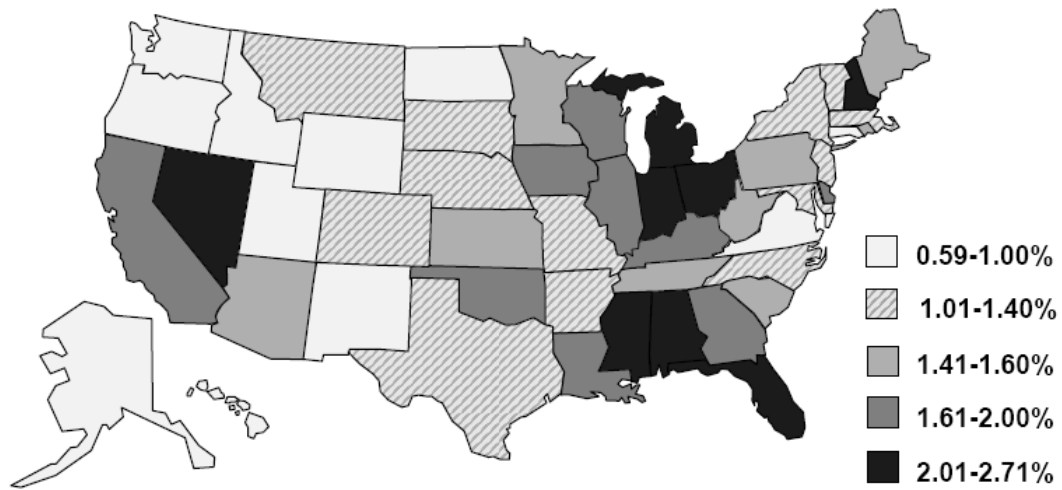
All Loans			Prime Loans		
State	%	State Rank	State	%	State Rank
Ohio	3.88	1	Ohio	1.85	1
Indiana	3.53	2	Indiana	1.81	2
Michigan	3.38	3	Florida	1.63	3
Florida	3.22	4	Michigan	1.62	4
Nevada	3.02	5	Nevada	1.33	5
Illinois	2.50	6	Mississippi	1.27	6
Rhode Island	2.41	7	Delaware	1.26	7
Maine	2.36	8	Iowa	1.19	8
Kentucky	2.32	9	Kentucky	1.17	9
Wisconsin	2.24	10	Illinois	1.13	10
U.S.	2.04		U.S.	0.96	

Subprime Loans			FHA Loans		
State	%	State Rank	State	%	State Rank
Ohio	13.7	1	Michigan	5.49	1
Minnesota	12.4	2	Ohio	4.70	2
Michigan	12.3	3	Indiana	4.13	3
Rhode Island	12.2	4	Colorado	3.46	4
Indiana	11.59	5	Wisconsin	3.11	5
Massachusetts	11.41	6	Illinois	3.03	6
Florida	11.36	7	New Jersey	2.94	7
Wisconsin	11.31	8	Massachusetts	2.83	8
Maine	11.26	9	Iowa	2.81	9
Illinois	11.09	10	Maine	2.73	10
U.S.	8.65		U.S.	2.34	

Source: Mortgage Bankers Association, National Delinquency Survey, Fourth Quarter 2007

-State by State Delinquency Comparisons-

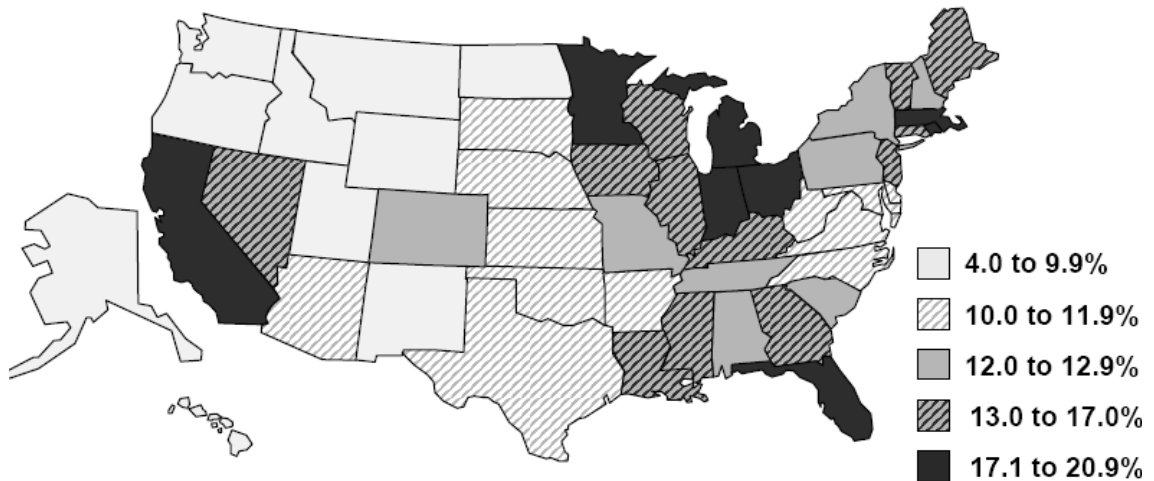
Prime Delinquencies – Fourth Quarter 2007



**National = 1.67% Seriously Delinquent
(90+ days delinquent or in foreclosure, prime conventional)
Data as of December 2007**

Source: Mortgage Bankers Association

Subprime Delinquencies – Fourth Quarter 2007



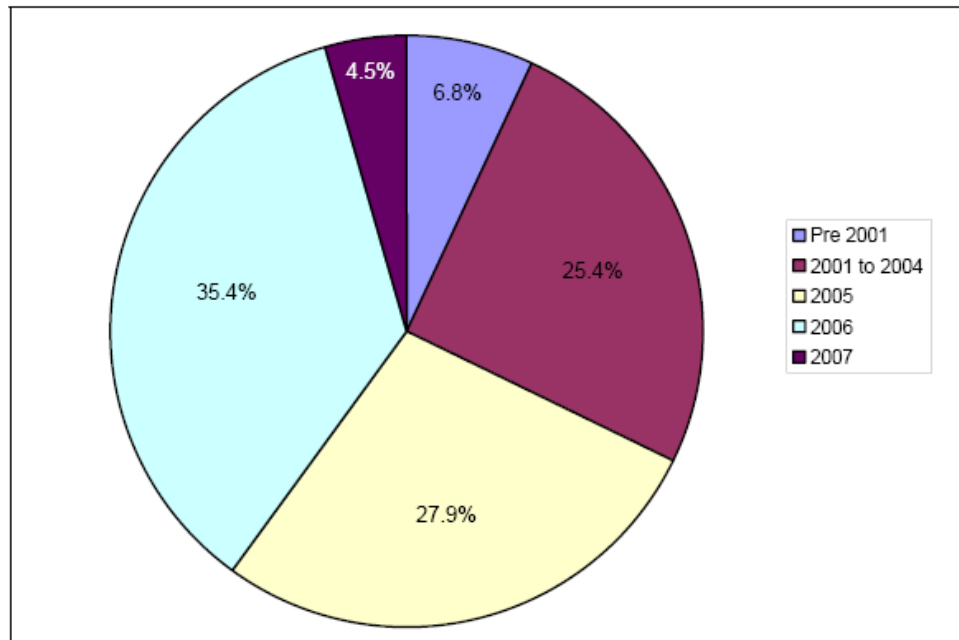
**National = 14.44% Seriously Delinquent
(90+ days delinquent or in foreclosure, Subprime Loans)
Data as of December 2007**

Source: Mortgage Bankers Association

4. PROJECTIONS

-Foreclosure and Lending Activity in Upcoming 12-18 Months-

Figure 2. Year of Mortgage Origination for Chicago Area Foreclosure Filings, 2007



Source: Foreclosure Report of Chicago

[Woodstock, Foreclosure Report for 2007](#)

- Most foreclosures in 2007 were originated in 2005 or later. Of the 2007 foreclosures, 28% were originated in 2005, 35% in 2006, and 4.5% in 2007 (Figure 2) ([Woodstock, Foreclosure Report for 2007](#)).
- Nationally: 1 of 33 homeowners will face foreclosure, primarily in the next two years, from loans originating in 2005-06 ([PEW, Defaulting on a Dream, 2008](#)).
- Risky ARMs that allowed 100% financing and limited or no documentation were widely available until mid 2007. As regional property values stagnate or decline, and these loans reset to higher unaffordable levels, refinance options to avoid foreclosure may be limited. ([Ibid](#)).
- Nationally: three million loans will default in 2008-09, and 2 million will complete the foreclosure process (Moody, Mark Zandi testimony).

5. COST OF FORECLOSURES

- Lenders and Servicers are estimated to lose \$50,000 per foreclosure ([Neighborhood Funders Group, Foreclosure Issue Brief, April 2008](#))
- Foreclosures create a number of direct and indirect costs on municipal governments, ranging from demolition and court fees (direct), to loss of property value and tax base (indirect) ([Municipal Cost of Foreclosure, 2005](#)).
- Direct costs can affect 15 separate government units, with costs ranging from \$27- \$34,199, including:
 - Court action and fees associated with filing, enforcement and demolition
 - City administrative costs including complaint intake, vacant building registry, inspections
 - Crime and Fire Protection
 - Loss of Property Tax
 - Loss of utility tax

Sample of Municipal Costs Resulting from Foreclosure

Foreclosure Scenario	Cost	Number of Government Units Involved
Foreclosure, Sold at Auction, Never Vacant	\$27	5
Foreclosure, Sold at Auction, Vacant Unsecured, Housing Court	\$7,020	8
Foreclosed, Vacant Unsecured; criminal activity, fire, demolished	\$34,199	22

[Municipal Cost of Foreclosure, 2005](#)

Loss of Housing Value/Tax Base on Foreclosed Homes on Loan Originating in 2005/2006

Counties	Number of Neighboring Homes Experiencing Devaluation	Decrease in House Values/Tax Base from Foreclosure Effect (\$millions)
Los Angeles, CA	2,545,978	27,257
Cook IL	1,794,433	13,746
Miami-Dade FL	786,452	10,488
Queens NY	670,186	9,254
Orange CA	670,470	5,750
Bronx NY	411,929	4,903
New York NY	398,746	3,845

[\(Center for Responsible Lending, Foreclosure Spillover\)](#)

- Cook County is projected to lose over \$13 billion housing value due to foreclosures ([Center for Responsible Lending, Foreclosure Spillover](#)).
- Nationwide, an average of \$5,000 in housing value is lost for each home near a foreclosure (Ibid).
- In Chicago between 1997-1998, one foreclosure filing lowered property values an average of 0.9% for each property on its block ([There Goes the Neighborhood](#)).
- Foreclosures from 1997-98 reduced property value citywide by \$598 million (Ibid).

SECTION II

RESPONSES TO THE FORECLOSURE CRISIS

- 1. Homeowner / Homebuyer Outreach, Education and Counseling**
- 2. Refinancing and Financial Resources**
- 3. Foreclosed Properties**
- 4. Legislation, Public Policy, and Legal Action**

1. HOMEOWNER / HOMEBUYER OUTREACH, EDUCATION AND COUNSELING

Outreach and education, as well as direct counseling, and legal assistance efforts have comprised the bulk of the responses focused on homeowners.

-Outreach and Education-

City of Chicago/Neighborhood Housing Services (NHS) - 311 Advertising Campaign

Any Chicago resident who is having trouble paying their mortgage can be immediately connected to a financial counselor simply by calling 311, the City of Chicago's non-emergency number. 2007 has seen dramatically increased borrower call volume - with more than 6,000 borrowers who called in 2007 alone. This model then served as the platform for the HOPE hotline (888-995-4673), which is a nationwide resource center for credit and counseling services.

