

Get the help you need to

AVOID FORECLOSURE and Stay in Your Home



Have you experienced unemployment or income reduction, a divorce, medical condition, an interest rate reset, or another problem that has left you behind on your mortgage?

Many homeowners are facing difficulties today. You can get help to avoid foreclosure!

Find out how you can get started today.

Prepared for you by the Illinois Bankers Association



Get the Help You Need



What to Do If . . .

You May Not Be Able to Make a Scheduled Mortgage Payment.

- Call your lender or loan servicer immediately to make alternative arrangements and avoid having a late payment recorded on your credit report.
- Work with your lender to determine whether your existing mortgage still is affordable, and see if your mortgage can be refinanced, or if the existing terms of the mortgage can be restructured.
- Prioritize your spending. Are there any areas where you can cut back, such as cable television, cell phone service, or gym memberships? Can you find extra work to add to your income?
- Contact credit card companies and other creditors to reduce or delay payments so you can pay your mortgage first.

You Have Missed One or More Payments.

- Take action right away. Your lender may be able to offer options, such as loan modifications or workouts that result in a lower monthly payment or reduced interest rate with a longer repayment period. Your lender also can help you find state and federal mortgage assistance programs.
- Do not ignore your lender's letters or phone calls or "walk away" from your home. The information you receive from your lender will include advice on avoiding foreclosure.
- Don't give up! Illinois law gives homeowners extra time to temporarily delay the foreclosure process and work with lenders.

You Have Received a Delinquent Notice.

- Understand that your financial institution wants to help you keep your home. Foreclosures cost lenders tens of thousands of dollars, drive down surrounding property values in the community, and damage the credit of homeowners for years to come, making it difficult for them to rent or buy another home.
- *Open your mail and answer your telephone calls.* Often these communications from your lender contain important notices and information that inform you of additional rights — or opportunities to work out a loan modification.
- Talk to your lender or a HUD-certified housing counselor about your options.
- There is NEVER a fee to talk to your lender about a loan modification or to have a HUD-certified housing counselor walk you through your options.

You Cannot Reach Your Lender or Comply with a Loan Agreement.

- Call a HUD-certified housing counselor for assistance.
- If your loan carries an unusually high interest rate or requires a “balloon payment,” you may have been the victim of predatory lending. Contact the Illinois Attorney General at 1-866-544-7151 to report suspected abuse, and then contact a trustworthy local financial institution to see if you qualify for a refinanced, fixed-rate mortgage.
- Stay away from mortgage “consultants” or “rescue” companies that promise to work with your lender for a fee or to buy your property from you — these often are scams. And remember, *Illinois law requires mortgage rescue companies to provide homeowners with a written contract that lists the services they will perform — and they must actually carry out these services BEFORE being paid.*

Your Home is Worth Less Than You Owe.

- Walking away from a home because you are “upside down” or “under water” is a drastic move that can have a devastating impact on your credit and leave your family with few housing options.
- Know that the only way to regain the value of your home is to stay in it. Home values are beginning to recover, and in the meantime, you will be building equity by making your payments. Walking away or stopping payments will have long term consequences for your credit rating, your debt burden, and your ability to secure future financing.

Frequently Asked Questions . . .

How Can I Benefit From the Illinois Foreclosure Grace Period?

Under Illinois law (Public Act 95-1047), homeowners are given an extended grace period — up to 90 additional days, and in some cases even more — to catch up on their mortgage payments or to work out settlements with their lenders. The mortgage lender cannot file a foreclosure within the first 30 days of delinquency. The lender must notify the homeowner by mail of their rights and must offer an additional period of 30 days to talk to a HUD-certified housing counselor. If the homeowner enters counseling, there is another 30-day grace period to propose a “sustainable loan workout plan.” If no solution is reached during these grace periods, the lender may begin a foreclosure proceeding.

What Will it Cost to Seek Help From a HUD-Certified Housing Counselor?

- Foreclosure prevention counseling from HUD-certified housing counselors is FREE. The Illinois banking industry worked with lawmakers in 2010 and again in 2012 to ensure that HUD-certified housing counselors and other financial education providers are well-funded and available in your area.
- The “Foreclosure Prevention Program” (created by Public Act 96-1419), administered by the Illinois Housing Development Authority, provides grants

to HUD-certified housing counselors, as well as to many non-profit community-based organizations, to pay for counseling on the foreclosure process and the options available to a homeowner in a foreclosure proceeding. (However, this counseling will not include legal advice or representation).

- In 2012, the Illinois banking industry agreed to pay higher foreclosure filing fees for the sole purpose of ensuring that funding for home ownership counseling and foreclosure prevention is readily available until the foreclosure crisis is over.
- To find a HUD-certified housing counselor in your area, call 1-800-569-4287 or visit HUD's website at www.hud.gov.

What Are the Steps in a Foreclosure Lawsuit in Illinois?

- Once a borrower is in default and the necessary notices of default have been given and the grace periods have expired, the lender will file a formal foreclosure complaint in court. This complaint is a legal document that describes the borrower's loan agreement, states the borrower's failure to pay, sets forth the full amount due to the lender, and asks for a judgment against the borrower.
- The borrower must be served with the foreclosure complaint and then has 30 days to file a response in court. (If the borrower does not respond, the court will issue a "default judgment" against the borrower.)
- After this 30 