Target audience: Chicago residents having trouble paying their mortgage

Geography: Chicago

For more information: Residents should call 311

City of Chicago, Illinois Housing Development Authority (IHDA), NHS, other various providers and lenders - Borrower/Homeowner Outreach Days and workshops

City, IHDA, NHS and lenders provide one-stop service for most affected areas.

- Includes loan work-out sessions with counseling agencies and lenders; access to free legal assistance; and financial literacy.

Target audience: Homeowners having trouble paying mortgage

Geography: Various

For more information: City of Chicago residents – call 311 or check [NHS Foreclosure Prevention Workshops](#)

Outside of City, check [IHDA outreach days](#)

City of Chicago - Early Warning Program

The City of Chicago sends out foreclosure prevention information to homeowners from the Housing Commissioner within days of the foreclosure process being initiated in the Circuit Court, giving homeowners more time to work out solutions and hopefully, keep their homes.

- This helps ensure homeowners are getting information from someone they trust. They may be fearful of responding to information sent directly from their lender.

Target audience: Homeowners delinquent on mortgage with partner lender

Geography: City of Chicago

HOPE NOW Alliance - HOPE Now Hotline

Alliance of industry and other service providers. HOPE Now has partnered on some of Borrower Outreach days, and the HOPE hotline (888-995-4673) is integrated into City and statewide outreach systems to link borrowers to counselors. The National Ad Council has instituted a campaign in concert with HOPE NOW. The Chicago market has seen less ad placement due to existing 311 campaign.

For more information: call 888-995-4673

Illinois Treasurer's Office – Community Coalitions Fighting Foreclosure

Targeting education efforts to trusted partners in the community who have access to borrowers who might be in trouble. Partners include churches, local officials, realtors, or anyone who might be approached by struggling homeowners.

Target audience: organizations and institutions that are in contact with homeowners who may be facing foreclosure.

For more information: Barbara Chalko, 312.814.4338

-Counseling Efforts-

Many counseling agencies exist across the metro area; the following highlights some of the larger networks working to build capacity of such counseling agencies. For a directory of counseling agencies, see appendix 1, and / or visit:

- [Illinois Attorney General Guide to Mortgage Lending](#) (Also see AG efforts under legal services): includes a comprehensive guide to legal assistance, counseling centers and mortgage products.
[IL Attorney General Guide](#)

Housing Action Illinois (HAI) - Counseling agency capacity building

HAI is working to build capacity of existing counseling agencies by providing NeighborWorks place-based training and one-on-one technical assistance statewide.

- Helped establish the Illinois Statewide Foreclosure Network, which helps counseling agencies get paid to counsel clients.
- Work with the IHDA to pass through funds to compensate agencies for Homeowner Outreach Events.
- Provide assistance upon request to Illinois communities by convening stakeholders, including municipalities and counseling agencies, to identify local issues and appropriate resources.

Target audience: Counseling agencies, practitioners

Geography: State of Illinois

[Housing Action Foreclosure](#)

IHDA, in partnership with NeighborWorks - Illinois Statewide Foreclosure Prevention Network

IHDA and NeighborWorks provide funding to boost foreclosure prevention capacity of counseling agencies in Illinois that are part of a statewide network established by NHS. These agencies get clients referred as part of the HOPE NOW Hotline.

Target audience: Homeowners having trouble paying their mortgage

Geography: State of Illinois

Income eligibility: No income requirement for counseling

[Illinois Foreclosure Network](#)

LISC - Centers for Working Families

Centers for Working Families (CWF) serve twelve Chicago neighborhoods, including nine of the areas served by LISC's New Communities Program. At these Centers, a broad range of employment, financial services and income supports are combined, sequenced, and delivered to low-income families. Five (of the 12) CWFs already incorporate HUD-approved foreclosure counseling that flow with other CWF services. Other CWFs are working to integrate similar foreclosure services.

Target audience: Homeowners having trouble paying their mortgage, may have other employment and financial issues that can be addressed by CWFs

Geography: Chicago Lawn, Pilsen, Back of the Yards, Southeast Chicago and West Garfield Centers offer foreclosure prevention services. All 12 CWFs in Chicago are shown in below link

Income eligibility: None

[Centers for Working Families](#)

Neighborhood Housing Services (NHS) - Foreclosure prevention counseling, workshops and other services:

NHS provides a range of foreclosure prevention counseling services, from workshops and one-on-one counseling, to training trusted community partners, such as counselors, pastors and aldermanic offices.

- Counselors work with borrowers and lenders to develop a repayment plan, loan modification, or forbearance agreement.

- Established relationships with loss mitigation staff at several national mortgage servicing institutions helps facilitate the process.
- Developed and leads Illinois Statewide Foreclosure Network comprised of non-profit counseling agencies.

Target audience: Homeowners having trouble paying their mortgage or homeowners who believe that they may soon have trouble paying their mortgage

Geography: cities of Chicago and Elgin, Kane County.

Income eligibility: No income limits for counseling

For more information (homeowners)(800) 882-088

To register for NHS' Foreclosure Workshop: 773.329-4185

[NHS Workshop](#)

-Legal Assistance-

Coordinated Advice and Referral Program for Legal Services (CARPLS)

CARPLS provides court based advice desks in different courtrooms, including tenant evictions related to foreclosure. CARPLS also runs a legal aid hotline that provides legal advice, information and referrals to low-income residents of Cook County, Illinois.

- Hotline hours are Monday, Tuesday, Thursday and Friday from 9:00 a.m. to 4:30 p.m. and Wednesday from 9:00 a.m. to 7:30 p.m.

Target audience: Homeowners facing foreclosure in court, or seeking legal advice

Geography: Cook County

Income eligibility: Free service for clients at 200% of the federal poverty guidelines. A \$25 fee is charged to those with income between 200% - 350% of the poverty level.

For more information (homeowners): CARPLS HOTLINE: 312.738.9200

[CARPLS](#)

Chicago Bar Foundation

Works with courts, supports legal aid groups and helps legal community identify and address emerging issues.

- Worked with Chancery Court to set up Advice Desk (administered by Chicago Legal Clinic).
- Operates Chicago Bar Association referral line to help link unrepresented clients with attorneys.
- Worked with Illinois Legal Aid Online, Chicago Volunteer Legal Services Foundation (CVLS) and others to create educational materials, including foreclosure legal videos (see Resources).
- Helps advertise when CVLS and others need new volunteer attorneys.

Target audience: Legal community

[Chicago Bar Foundation](#)

Chicago Legal Clinic

Chicago Legal Clinic's foreclosure program takes on clients with foreclosure issues, and offers education and training for groups in the areas of foreclosure defense, foreclosure prevention, avoidance of predatory lending, and other financial wellness topics. The Clinic also created an Advice Desk for the Chancery Division of the Circuit Court of Cook County, which handles cases of foreclosure (among other issues). Clients are referred to the desk by the judges and the clerk's office when appropriate. The Advice Desk informs unrepresented clients of the foreclosure process, potential defenses, or other options.

- The Advice Desk refers clients to attorneys for more substantive representation as appropriate for their circumstances (for income qualified clients, referrals to LAF, CVLS; for others, referrals go to CBA referral line).

Target audience: Homeowners facing foreclosure in court or seeking legal assistance

Geography: City of Chicago

Income eligibility: No income guidelines

For more information: Kelli Dudley, 773.731.1762

[Chicago Legal Clinic](#)

Chicago Volunteer Legal Services

CVLS provides professional and volunteer representation to clients in need of legal advice and/or representation.

- CVLS works directly with chancery court, so if a client comes before the judge without representation on real estate-related cases, they may be referred to CVLS.

- Referrals may also come from the Attorney General's Office, or the Chancery Advice Desk. CVLS is also listed as a resource on the back of summons documents.
- Typical clients are in foreclosure. CVLS works to slow foreclosure via the legal process; while simultaneously working with client to find other solutions.

Target audience: Homeowners in foreclosure

Geography: Cook County

Income eligibility: 250% of federal poverty guideline (1 person \$26,000; 4 - \$53,000)

For more information: Patti Nelson, 312.332.5539

Cvls.org

Illinois Attorney General

The AG's office set up a mortgage referral hotline, and developed a mortgage lending guide.

- The hotline refers homeowners facing foreclosure to a HUD-certified housing counselor. **Homeowners' Referral Helpline:** 1-866-544-7151, weekdays, from 8 a.m. to 5 p.m.
- The Mortgage Lending Guide provides tips to avoid foreclosure and risky loans, as well as a comprehensive guide to legal assistance, counseling centers and mortgage products.
- [IL Attorney General Guide](#)

Target audience: Homeowners seeking information and/or threatened with foreclosure

Geography: statewide

Income eligibility: no income guidelines

For more information: 1.866.544.7151

[IL Attorney General](#)

Illinois Legal Aid Online

Provides opportunity to ask questions online about legal issues or problems; then provides appropriate resources, including FAQs, online forms, videos, brochures and referral information about other legal services providers.

- Worked with CVLS and CBF to create foreclosure videos (see Resources).

Target audience: Homeowners seeking information and referral resources

Geography: State of Illinois

Income eligibility: Anyone can access online resource; referral agencies may have own income restrictions

For more information: [Legal Aid Online](#)

Lawyers' Committee for Better Housing

LCBH works with tenants in buildings that are in foreclosure, advocating for tenants' rights, including maintenance of utilities and basic services, and relocation assistance. When facing eviction, tenants with legal representation are more likely to have their cases settled, and have more time to relocate.

- Tenants have a right to intervene in foreclosure action, but most lack the resources to file such a motion or do not know how to protect their rights.
- LCBH has a Social Services staff person working at the Daley Center (Room 1301) near the eviction courts to provide post-eviction assistance in locating affordable housing, including for tenants evicted due to foreclosure.

Target audience: Tenants facing eviction as a result of building going into foreclosure

Geography: City of Chicago

Income eligibility: 60-80% of AMI

For more information: 312.347.7600, [Lawyer's Committee](#)

Legal Assistance Foundation of Metropolitan Chicago (LAF)

LAF provides legal advice, referral, and representation to homeowners facing the loss of their homes due to foreclosure or other financial distress. LAF focuses on legal cases involving predatory lending or other types of fraud or overreaching. LAF also works with tenants, including tenants losing their housing as a result of foreclosure. With four offices in Chicago and two in suburban Cook County (Evanston and South Holland), LAF serves residents throughout Cook County.

Target audience: Homeowners facing, or threatened by, foreclosure or other loss of their homes

Geography: Office locations include downtown Chicago, South Side, Northwest, West Side (also serves western suburbs), Evanston and South Holland

Income eligibility: 80% AMI

For more information: 312.347.8365

For homeowners seeking legal assistance: 312.431.2204

Prairie State Legal Services

Provides general legal services, including foreclosures. Historically, assistance with foreclosures has been more limited, but as demand for foreclosure assistance increased in the past few months, so has their related work.

- Client assistance entails a two-fold system. Legal advice is provided over the phone, where some resolution may occur. If the call might lead to a larger case, clients may get referred to other agencies, or to an appropriate Prairie State attorney.

Target audience: Homeowners facing foreclosure

Geography: Prairie State Legal Services has offices statewide. In the metro area, offices include Batavia, Bloomington, Carol Stream, Waukegan, Woodstock and Joliet.

Income eligibility: 125% of poverty

For more information (homeowners): See below website

[Prairie State Legal](#)

-Links between Counseling Agencies and Servicers-

NHS - *Foreclosure prevention manual for servicers*

This manual was developed to streamline servicer operations and create efficiencies for handling the increase wave of delinquencies.

HOPI, NHS - *Standard Intake form for servicers and counselors*

This form acts as a common form for foreclosure clients to help expedite and facilitate communications between servicers and counselors about foreclosure clients. Several major servicers agreed to accept the form in lieu of their own forms.

NHS - *Secure website interface*

The Just Price Best Fit system is a web interface between servicers and housing counseling agencies could dramatically reduce the paperwork and delays inherent in current loss mitigation work.

HOPE NOW - *Uniform set of procedures and guidelines*

Servicer members of HOPE NOW, the industry's alliance of mortgage lenders, servicers, investors, and counselors, have agreed to a uniform set of procedures and guidelines, including the industry's first-ever guidance for dealing with second mortgages and short-sales.

- The new guidelines establish a common, streamlined timetable, as well as a common set of principles on foreclosure prevention alternatives, including loan modifications, repayment plans, partial claims, and temporarily suspending the need to make monthly payments.
- The agreement also encourages servicers to provide access to objective, independent, and free counseling for homeowners.

For more information:

[HOPE NOW Guidelines](#)

-Additional Information-

Outreach and Education

City of Chicago: Early Warning Program

For more information (practitioners): Irma Morales, (312) 742-0329

Illinois Treasurer's Office

For more information (practitioners): Kevin Smith, 312.814.1700

Counseling Efforts

Neighborhood Housing Services (NHS): Foreclosure prevention counseling, workshops and other services

Activity: 2,100 people counseled between 4/07 and 5/08. Of those, 334 received some work-out or negotiation from existing lender.

Housing Action Illinois

For more information (practitioners): Katie Gottschall Donohue, 312.939.6074, x202

IHDA, in partnership with NeighborWorks

For more information (counseling agencies; practitioners): Danny Lutz, 773.329.4147

For more information (borrowers): 1.888.995.HOPE

LISC and New Communities Program

For more information (practitioners): Ricki Lowitz, 312.697.6135

Legal Assistance

Coordinated Advice & Referral Program for Legal Services (CARPLS)

Activity: 265 clients in last 6 months related to foreclosure

For more information (practitioners): Al Schwartz, Director, 312.421.4423;

Craig Hanson, Housing Law Supervising Attorney, 312.421.4083

Chicago Bar Foundation

For more information (practitioners): Bob Glaves, 312.554.1205

Chicago Legal Clinic

Activity: Advice Desk: 2,000 clients/year (not all foreclosures)

For more information (practitioners): Kelli Dudley, 773.731.1762

Chicago Volunteer Legal Services

Activity: 150 people served/year (may include non-foreclosure real estate cases)

Illinois Attorney General

Activity: 300 cases have come through the Mortgage Referral Hotline. They typically take about half the cases, and of those they help 70-80% of the clients.

For more information (practitioners): Brenda Grauer, 312.814.8435

Lawyers Committee for Better Housing

Activity: Tenants calling for services related to evictions from foreclosures has doubled since April – from 14 to 31 – and LCBH is not marketing these services

For more information (practitioners): Kathy Clark, 312.347.7600

Legal Assistance Foundation

For more information (practitioners): Dan Lindsey, 312.347.8365

Prairie State Legal Services

Activity: Since 1/1/2008, Prairie State has accepted 93 applicants with mortgage foreclosure legal issues. Of those, nearly 50 were in the metro area (Batavia office - 8; Waukegan/Woodstock offices – 22; Carol Stream office -19. Will County not collected.)

For more information (practitioners): Michael O'Connor, (815) 965-2134

2. FINANCIAL AND REFINANCING RESOURCES

-Existing Programs-

City of Chicago – Tenant Outreach Campaign and Resource Coordination

The City is developing an outreach campaign and coordination of financial and legal resources to assist tenants who are evicted when foreclosures are filed on rental properties. Approximately 35% of the Chicago foreclosures filed in 2007 were in two to six unit buildings – indicating the potential scale of impact. The City of Chicago is:

- Developing a public education campaign to advise rental tenants and other key audiences of increased protections under State law; direct evicted renters to potential financial and legal resources; and raise awareness of fraudulent activity.
- Expanding the existing Emergency Rental Assistance Program to provide assistance to low-income tenants in need who were evicted due to the foreclosure.
 - Tenants must meet federal low-income guidelines, show documentation that the property where they reside is in foreclosure and will result in their eviction, and demonstrate a need for rental assistance.
 - The City is also coordinating referrals across agencies. For example, individuals with a Housing Choice Voucher from the CHA who are seeking assistance because of their landlord’s foreclosure should call the Chicago Housing Choice Voucher Call Center at 312-935-2600.

Target audience: Tenants at risk of eviction due to foreclosure

Geography: City of Chicago

Income eligibility: \$26,500 for a family of 4

For more information: Call 311

Federal Housing Administration (FHA) - Loan product

In the context of the current credit crunch, [FHA loans](#) have become more attractive to borrowers than they were in the past. Features of FHA loans include:

- Credit score flexibility – allows scores less than 620 for 80% [Loan to Value ratio](#) (LTV) and less than 680 over 95% LTV.
- \$410,000 mortgage limit on single-family.
- FHA now links loan fees to [credit](#) risk of borrower (i.e., higher credit score, lower fees).
- No [prepayment](#) fees.

Target audience: Homeowners wishing to refinance into fixed rate loan

Geography: Nationwide

Income eligibility: No income limit

For more information: [FHA](#)

List of lenders: [FHA Lenders](#)

Federal Housing Administration (FHA) - Secure Loan

Allows borrowers to refinance from non-FHA adjustable rate mortgages (ARMs), current or delinquent and regardless of reset status, into an FHA mortgage. Lenders cannot automatically disqualify borrowers due to delinquency. Lender may offer a second mortgage to make up the difference between the value of the property and what is owed.

- Borrowers must be current on their mortgage and have sufficient income to make the mortgage payment.
- Delinquencies must have been due to the payment increase of an interest rate reset.
- Note: FHA modernization legislation could change program requirements, making this product appealing for more homeowners.

Target audience: Homeowners with limited delinquencies or at risk of delinquency due to ARM

Geography: Nationwide

Income eligibility: No income limit

For more information: [FHA Secure](#)

List of lenders: [FHA Secure Lenders](#)

Illinois Housing Development Authority - Homeowner Assistance Initiative

IHDA has \$310 million to refinance troubled mortgages into 30-year fixed rate mortgages.

- Affordable fixed rate mortgages, with interest rates of 5.75% to 8%.
- Loan size up to \$417,000, covering up to 100% of the value of the home.
- Fees are capped at \$1,000, with no [prepayment](#) fees.
- Borrowers must have a minimum credit rating of 580.

Target audience: Homeowners otherwise keeping up with their mortgage, but facing unaffordable rate adjustment

Geography: State of Illinois

For more information: 877.819.4268

[IHDA loan](#)

Illinois State Treasurer's Office – Finally Home

This \$5.7 million fund provides a five year, 10 percent guarantee of a borrower's loan amount to participating lenders. But for this 10 percent guarantee, participating lenders would not qualify the borrower for the loan. The product allows the following:

- Purchase of a property; borrower does not need to be a first time home buyer.
- Refinance a property.
- Must be an owner-occupied property.
- Can be used for one to four unit properties.
- Loan size up to 100% of Fannie Mae's conforming loan size limits for a one to four unit property (\$417,000 for single-family home, see [Fannie loan limits](#)).
- No fees.
- Loan must be affordable and sustainable for borrowers.

Target audience: Low-to moderate income borrowers who are either delinquent or at risk of becoming delinquent due to an ARM reset or other financial hardships

Geography: State of Illinois

Income eligibility: 115% of HUD's MFI

For more information: Visit website at [Finally Home](#)

Neighborhood Housing Services - Refinance loan products

In addition to counselors working with borrowers' existing lenders on loan modifications, short sales, and other opportunities to help borrowers stay in their homes, NHS also offers its own refinance products through its non-profit state-licensed mortgage lender, Neighborhood Lending Services, Inc. Borrowers are required to attend an NHS foreclosure workshop and receive individual counseling.

- Straight refinance and/or rehab loans: Require that borrowers must be able to afford their new loan without additional public funds. These loans comprise 30-40% of NHS refinance loans.
- Refinance loans with deferred loans from public resources: A combination of loans includes public money to ensure affordability and sustainability to the borrower. Public money is structured as a deferred loan (not a straight grant). Refinances with subordinate deferred loans comprise 50-60 percent of NHS refinance loans.
- Reinstatement loan: Loans for borrowers who have experienced a life event that set them back on their loan, but they are now back on their feet. Because so many borrowers currently have multi-layered issues, these only comprise 5-10 percent of NHS loans. These Reinstatement loans are available only to households with gross annual incomes at or below 80% of the Area Median Income

Target audience: Homeowners in need of refinance loan or at risk of default or foreclosure

Geography: City of Chicago and the City of Elgin (residents of Elgin are served through NHS' Elgin-based affiliate, NHS of the Fox Valley.)

Income eligibility: NHS loans for refinance or refinance w/rehab do not have income-eligibility requirements, but any loan transaction that includes a deferred loan is restricted to 80% AMI. NHS typically serves borrowers under 120% of AMI or borrowers at any income level living in a low-moderate income community or Chicago .

For more information: (800) 882-0882 (borrowers) [NHS Loans](#)

Northwest Side Housing Center - Affordability Gap Loan Program

This is a new foreclosure prevention initiative piloted in seven zip codes with \$400,000 from four lenders. The goal of the program is to stabilize homeownership by helping homeowners finance out of a “bad” loan and into one they can afford for the long-term. The program can reduce the borrower’s loan amount by \$10,000-\$50,000. Lender partners include Liberty Bank for Savings, Chapman & Cutler LLP, Harris Bank, Northern Trust Bank, Charter One Bank and Bank of America.

- Borrowers must owe more than they can pay, have a loan with [predatory features](#) and must have a lender/servicer that agrees to a write-down or accept a refinance into a better product with another lender.
- The gap loan has a 15-year term, with no payments due until sale or refinance of the home or 15 years. There is an incentive for paying off the gap loan early.
- Repayment of the loan is based on a shared appreciation model. Upon 15 years or sale, the amount due is based on the proportion of the gap loan amount in relation to the home value when the loan was made. In other words, if the gap loan amount was 15% of the home value at the time of the loan, 15 % of the appreciation is owed at time of sale (or 15 years).
- Eligibility is determined by a loan review committee composed of partner lenders and community residents.
- On going housing counseling is a key component of the program, every three months for the first year and every six months thereafter for the life of the gap loan.

Target audience: Homeowners with loans that have predatory features, and who owe more than they can afford to pay.

Geography: northwest side: zip codes 60707, 60634, 60639, 60641, 60651, 60647, 60618

Income eligibility: Below 80% AMI and 80-100% AMI, depending on fund’s restrictions.

For more information (homeowners): Liz Caton, 773.836.1179, counselor@nwshc.org

[Northwest Side Housing Center](#)

Shorebank - Rescue loan

Allows borrowers to refinance to a fixed rate, 15- or 30-year competitive loan. This product targets borrowers who can afford their loan prior to rate adjustment. Shorebank keeps loans in their portfolio to maintain direct relationship with borrowers.

- Credit scores must be at least 520, with loans less than 90 days delinquent.
- Rates priced slightly higher than prime.
- No loan limit – typical mortgages at \$150-175,000 each.
- 90% LTV – can make underwriting work by partnering with State program - see State Treasurer’s Own Our Home program: [Our Own Home](#)

Target audience: Homeowners who can afford mortgage prior to rate adjustment

Geography: no limits, but marketing to Shorebank neighborhoods (primarily Chicago’s South and West sides, as well as West Ridge, Stone Park, Bellwood)

Income eligibility: no limits

For more information: 773.420.HOME (4663), [Shorebank Rescue Loans](#)

-Programs in Development-

Park National Bank - *Refinance Product*

This refinancing program is in development. It is designed for credit-worthy homeowners, who were making timely mortgage payments before their loans had a rate reset and/or other “single event” credit-related issues, but are now in default.

- The product is a 5 year [balloon mortgage](#), set at 6%.
- Park Bank is working in conjunction with NHS to monitor borrowers to ensure they become stable and are ready refinance prior to year 5.
- [Loan to Value ratio](#) and Loan Limit: Maximum of 100% LTV, \$250,000 loan limit
- The borrower’s default must be due to the following factors alone or in combination:
 - Payment [delinquency](#) as a result of an adjustable rate reset that caused monthly payments to increase beyond the borrowers ability to pay
 - Real Estate Tax increase of more than \$1,000 annually
 - Verified catastrophic single event, such as job loss, medical issue, divorce, death.

Target audience: Homeowners unable to pay mortgage because of rate adjustment, or one-time catastrophic event

Income eligibility: No limits

Geography: City of Chicago

-Additional Information-

Refinance Products and Other Resources

Neighborhood Housing Services

Activity: 2,100 people counseled. Of those:

- 334 received some work-out or negotiation from their existing lender
- 100 received NHS loans (as defined above)

Park National Bank: Refinance Product

For more information (lenders or practitioners): David Doig, 773.602.8344

Northwest Side Housing Center: Gap Affordable Loan Program

Activity: 1 loan (expect to make 6-12 with current pool of funds)

For more information: Kathy Lazuka or Michele Rodriguez Taylor, 773.836.1179

FHA: Loan Product

Activity: Nationwide, between 2007 and 2008, FHA purchase activity has increased 43%, and its refinance activity has increased 176%

Illinois State Treasurer's Office

Activity: 400 loans made over 4 years of program

For more information (practitioners): Ben Noven, 312.814.1249 (program info)

City of Chicago: Resource Coordination for Rental Tenants

For more information (practitioners): Arlene Ortiz, 312.744.2519

National Foreclosure Prevention Models: see Appendix 2

3. FORECLOSED PROPERTIES

-City of Chicago-

City of Chicago - Public-Private Initiative for property acquisition, holding & disposition: This project is in the development stages. The City is developing a time-limited initiative to put vacant, foreclosed properties back to productive use as quickly as possible by facilitating the transfer of vacant properties owned by financial institutions to approved partners. The initiative will be responsible for:

- *Acquisition and Holding:* Acquire vacant properties in bulk via strategic negotiations with a number of partners.
- *Asset Management:* Secure vacant properties and ensure day-to-day operations and maintenance of lease-to-own and rental properties.
- *Property Disposition:* Triage disposition of incoming properties to allow for cost-effective and expedited on-the-ground solutions. Disposition options will include sale to owner-occupants (affordable, market rate and/or lease-to-own), rental, or demolition. End uses will be identified to suit the property and neighborhood.
- *Targeting communities:* High foreclosure volume; partners ready to mobilize; and proximity to economic opportunities and/or other stabilizing forces.

Program is still in development.

Target audience: Lenders with foreclosed properties

Geography: City of Chicago

City of Chicago - Vacant building enforcement

Municipalities deploy a variety of tools to prevent vacant buildings from blighting neighborhoods. Some examples include:

- *Vacant property ordinances and registries* may require vacant properties to:
 - Register and pay a fee to the municipality.
 - Be secured to a specified standard, with standards increasing as building stands vacant over time.
 - Pay additional fees, become subject to other public nuisance laws and subsequent penalties if properties are in non-compliance beyond some period of time.
 - A number of Chicago suburban municipalities are considering implementing variations of this policy.
- *Chicago's Troubled Buildings Initiative (TBI)*
 - TBI is a collaboration of several departments, including buildings, housing, police, law, streets and sanitation and water. TBI coordinates departments to more efficiently address troubled buildings and ensure that code violations can be identified and resolved in a timelier manner.
 - The departments coordinate information and enforcement against buildings to pressure owners to comply.
 - If owners do not comply, City seeks court-ordered receiver for the property and, where appropriate, responsible new ownership.
- *Chicago's Slum Nuisance Ordinance*
 - For vacant and/or dangerous properties, priority lienholders (typically lenders) have the right to take possession of the property and make repairs.
 - If repairs are not made, lienholders can be held responsible.

City of Chicago - Requiring banks or titleholders to pay for insurance on vacant homes.

Bellwood also has successfully deployed this policy.

- **Community Investment Corporation - Condominium Fraud Initiative**

CIC has an initiative to return multifamily buildings affected by condo fraud back into productive rental properties (for condo fraud definition, see page 5 of [CIC condo fraud](#)). These buildings may be in various states of disrepair and ownership. Because each condo in a building is typically held by a different lender, these are very time-intensive projects to unwind.

 - CIC Identified 170 buildings in Chicago with condo fraud issues.

Target audience: Lenders with loans on condo fraud units, buildings that may be affected by condo fraud
Geography: City of Chicago
[Community Investment Corporation](#)

Neighborhood Housing Services Redevelopment Corp. (NHSRC) *Discounted disposition through NHS & HOPI partners*

NHSRC acquires foreclosed, vacant properties, rehabs them and sells them to owner-occupants. Acquisitions occur in partnership with the Real Estate Owned (REO) division of financial institutions, through the City of Chicago's Troubled Buildings Initiative, and as a court-appointed receiver for the City of Chicago.

Target audience: Lenders with foreclosed homes
Geography: City of Chicago

-Additional Information-

Mitigating Neighborhood Impact & REO Strategies

City of Chicago: Public-Private Initiative for property acquisition, holding & disposition

For more information: Katie Ludwig, 312.742.0552 or Becca Goldstein, 312.744.9484

Neighborhood Housing Services Redevelopment Corp. (NHSRC): Discounted disposition through NHS HOPI partners

Activity: 42 buildings reclaimed between 4/07 and 4/08

For more information (practitioners, lenders): Floyd Gardner, 773-568-1020 x173

Community Investment Corporation: Condominium Fraud Initiative

Activity: Currently working on 8-10 buildings to resolve issues

For more information: Angela Morelo, 312.258.0070

Other municipal strategies:

For more information: Chicago Metropolitan Agency for Planning, Lee Deuben, 312-386-8623;

Metropolitan Mayors Caucus, Beth Dever, 312.201.4507

5. LEGISLATION, PUBLIC POLICY, AND LEGAL ACTION

-Federal Government-

The American Housing and Foreclosure Prevention Act of 2008

In July of 2008, the “American Housing and Foreclosure Prevention Act of 2008” was signed into law. It is basically a combination of many proposed bills and addresses many areas of the housing industry. The following is a summary of the sections of the bill addressing the foreclosure crisis.

Foreclosure Prevention and Mitigation

The foreclosure problem is addressed in two areas of the bill. The first area, “Hope for Homeowners Program” targets struggling homeowners, while the second part allocates CDBG funds to States and Cities for foreclosure mitigation programs.

Hope for Homeowners

Creates a new FHA program and expands FHA insurance authority by \$300 billion.

- Struggling homeowners will be refinanced into an FHA insured, 30 year fixed rate loan based on current value of the property.
- Borrowers must share any future equity if property is sold or loan refinanced.
- The program should assist 400,000 homeowners across the country.

Eligibility:

- *Loans must have been originated at January 1, 2008.*
- *Borrowers must have debt to income ratio greater than 31%.*
- *Borrowers must certify that they have not intentionally defaulted on loan.*
- *The loan must be for primary residence.*
- *The loan can not exceed 90% of current value of the property.*

Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes

Appropriates \$ 4 billion in CDBG funds to States and units of local government based on need, to be allocated by HUD. Illinois is estimated to receive \$136 million which could assist in the acquisition and rehab of 3,300 properties.

- Formula for distribution of funds is based on percentage of foreclosed homes, percentage of subprime mortgages, and percentage of loans in default.
- The funds would be used for acquisition and rehab of vacant and foreclosed homes.
- Properties must be acquired at a discount of current market value, and when resold by government agency sale cost cannot exceed cost of acquiring and rehabbing the property.
- Local governments keep proceeds for sales for the first five years. After five years, proceeds must be returned to the treasury department.

Housing Counseling Resources

Appropriates \$150 million for the Neighborhood Reinvestment Corporation for the purpose of foreclosure mitigation activities, including pre-foreclosure counseling.

- Eligible recipients of funds must coordinate with non-profit organizations operating national or state wide foreclosure prevention hotlines.
- \$30 Million is also included to assist with legal services.

Mortgage Foreclosure Protections for Service Members

Requires the Defense Department to create and develop a counseling program to prevent foreclosure of homes of military personnel.

Mortgage Industry Reform

This addresses the unchecked growth of the subprime mortgage industry with new regulations and disclosure requirements. It attempts to limit unethical mortgage practices, as well as provide the borrower with better information about their loan.

S.A.F.E Mortgage Licensing Act

Creates the Nationwide Licensing and Registry System, for all persons who take residential mortgage loan applications and offer or negotiate mortgage terms, except anyone who only performs real estate brokerage activities. It establishes minimum standards for State-licensed loan originators, including that they:

- Never have had an originator license previously revoked;
- Never pled guilty or been convicted of a felony during the seven year period prior to licensing or during licensing;
- Demonstrate financial responsibility;
- Complete pre-licensing educational requirements & pass a written test; and,
- Meet net worth or a surety bond requirement, or pay into a State fund.

HUD will:

- Establish a backup licensing and registry system for any state that fails to establish a state system within one year from enactment.
- Annually report the effectiveness of the licensing and registration provisions, and make recommendations to Congress six months after enactment on reforms to promote more transparent disclosures.

Mortgage Disclosure Improvement Act

Amends the Truth in Lending Act (TILA) to expand the mortgage loans subject to early disclosures within three days of application, require a disclosure seven days before closing, and any APR corrections three days before closing.

Amendments to TILA increase transparency and user-friendliness by:

- Requiring consumers receive early TILA disclosures before paying any fee;
- Requiring a new statement involving dwelling-secured transactions stating that, completion of the agreement is not required merely because of receiving disclosures or a signed agreement;
- Requiring disclosures to better explain adjustable rate products through examples; and,
- Increasing monetary penalties for violations.

GSE Reforms and Regulations

A major portion of the housing bill includes reforms and regulations of the GSE's, namely Fannie Mae, Freddie Mac, and the Federal Home Loan Bank. The reforms provide greater government oversight as well as provisions for the Treasury to provide financial support.

Safety and Soundness Regulation of the Housing GSEs

The "Federal Housing Finance Regulatory Reform Act of 2008" takes on several tasks: it aligns the affordable housing responsibilities of Fannie Mae and Freddie Mac with banks from the Community Reinvestment Act (CRA), and it establishes a new independent regulator for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks.

This regulator's new authority will include the power to:

- Establish capital standards and management standards, including internal controls, audits, risk management, and portfolio management;
- Enforce its orders through cease and desist authority, civic money penalties, and the authority to remove officers and directors;
- Restrict asset growth and capital distributions;
- Put a regulated entity into receivership; and
- Review and approve new product offerings.

The new legislation expands the number of families Fannie Mae and Freddie Mac can serve and expands its mission to address affordable housing for low to moderate income households by:

- Raising the loan limits in high cost areas above the standard conforming limit to 115% of the median house price up to 150% of the conforming loan limit. Currently this would be \$625,000, and the limit would be adjusted for inflation.
- Focusing on single-family households earning between 50% and 80% of the area median income (AMI) with goals for:
 1. obtaining purchase money and refinancing mortgages;
 2. helping families that reside in low-income areas (under 80% AMI), and helping median income families residing in minority census tracts.
- Establishes a multifamily goal for the purchase of mortgages on apartments to households under 80% AMI.
- The new regulator shall establish additional requirements for the purchase by each enterprise of mortgages on multifamily housing that finance units to very low-income (under 50% of AMI) families. Finally, the law directs the companies' new regulator to require reports on purchases of mortgages for small (5-10) unit multifamily projects that serve low-income families, or mortgages up to \$5 million.

Treasury Emergency Authority

The new legislation contains provisions designed to boost the confidence of the financial markets in Fannie Mae, Freddie Mac, and the Federal Home Loan Banks until December 31, 2009 including the authority for the Secretary of Treasury to purchase common stock of the enterprises and allowing the Director to consult with Governors of the Federal Reserve when developing regulations.

-State of Illinois-

SB 2721 - Homeowner's Rights Act

House Sponsors: Rep. Marlow H. Colvin - John A. Fritchey - Karen A. Yarbrough - Deborah L. Graham - Lou Lang, Esther Golar and William Davis

Last Action: Passed House & Senate: Sent to Governor.

- Provides that in a mortgage foreclosure proceeding, where a timely written notice concerning rent payment was not given to the tenant, or where the tenant makes a good-faith effort to keep current in the rent, an order of possession must allow the tenant to retain possession under the lease.
- Provides that no mortgagee-in-possession, receiver or holder of a deed or certificate of sale, or purchaser shall file a forcible entry and detainer action against a tenant of mortgaged real estate until 90 days after a notice of the intent to file that action is served on the tenant.
- Provides that the court records relating to a supplemental petition for possession against a tenant who is current on rent or who made good faith efforts to pay the rent shall be ordered sealed, except as to a law enforcement officer or a government entity. Effective immediately.

SB 1167 – Mortgage Certificate Release-Penalty

Senate Sponsors: Sen. Jacqueline Y. Collins - James T. Meeks - Kwame Raoul - Mattie Hunter

House Sponsors: (Rep. Karen A. Yarbrough - LaShawn K. Ford - Lou Lang - Monique D. Davis - Annazette Collins, Daniel J. Burke, Joseph M. Lyons and Richard T. Bradley

Last Action: Signed: Public Act effective June 1, 2008

Amends the Residential Mortgage License Act

- Licensees must assess a borrowers ability to repay a loan, including affordability when the loan is fully indexed and fully amortized and must verify a person's ability to repay the loan by looking at tax returns, checks stubs, bank records, or other similarly reliable documentation
- Mortgage broker has an "agency relationship" with the borrower and must act in good faith toward borrowers and provide borrowers with the best loan options available from each broker.
- If a prepayment penalty is charged, licensee has to show the borrower what the loan terms would look like with and without the prepayment penalty and limits prepayment penalties to 3 years, allowing a declining percentage to be charged in each of those three years.
- Prohibits (1) financing certain insurance premiums, (2) equity stripping and loan flipping, (3) financing certain insurance premiums, and (4) encouraging default.

Amends the Residential Real Property Disclosure Act

Changes the Predatory Lending Database Program (PLD) in the following ways:

- First-time homebuyer and borrowers refinancing are required to attend a file review session at a HUD-certified counseling agency if the loan product they applied for meets one or more of the following triggers:
 - Loan permits interest only payments, defined as loan that permits one or more payments of interest without reduction of the principal, except for first payments and for borrowers who obtain a loan that opens a line of credit on a home that is interest only
 - Loan may result in negative amortization;
 - Total points and fees payable to the borrower at or before closing will exceed 5%;
 - Loan includes a prepayment penalty; or
 - Loan is an ARM, defined as a closed end transaction that allows the interest rate to adjust during the first 3 years of the loan term.
- Counselors will only have to enter borrower info, information indicated on the Good Faith Estimate and Truth in Lending disclosures, information concerning the notices provided as required by law, financing by the

borrower for the property within 12 months, basic loan information, and whether the borrower meets the triggers for the PLD program.

- IDFPR will have to issue a semi-annual report to the Governor and to the General Assembly reporting, at minimum on the number of loans registered with the program., the number of loans closed, the number of borrowers receiving counseling, the number of loans requiring counseling for each of the triggers, the number of loans where the broker changed the loan terms after counseling.

Amends the Home Equity Assurance Act

- Allows for the creation of Foreclosure Prevention Loan Funds in four Chicago communities with Guarantee Home Equity Funds through voter referendum.

-Legal Action-

Municipal litigation

Some municipalities are pursuing litigation related to foreclosures. The following cities have, or are, pursuing the following:

- Illinois: Illinois Attorney filed a lawsuit in June, 2008, against Countrywide Financial Corp, claiming the mortgage lender used unfair and deceptive lending practices in the state.
- Minneapolis: Sued CitiMortgage in January 2008, saying the lender had approved an inflated mortgage on the property and created a nuisance by failing to repair it after foreclosure.
- Buffalo: Sued 37 lenders under the city's property upkeep codes to recoup the cost of maintaining or demolishing 57 abandoned houses.
- Cleveland: Filed suit against 21 financial and investment companies with the most foreclosed properties for creating a public nuisance.
- Baltimore: Sued Wells Fargo under the federal Fair Housing Act in January, alleging that the company targeted residents of predominantly African-American neighborhoods for substandard loans.

-Additional Information-

Current legislation below

Neighborworks website: [NeighborWorks Federal Legislation](#)

Legislative summaries website: [Federal Foreclosure Legislation](#)

SECTION III

TO LEARN MORE

- 1. Recent Convenings**
- 2. Educational Materials**
- 3. Additional Information on Local Projections and Products**
- 4. Glossary**
- 5. Biography and Websites**

1. RECENT CONVENINGS

Neighborhood Housing Services

Homeownership Preservation Initiative

The City of Chicago and Neighborhood Housing Services of Chicago launched an aggressive campaign to combat foreclosures. Mayor Richard M. Daley and Charles L. Evans, President of the Federal Reserve Bank of Chicago, convened a leadership group to form the Home Ownership Preservation Initiative (HOPI). A partnership of the City of Chicago, NHS and key lending, investment, and servicing institutions, HOPI seeks to preserve sustainable home ownership for Chicago residents and to reclaim foreclosed housing stock as neighborhood assets. Since 2003, HOPI partners have been meeting to address the underlying challenges that lead to foreclosure, by developing programs and policies to prevent foreclosures and address ancillary problems produced by foreclosure.

http://www.nhschicago.org/content/page.php?cat_id=2&content_id=44

Rental Markets, Foreclosures and the Credit Crunch:

America's Rental Housing: the Key to a Balanced National Policy

A forum on April 30, 2008, sponsored by ULI Chicago and the Preservation Compact featured a panel discussing Rental Markets, Foreclosures and the Credit Crunch. A panel included two Harvard researchers who presented findings from a new report, and three other panelists who reacted to those findings. Panelists agreed that, in the context of today's housing market, rife with foreclosures, it would be wise to pursue public policies promoting affordable rental housing.

http://ulichicago.org/PreservationCompact/rental_housing_report.html

CMAP/Metro Mayors Caucus

Taking Action: Local Government Strategies to Mitigate the Impact of Foreclosures on Communities

On May 6, 2008, the Chicago Metropolitan Agency for Planning, Metropolitan Mayors Caucus, and Federal Reserve Bank of Chicago hosted a conference to discuss how foreclosures affect communities, and to share strategies to decrease the negative impacts of vacant buildings. The conference brought together more than 100 representatives from municipalities, county governments, and the housing and development field to share their experiences, successes, and challenges when facing the foreclosure crisis.

http://www.cmap.illinois.gov/foreclosure_recap.aspx

Chicago Rehab Network

Practitioners Table: Foreclosure Reuse Strategies and Neighborhood Stabilization

The Chicago Rehab Network brought together community development practitioners and government for a working session on Foreclosure Reuse Strategies and Neighborhood Stabilization. Held at the Federal Reserve Bank of Chicago the group discussed models of rescuing foreclosed properties for affordable housing. Mary Tingerthal of the Housing Partnership Network presented their work with LISC and Enterprise to develop a National Housing Stabilization Trust to receive bulk homes from servicers. She also discussed emerging models from other cities around the country. The group worked on four models of reuse: for sale, rental, lease to purchase, and mutual housing options. A follow-up summary of the meeting will be released shortly.

2. EDUCATIONAL MATERIALS

-For Borrowers-

Illinois Attorney General Guide to Mortgage Lending (Also see AG efforts under legal services)

Includes tips to avoid foreclosure and risky loans, as well as a comprehensive guide to legal assistance, counseling centers and mortgage products.

- [IL Antorney General Guide](#)

AG Brochure

Includes tips to avoid foreclosure and risky loans.

- [IL AG Brochure](#)

Illinois Housing Development Authority

Borrower outreach powerpoint presentation.

- [IHDA Foreclosure Powerpoint](#)

Illinois Treasurer Office Resource Guide

Online guide includes homeowner and homebuyer considerations, including what to do when behind on mortgage payments.

- [IL Tresasurer's Office Foreclosure Guide](#)

Videos on legal issues around foreclosures

These five videos cover the foreclosure process, including a process overview, avoiding foreclosure, mortgage foreclosure scams, what happens when a foreclosure lawsuit has been filed, and what happens after a foreclosure sale.

- [Foreclosure Legal Video](#)

-For Practitioners-

Data & reports (see below)

Includes reports, articles, websites and sources for data and information related to foreclosure.

Listing of metro area counseling agencies and their services

Metropolis 2020 put together a list of counseling agencies in the metro area in an attempt to understand which agencies are doing what types of work.

- Contact: Nancy Firfer, 312.332.8130

Illinois Attorney General Guide to Mortgage Lending (Also see AG efforts under legal services)

Includes tips to avoid foreclosure and risky loans, as well as a comprehensive guide to legal assistance, counseling centers and mortgage products.

- [IL Attorney General Guide](#)

Municipal policy models

Chicago Metropolitan Agency for Planning (CMAP) and the Metropolitan Mayors Caucus sponsored a workshop featuring municipal policy models to address foreclosure and vacant buildings. For a summary of the workshop discussions, see:

- http://cmap.illinois.gov/foreclosure_recap.aspx

NHS Borrower and Loan Typology

NHS developed this after years of work at the ground level with thousands of borrowers at risk of default and/or foreclosure. This is a very high level categorization based on the analysis of Chicago customers; but despite NHS' effort to create categories that describe this borrower population, there could be significant variation in individual situations within any of the categories, in a different geographic market, or as the characteristics of more recent 'generations' of sub-prime products begin to impact borrowers.

- Nosheen Hemani, (773) 329-4155, nhemani@nhschicago.org

HOPE NOW Uniform set of procedures and guidelines

Servicer members of HOPE NOW, the industry's alliance of mortgage lenders, servicers, investors, and counselors, have agreed to a uniform set of procedures and guidelines, including the industry's first-ever guidance for dealing with second mortgages and short-sales.

- The new guidelines establish a common, streamlined timetable, as well as a common set of principles on foreclosure prevention alternatives, including loan modifications, repayment plans, partial claims, and temporarily suspending the need to make monthly payments.
- The agreement also encourages servicers to provide access to objective, independent, and free counseling for homeowners.

3. INFORMATION ON LOCAL PROJECTIONS AND PRODUCTS

Outreach and Education

City of Chicago: Early Warning Program

For more information (practitioners): Irma Morales, (312) 742-0329

Illinois Treasurer's Office

For more information (practitioners): Kevin Smith, 312.814.1700

Counseling Efforts

Neighborhood Housing Services (NHS): Foreclosure prevention counseling, workshops and other services

Activity: 2,100 people counseled between 4/07 and 5/08. Of those, 334 received some work-out or negotiation from existing lender.

Housing Action Illinois

For more information (practitioners): Katie Gottschall Donohue, 312.939.6074, x202

IHDA, in partnership with NeighborWorks

For more information (counseling agencies; practitioners): Danny Lutz, 773.329.4147

For more information (borrowers): 1.888.995.HOPE

LISC and New Communities Program

For more information (practitioners): Ricki Lowitz, 312.697.6135

Legal Assistance

Coordinated Advice & Referral Program for Legal Services (CARPLS)

Activity: 265 clients in last 6 months related to foreclosure

For more information (practitioners): Al Schwartz, Director, 312.421.4423;

Craig Hanson, Housing Law Supervising Attorney, 312.421.4083

Chicago Bar Foundation

For more information (practitioners): Bob Glaves, 312.554.1205

Chicago Legal Clinic

Activity: Advice Desk: 2,000 clients/year (not all foreclosures)

For more information (practitioners): Kelli Dudley, 773.731.1762

Chicago Volunteer Legal Services

Activity: 150 people served/year (may include non-foreclosure real estate cases)

Illinois Attorney General

Activity: 300 cases have come through the Mortgage Referral Hotline. They typically take about half the cases, and of those they help 70-80% of the clients.

For more information (practitioners): Brenda Grauer, 312.814.8435

Lawyers Committee for Better Housing

Activity: Tenants calling for services related to evictions from foreclosures has doubled since April – from 14 to 31 – and LCBH is not marketing these services

For more information (practitioners): Kathy Clark, 312.347.7600

Legal Assistance Foundation

For more information (practitioners): Dan Lindsey, 312.347.8365

Prairie State Legal Services

Activity: Since 1/1/2008, Prairie State has accepted 93 applicants with mortgage foreclosure legal issues. Of those, nearly 50 were in the metro area (Batavia office - 8; Waukegan/Woodstock offices – 22; Carol Stream office -19. Will County not collected.)

For more information (practitioners): Michael O'Connor, (815) 965-2134

Refinance Products and Other Resources

Neighborhood Housing Services

Activity: 2,100 people counseled. Of those:

- 334 received some work-out or negotiation from their existing lender
- 100 received NHS loans (as defined above)

Park National Bank: Refinance Product

For more information (lenders or practitioners): David Doig, 773.602.8344

Northwest Side Housing Center: Gap Affordable Loan Program

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Illinois State Treasurer's Office

Activity: 400 loans made over 4 years of program

For more information (practitioners): Ben Noven, 312.814.1249 (program info)

City of Chicago: Resource Coordination for Rental Tenants

For more information (practitioners): Arlene Ortiz, 312.744.2519

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Activity: Currently working on 8-10 buildings to resolve issues

For more information: Angela Morelo, 312.258.0070

Other municipal strategies:

For more information: Chicago Metropolitan Agency for Planning, Lee Deuben, 312-386-8623; Metropolitan Mayors Caucus, Beth Dever, 312.201.4507

Linkages between counseling agencies and servicers

NHS

Foreclosure prevention manual for servicers:

For more information: Nosheen Hemani, (773) 329-4155, nhemani@nhschicago.org

HOPI, NHS

Standard Intake form for servicers and counselors:

For more information: Nosheen Hemani, (773) 329-4155, nhemani@nhschicago.org

NHS

Secure website interface (Just Price Best Fit system):

For more information: Nosheen Hemani, (773) 329-4155, nhemani@nhschicago.org

4. GLOSSARY OF TERMS

Adjustable Rate Mortgage: A loan that allows the lender to adjust the mortgage's interest rate based on a national economic index and the lender's margin. When rates change, the monthly mortgage payments will increase or decrease, but are usually subject to a cap. Also called a "variable rate mortgage."

Balloon Mortgages: A balloon mortgage is payable in full after a period that is shorter than the amortization term. On a five-year balloon loan, for example, the payment is usually calculated over a 30-year period, and the balance at the end of the fifth year must be repaid or refinanced. In most cases, this means the borrower has to refinance the mortgage at the end of the balloon period, risking that the new mortgage may have higher monthly payments as well as having the expense of new closing fees.

Cash-Out Refinancing Mortgages (103s, 107s and 125s): This type of mortgage allows a homeowner to refinance his or her home for more than it is actually worth in order to make home improvements, or worse yet, to pay off credit card debt or buy a new car. However, the borrower's home value may not appreciate enough to cover the value of the new mortgage, and these loans typically come with high interest rates and fees.

Conventional Loan: A Conventional loan is a non-government loan such as VA or FHA. Fannie Mae & Freddie Mac, insurers of these loans, offer what is referred to as "A" paper loans for borrowers with good to excellent credit, meaning no late payments within the past 24 months. These loans offer the best market interest rates with minimum down payment requirements of 3% & 5%. Private mortgage insurance (PMI), a cost added to your monthly payment, is required on these loans when less than 20% down payment is made.

Credit: The ability of a person to borrow money, or buy good by paying over time. Credit is extended based on a lender's good opinion of the person's financial situation and reliability.

Delinquency: failure of a borrower to make timely mortgage payments under a loan agreement.

Fannie Mae Conforming Loan Sizes: Fannie Mae sets loan size standards that are typically followed by various local and state lending programs across the country. Single-Family Mortgage Loan Limits effective January 1, 2008:

- One-family loans: \$417,000
- Two-family loans: \$533,850
- Three-family loans: \$645,300
- Four-family loans: \$801,950

High Cost Loan: As defined in the Predatory Lending Consumer Protection Act of 2002, a high cost mortgage includes first mortgages with APRs that exceed Treasury securities by six (6) percentage points; second mortgages with APRs that exceed Treasury securities by eight (8) percentage points; or mortgages where total points and fees payable by the borrower exceed the greater of five percent (5%) of the total loan amount, or \$1,000.

Interest-Only Mortgages: An interest-only mortgage allows a borrower to pay only the interest on the loan for a certain period of time. After that, the borrower must repay both the principal and the interest. Many interest-only mortgages are adjustable rate, meaning that the interest rate changes over time. These mortgages are dangerous because if a borrower only makes the minimum monthly payment, the mortgage debt may grow rather than decrease over time. If the borrower was qualified on the basis of the interest-only payment, a fully amortizing payment may not be affordable.

Loan-to-value (LTV) ratio: a percentage calculated by dividing the amount borrowed by the price or appraised value of the home to be purchased; the higher the LTV, the less cash a borrower is required to pay as down payment.

Low Doc or No Doc Mortgages: A Low Doc or No Doc mortgage has traditionally been targeted to borrowers who have good credit, but because they are self-employed or lack records (such as payroll stubs and W-2 forms) were unable to meet the loan documentation requirements. Similar loans are called Stated Asset, Stated Income, No Asset or No Income Loans. Borrowers typically paid higher interest rates and fees to qualify for these mortgages. These loans were mainstreamed within the past five years. These loans have been given the name “Liar Loans” because studies have shown that borrower incomes were overstated in more than 50 percent of cases.

Non-Conventional Loan: A non-conventional loan can be given to borrowers with low credit scores and only 5% down, borrowers who want to purchase or refinance a home at a high loan-to-value (LTV), i.e., 95% or 100%, and borrowers who are unable to give a written verification of their income. They are often insured by the Federal Housing Administration (FHA) or guaranteed by the Veterans Administration (VA), two federal government agencies that make homeownership possible and generally more affordable for a large segment of the population.

Payment-Option or Option-ARM Mortgages: A Payment-Option mortgage allows a borrower to choose among several payments each month. The options typically include a traditional payment of principal and interest; an interest-only payment; or a minimum payment based on a low initial teaser rate. The difference between the option amount that is paid and the amount that should have been paid based on the actual loan terms is added to the loan balance, thus creating negative amortization whereby the mortgage balance owed by the borrower is growing every month.

An Option-ARM is an adjustable-rate mortgage with flexible payment options, monthly interest rate adjustments and very low minimum payments in the early years. These are also derogatorily called “Exploding ARMs” since they often result in greatly increased mortgage payments after the initial teaser rate ends. When the borrower makes only the minimum monthly payment, it is insufficient to pay all of the interest due, so more could be owed than was initially borrowed.

Piggyback Mortgages: Piggyback mortgages combine a first mortgage with a second mortgage that close simultaneously. This combination reduces the borrower’s down payment and typically means that mortgage insurance is not required. For example, an 80-20 piggyback is made up of a first mortgage covering 80 percent of the purchase price and a second mortgage covering the remaining 20 percent. These mortgages are dangerous because a borrower has little or no equity in the property. Moreover, the existence of a piggyback loan makes resolving a default on the first mortgage through a loan modification much more difficult, if not impossible.

Predatory Lending: Abusive lending practices that include making mortgage loans to people who do not have the income to repay them or repeatedly refinancing loans, charging high points and fees each time “packing” credit insurance onto a loan.

Prepayment: Payment of the mortgage loan before the scheduled due date; may be subject to a prepayment penalty.

Prime Lending Rate: The lowest commercial Interest Rate charged by banks on short-term loans to their most creditworthy customers. The prime rate is not the same as the long-term mortgage rate, though it may influence long-term rates. Also, it is not the same as the consumer loan rate that is charged on personal

property loans and credit cards. Mortgage rates and consumer loan rates are generally higher than the prime rate, but exceptions occur at times.

Subprime Loan: A loan offered to applicants with less-than-top-quality credit ratings (sometimes referred to as "B-C lending" because of the letter grade assigned to applicants through Credit Scoring). Such loans typically carry a higher interest rate, more discount points, and a lower maximum Loan-To-Value Ratio compared to standard mortgage loans. Not all lenders offer such loans, although some lenders specialize in the product.

Glossary Compiled from:

CHFA: <http://www.chfa.org/FirstHome/Anti%20PL%20Glossary.pdf>

FREDDIE MAC: http://www.freddiemac.com/corporate/buyown/english/calcs_tools/glossary.

HUD: <http://www.hud.gov/offices/hsg/sfh/buying/glossary.cfm>

Neighborhood Funders Group: http://www.nfg.org/publications/Mortgage_Foreclosure_Brief_2008.pdf

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http://www.chicagoreporter.com/index.php/c/Web_Extras/d/An_Equal_Opportunity_To_Pay_More

“Suburban Mortgage Gap” March 2008

http://www.chicagoreporter.com/index.php/c/Web_Extras/d/Suburban_Mortgage_Gap

“The Real Cost of High Priced Lending” March 2008

http://www.chicagoreporter.com/index.php/c/Web_Extras/d/The_Real_Cost_of_High-Cost_Lending

“The High Price of Home Ownership” November 2007

http://www.chicagoreporter.com/index.php/c/Web_Extras/d/The_High_Price_of_Home_Ownership

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“Weathering the storm: Looser rules, larger limits put FHA loans back in a favorable light” June 1 2008 .

<http://www.chicagotribune.com/classified/realestate/financing/chi-re-melia-fha-0601jun01,0,6680161.story>

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<http://www.chicagotribune.com/business/yourmoney/chi-tue-gail-0520-may20,0,3424182.column>

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“Chicago foreclosure rate up 50% in 2007.” February 13, 2008 <http://www.chicagobusiness.com/cgi-bin/news.pl?id=28177>

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<http://www.chicagobusiness.com/cgi-bin/mag/article.pl?id=29202>

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“Foreclosures up 75% in 2007” January 2008

http://money.cnn.com/2008/01/29/real_estate/foreclosure_filings_2007

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Chicago Rehab Network: <http://www.chicagorehab.org>

National Training and Information Center: <http://www.ntic-us.org>

Housing Matters: <http://www.housingmatters.net>

Harvard Joint Center for Housing Studies: <http://www.jchs.harvard.edu/index.htm>

National Community Reinvestment Coalition: <http://www.ncrc.org/index.php>

Neighbor Works: <http://www.nw.org/network/home.asp>

Mortgage Bankers Association: <http://www.mortgagebankers.org/>

Federal Poverty Guidelines: <http://www.nmcourt.fed.us/usbc/files/povertyguidelines.pdf>

HUD Income Limits: <http://www.huduser.org/datasets>

SECTION IV

APPENDICES

- 1. Directory of Foreclosure Counseling Agencies**
- 2. NCIF Community Investment Fund Working Paper**
- 3. Task Forces in Other States**

1. DIRECTORY OF COUNSELING AGENCIES

ACORN Housing

209 W. Jackson #301

Chicago, IL 60605

Phone: 312-939-1611

Fax: 312-939-4239

www.acornhousing.org

Target Audience: Seminars for first-time homebuyers or people want to refinance, people facing foreclosure or facing late payments.

Geography: United States

Income Requirements: none

Other Languages: Spanish

Affordable Housing Corporation of Lake County

3701 W. Grand Ave., Suite H

Gurnee, IL 60031

Phone: 847-263-7478 x27

Fax: 847-263-9381

E-mail: kcaiolcahc@sbcglobal.net

www.ahclc.org

Target Audience: Future Home buyers seeking mortgage counseling, housing rehab counseling, foreclosure counseling.

Geography: Lake County

Income Requirements:

Other Languages: Spanish

Bethel New Life

4950 W. Thomas St.

Chicago, IL 60651

Phone: 773-473-7870

www.bethelnewlife.org

Target Audience: People seeking assistance from foreclosure and mortgage assistance.

Geography: Chicago Metropolitan Area

Income Requirements: Individuals or families with proof of earned income at 200% of the federal poverty line according to Department of Health and Human Services-Department of Community Services (guidelines) and have a net worth below \$10,000, with the exclusion of a car or primary residence.

Community Economic Development Association (CEDA) Center for Community Action

53 E. 154th Street

Harvey, IL 60426-3645

Phone: 708-339-3610

Fax: 708-331-4539

www.cedaorg.net

Target Audience: People in need of reverse mortgage counseling, foreclosure prevention, counseling, homebuyer education counseling, and pre-purchase counseling

Geography: South Side Chicago & Southwest Suburbs

Income Requirements: low-income

CEDA – Chicago Heights

1203 W. End Ave.

Chicago Heights, IL 60411-2746

Phone: 708-754-4575

Fax: 708-754-4595

www.cedaorg.net

Target Audience: People in need of reverse mortgage counseling, foreclosure prevention, counseling, homebuyer education counseling, and pre-purchase counseling

Geography: South Side Chicago & Southwest Suburbs

Income Requirements: low-income

CEDA – Ford Heights

1647 Cottage Grove Ave.

Ford Heights, IL 60411

Phone: 708-758-2510

Fax: 708-758-0825

www.cedaorg.net

Target Audience: People in need of reverse mortgage counseling, foreclosure prevention, counseling, homebuyer education counseling, and pre-purchase counseling

Geography: South Side Chicago & Southwest Suburbs

Income Requirements: low-income

CEDA Near West

6141 W Roosevelt Rd.

Cicero, IL 60804

Phone: 708-222-3824

Fax: 708-222-0026

www.cedaorg.net

Target Audience: People in need of reverse mortgage counseling, foreclosure prevention, counseling, homebuyer education counseling, and pre-purchase counseling

Geography: South Side Chicago & Southwest Suburbs

Income Requirements: low-income

CEDA Neighbors at Work

1229 Emerson St.

Evanston, IL 60201-3524

Phone: 847-392-5166

Fax: 847-328-9262

www.cedaorg.net

Target Audience: People in need of reverse mortgage counseling, foreclosure prevention, counseling, homebuyer education counseling, and pre-purchase counseling

Geography: South Side Chicago & Southwest Suburbs

Income Requirements: low-income

CEDA Northwest Self-Help Center

1300 Northwest Highway

Mount Prospect, IL 60056

Phone: 847-392-2332

Fax: 847-392-2427

www.cedaorg.net

Target Audience: People in need of reverse mortgage counseling, foreclosure prevention, counseling, homebuyer education counseling, and pre-purchase counseling

Geography: South Side Chicago & Southwest Suburbs

Income Requirements: low-income

CEDA Southeast

3518 W. 139th St.

Robbins, IL 60472

Phone: 708-371-1220

Fax: 708-371-1247

www.cedaorg.net

Target Audience: People in need of reverse mortgage counseling, foreclosure prevention, counseling, homebuyer education counseling, and pre-purchase counseling

Geography: South Side Chicago & Southwest Suburbs

Income Requirements: low-income

CEDA Southwest Development Corporation

7666 W. 63rd St.

Summit, IL 60501

Phone: 708-458-2736

Fax: 708-458-9532

www.cedaorg.net

Target Audience: People in need of reverse mortgage counseling, foreclosure prevention, counseling, homebuyer education counseling, and pre-purchase counseling

Geography: South Side Chicago & Southwest Suburbs

Income Requirements: low-income

Chicago Urban League

4510 S Michigan Ave

Chicago, IL 60653-3898

Phone: 773-285-5800

Fax: 773-285-0879

mwooten@chicagourbanleague.org

Target Audience: Homeowners facing foreclosure seeking legal advice.

Geography: Chicago

Income Requirements: none

Chinese American Service League

2141 S. Tan Court

Chicago, IL 60616

Phone: 312-791-0418 x3605

Fax: 312-791-0509

www.caslservice.org

Target Audience: Homeowners facing foreclosure seeking legal advice.

Geography: Greater Chicago Area

Income Requirements: none

Other Languages: Chinese

Community Service of Northern Will County

719 Parkwood Ave.

Romeoville, IL 60446-1134

Phone: 815-886-5000

Fax: 815-886-6700

www.thecsc.org

Target Audience: Counseling in mortgage default, rental eviction, money management, and senior reverse mortgages.

Geography: Will County

Income Requirements: none

DuPage Homeownership Center

1333 N. Main St.

Wheaton, IL 60187-3579

Phone: 630-260-2500

Fax: 630-260-2505

E-mail: info@dhoc.org

www.dhoc.org

Target Audience: Home buyers seeking mortgage assistance and counseling and homeowners seeking education classes regarding foreclosure.

Geography: DuPage County

Income Requirements: none

Other Languages: Spanish

Family Counseling SVC/CCC of Aurora

70 S. River St., Suite 2

Aurora, IL 60506-5178

Phone: 630-844-3327

Toll-free: 800-349-1451

Fax: 630-844-3084

***Outsource all homeowner/home buyer counseling to Joseph Corporation (630) 906-9400*

Genesis Housing Development Corp.

3763 S. Wabash

Chicago, IL 60604

Phone: 773-285-1675

Fax: 773-285-1663

www.genesishdc.org

Greater Southwest Development Corporation – Southwest REACH Center

6155 S. Pulaski 2nd Floor

Chicago, IL 60629

Phone: 773-735-6727

Fax: 773-735-6592

www.greatersouthwest.org

Target Audience: Provide education, foreclosure counseling, technical assistance, and financial support to the area's homeowners and renters

Geography: Southeastern Chicago

Income Requirements: none

Housing Authority of Lake County

33928 N. Route 45

Grayslake, IL 60030

Phone: 847-223-1170 x201

Fax: 847-223-1174

Email: lchadd@sbcglobal.net

www.lakecountyha.org

Target Audience: Provides affordable housing to its clients through low-rent or public housing and the Section 8 voucher program. Mortgage default and foreclosure intervention counseling are provided, as well as counseling for first-time home buyers.

Geography: Lake County

Income Requirements: low-income for housing assistance

Institute for Consumer Credit Education

16335 S. Harlem Ave., Suite #400

Tinley Park, IL 60477

Phone: 708-633-6355

Fax: 708-633-6321

E-mail: icce60@msn.com

Target Audience: People in need of reverse mortgage counseling, foreclosure prevention, counseling, homebuyer education counseling, and pre-purchase counseling

Geography: South Side Chicago & Southwest Suburbs

Income Requirements: none

Interfaith Housing Center of the Northern Suburbs

620 Lincoln Ave.

Winnetka, IL 60093

Phone: 847-501-5762

Fax: 847-501-5722

Target Audience: People in foreclosure or attempting to avoid foreclosure.

Geography: Northern Suburbs

Income Requirements: none

Joseph Center Housing Services

7600 W Roosevelt Rd.

Forest Park, IL 60130

Phone: 708-697-5489

Fax: 708-488-2298

E-mail: mmuse@josephcenter.com

Joseph Corporation of Illinois, Inc.

32 S Broadway Ave.

P.O. Box 525

Aurora, IL 60507

Phone: 630-906-9400

Fax: 630-906-9406

www.josephcorporation.org

Target Audience: Home buyers interested in one-on-one counseling and homeowners interested in post-purchase counseling including dealing with such issues as foreclosure.

Geography: State of Illinois

Income Requirements: none

Other languages: ?

Latin United Community Housing Association

3541 W. North Ave.

Chicago, IL 60647

Phone: 773-276-5338

Toll-free: 800-217-6970

Fax: 773-276-5338

Target Audience: Section 8 vouchers, home ownership assistance, rental apartments

Geography:

Income Requirements:

Other Languages: Spanish

Neighborhood Housing Services (NHS) of Chicago

1279 N. Milwaukee

Chicago, IL 60622-5854

Phone: 773-329-4010

Fax: 773-329-4120

www.nhschicago.org

Target Audience: Residents of disinvested Neighborhoods who are looking to buy and rehabilitate houses

Geography: City of Chicago

Income Requirements: low/moderate income

Other languages: Spanish

NHS of Chicago – Auburn Gresham/Englewood and West Englewood

449 W. 79th St.

Chicago, IL 60620

Phone: 773-488-2004

Fax: 773-488-2126

www.nhschicago.org

Target Audience: Residents of disinvested Neighborhoods who are looking to buy and rehabilitate houses

Geography: Auburn Gresham/Englewood and West Englewood

Income Requirements: low/moderate income

Other languages: Spanish

NHS of Chicago – Back of the Yards/Garfield Boulevards

1658 W. 47th St.

Chicago, IL 60609

Phone: 773-579-0032

Fax: 773-579-0848

www.nhschicago.org

Target Audience: Residents of disinvested Neighborhoods who are looking to buy and rehabilitate houses

Geography: Back of the Yards/Garfield Boulevards

Income Requirements: low/moderate income

Other languages: Spanish

NHS of Chicago – Chicago Lawn/Gage Park

2609 W. 63rd St

Chicago, IL 60629

Phone: 773-434-9632

Fax: 773-434-9872

www.nhschicago.org

Target Audience: Residents of disinvested Neighborhoods who are looking to buy and rehabilitate houses

Geography: Chicago Lawn/Gage Park

Income Requirements: low/moderate income

Other languages: Spanish

NHS of Chicago – North Lawndale

3555 W. Ogden Ave.

Chicago, IL 606023

Phone: 773-522-4637

Fax: 773-522-4890

www.nhschicago.org

Target Audience: Residents of disinvested Neighborhoods who are looking to buy and rehabilitate houses

Geography: North Lawndale

Income Requirements: low/moderate income

Other languages: Spanish

NHS of Chicago – Roseland

11001 S. Michigan Ave.

Chicago, IL 60628

Phone: 773-568-1020

Fax: 773-568-9831

www.nhschicago.org

Target Audience: Residents of disinvested Neighborhoods who are looking to buy and rehabilitate houses

Geography: Roseland

Income Requirements: low/moderate income

Other languages: Spanish

NHS of Chicago – South Chicago

9108 S Brandon

Chicago, IL 60617
Phone: 773-734-9181
Fax: 773-734-9221
www.nhschicago.org

Target Audience: Residents of disinvested Neighborhoods who are looking to buy and rehabilitate houses

Geography: South Chicago

Income Requirements: low/moderate income

Other languages: Spanish

NHS of Chicago – West Humboldt Park
3601 W. Chicago Ave.
Chicago, IL 60651
Phone: 773-533-5570
Fax: 773-533-5571
www.nhschicago.org

Target Audience: Residents of disinvested Neighborhoods who are looking to buy and rehabilitate houses

Geography: West Humboldt Park

Income Requirements: low/moderate income

Other languages: Spanish

Neighborhood Housing Services of the Fox Valley
163 E. Chicago
Elgin, IL 60123
Phone: 847-695-0399
www.nhschicago.org

Target Audience: Residents of disinvested Neighborhoods who are looking to buy and rehabilitate houses

Geography: North Western Suburbs

Income Requirements: low/moderate income

Other languages: Spanish

Nobel Neighbors

1345 N. Karlov

Chicago, IL 60651

Phone: 773-252-8524

Fax: 773-252-8548

E-mail: Nobelneighbors@aol.com

Target Audience: People seeking first time homebuyers class, foreclosure prevention counseling, and apartment search services

Geography: Humboldt Park & vicinity

Income Requirements: none

Other Languages: Spanish

Northwest Side Housing Center

3101 N. Parkside Ave.

Chicago, IL 60634-5326

Phone: 773-836-1179

Fax: 773-836-1720

E-mail: counselor@nwshc.org

www.nwshc.org/

Target Audience: Foreclosure one-on-one counseling, Staying Rented: a program that helps people find rental housing, and free classes through Wilbur Wright College to help first-time homebuyers

Geography: Northwest Chicago

Income Requirements: none

Other Languages: Spanish

Proviso-Leyden Council for Community in Action (PLCCA)

411 Madison St.

Maywood, IL 60153-1939

Phone: 708-450-3500

Fax: 708-236-5182

www.plcca.org

Target Audience: Low-Income Homeowners, Children, Teens and Senior Citizens

Geography: Proviso and Leyden Townships

Income Requirements: Low-Income

Other Languages: None

The Resurrection Project

1818 S. Paulina

Chicago, IL 60608

Phone: 312-666-1323

Fax: 312-942-1123

www.resurrectionproject.org

Target Audience: Works with local residents to develop affordable ownership and rental opportunities/units and uses workshops and counseling services to educate residents about financial and home ownership issues.

Geography: Pilsen, Little Village, and Back of the Yards

Income Requirements: none

Other Languages: Spanish

Rogers Park Community Development Corporation

1530 W Morse Ave.

Chicago, Il 60626

Phone: 773-262-2290

Fax: 773-338-7774

E-mail: rpcdc@rogerspark.org

<http://www.rogerspark.org/>

Target Audience: down payment assistance & IHDA funds, first time homebuyer & condo training & classes, foreclosure counseling & prevention, employer-assisted housing for Chicago Public School teachers, City College Professors, & Loyola University

Geography: City of Chicago

Income Requirements: varies by program

Other Languages: Spanish - first time homebuyers classes

Smart Money Housing

3510 Franklin Blvd

Chicago, IL 60624

Phone: 773-553-0243

Fax: 773-823-7414

West and Southwest Cook County Office:

One Westbrook Corporation Center
Suite 300
Westchester, IL 60154
North and Northwest Cook County Office:

1450 E. American Lane
Zurich Towers
Suite 1400
Schaumburg, IL 60173

E-mail: ken@smartmoneyhousing.org

www.smartmoneyhousing.org

Target Audience: Potential homebuyers; people seeking counseling concerning foreclosure prevention, mortgage issues, credit rehabilitation, and homeowner responsibilities.

Geography: Cook County

Income Requirements: none

Other Languages: Spanish and Polish (loan review counseling)

Spanish Coalition for Housing

4035 W. North Ave.

Chicago, IL 60639

Phone: 773-342-7575

Fax: 773-342-8528

www.sc4housing.org

Target Audience: Latinos seeking counseling concerning tenant/rental issues, technical and legal issues, home ownership issues, foreclosure prevention, financial literacy, credit issues/restoration. Latinos wishing to transition from Section 8 to home ownership, obtain affordable housing units, or become involved in employer assisted housing programs. Landlords seeking information concerning their rights, responsibilities, and management issues. People at risk of homelessness.

Geography: Chicagoland area, occasionally takes clients from other Midwestern areas

Income Requirements: low/moderate

Other Languages: Spanish

Spanish Coalition for Housing

9117 S. Brandon

Chicago, IL 60617

Phone: 773-933-7575

Fax: 773-933-7578

www.sc4housing.org

Target Audience: Latinos seeking counseling concerning tenant/rental issues, technical and legal issues, home ownership issues, foreclosure prevention, financial literacy, credit issues/restoration. Latinos wishing to transition from Section 8 to home ownership, obtain affordable housing units, or become involved in employer assisted housing programs. Landlords seeking information concerning their rights, responsibilities, and management issues. People at risk of homelessness.

Geography: Chicagoland area, occasionally takes clients from other Midwestern areas

Income Requirements: low/moderate

Other Languages: Spanish

Spanish Coalition for Housing

1915 S. Blue Island

Chicago, IL 60608

Phone: 312-850-2660

Fax: 312-850-2899

www.sc4housing.org

Target Audience: Latinos seeking counseling concerning tenant/rental issues, technical and legal issues, home ownership issues, foreclosure prevention, financial literacy, credit issues/restoration. Latinos wishing to transition from Section 8 to home ownership, obtain affordable housing units, or become involved in employer assisted housing programs. Landlords seeking information concerning their rights, responsibilities, and management issues. People at risk of homelessness.

Geography: Chicagoland area, occasionally takes clients from other Midwestern areas

Income Requirements: low/moderate

Other Languages: Spanish

Will County Center for Community Concerns

304 N. Scott St.

Joliet, IL 60432

Phone: 815-722-0722 x210

Fax: 815-722-6344

www.wccccc.net

Target Audience: Potential low-income homebuyers, people seeking counseling for landlord/tenant responsibilities, people seeking assistance in paying for winter energy bills, people interested in energy conservation measures, homeless people and people at risk of homelessness.

Geography: Will County

Income Requirements: low/moderate

Other Languages:

2. NCIF COMMUNITY INVESTMENT FUND WORKING PAPER

Summary of National Foreclosure Prevention Models

1. Sunrise Community Banks (Franklin Bank, Park Midway Bank, & University Bank) –

The Sunrise Homeownership Alliance is a collaboration of not-for-profit housing organizations, government, foundations, bank, and socially responsible depositors. The goal of the pilot project is to provide an alternative home financing product that promotes homeownership and stabilizes neighborhoods. Social depositors dedicate their funds to the program. These FDIC insured deposit allow the bank to offer below market rate financing to local not-for-profits. Participating not-for-profit organizations acquire and rehab vacant, foreclosed homes in preparation for sale. The not-for-profit then assists eligible families with purchasing a home on a 3 year contract (with payments based on a 30-year amortization rate). Intensive credit counseling is required with the expectation that once the contract expires, clients are able to refinance into fixed rate affordable mortgages.

2. Lower East Side People’s Federal Credit Union – The purpose of this program is to finance a gap that prevents the borrower from refinancing the loan. This may be because the property is not currently worth what was originally borrowed, or there may be other liens on the property that have been levied since the original loan. Gap loans are available for up to \$25,000 at interest rates of 3.5%-5.5%. The loan term is for 15 years, but the payment schedule is based a thirty year amortization. The borrower can refinance the loan at the end of the initial 15 year term This financing will allow borrowers to refinance and keep their property even though it may be worth less than their current mortgage.

3. Federal Home Loan Bank of Indianapolis – The FHLB of Indianapolis has set aside \$100 million dollars for the next year in order to pass on cost savings to their member institutions. The FHLB will lend to member institutions at their cost (plus a small administrative cost) thus allowing member institutions to refinance mortgages while extending lower than average rates. Borrowers that are in need have access to funds and can refinance at affordable rates. HomeRetain is a lending initiative under the FHLBI’s Community Investment Program. Eligible loans are those made to individual homeowners whose incomes do not exceed 115% of area median income.

4. Federal Home Loan Bank of San Francisco – The Homeownership Preservation Subsidy (HPS) Program provides grants that member financial institutions can use to restructure or refinance mortgage loans for eligible low- and moderate-income homeowners at risk of foreclosure because of unaffordable increases in their monthly payments for adjustable rate mortgage loans. The Bank will match up to \$1 for every \$2 contributed by the member for mortgage loan restructuring or refinancing, up to a maximum subsidy of \$25,000 per homeowner.

Nonprofit or community-based organizations may participate by identifying eligible homeowners and by offering post-purchase homeownership or credit counseling programs, which all HPS participant homeowners are required to complete.

Compiled by: Abigail Menke and Joe Schmidt
For more information please contact jschmidt@ncif.org or 312-881-5817

3. TASK FORCES IN OTHER STATES

Convening to develop an action plan

Task Forces across the country by states to brainstorm and coordinate foreclosure activities and strategies. The following states have convened task forces between 2006 and 2007 to address foreclosure-related issues:

- Arizona
- California
- Colorado
- Connecticut
- Illinois
- Indiana
- Maryland
- Massachusetts
- Michigan
- Minnesota
- New Mexico
- New York
- Ohio
- Virginia

Brief summaries of some of the task forces:

Ohio: Created in 2007 by the Governor. Includes representatives from industry, government and nonprofit sector.

- Set funding goals of \$2 million in new state funds for counseling.
- Recommended providing incentives to attorneys to volunteer to represent borrowers in foreclosure crisis.
- Developed strategies for dealing with the aftermath of increased foreclosed homes, including reallocating resources to facilitate reinvestment in affected neighborhoods.
- The Governor reached agreement with nine mortgage servicers to modify terms of adjustable rate mortgages.

Massachusetts: Created in 2006 by the State Division of Banks. Includes representatives from nonprofits, government and mortgage lending industry.

- Issued report “Recommended Solutions to Prevent Foreclosures and Ensure Massachusetts Consumers Maintain the Dream of Homeownership.”
- Recommendations resulted in a state bill which criminalized mortgage fraud, created information system to monitor and analyze foreclosures, and required consumers applying for a nonconforming variable rate loan to get counseling, and mandated that mortgage servicers file a 90-day notice of intent to foreclose.

New York: Interagency Task force created by the New York State Banking Department.

- Provides outreach and consumer counseling through public service announcements, a consumer helpline, and grants that support consumer services.
- Partners with State of New York Mortgage Agency to offer 40 year fixed rate loans and to help subprime borrowers refinance their loans.

Colorado: Collaboration of stakeholders from public private sectors.

- Established foreclosure hotline for state residents who are having trouble making their mortgage payments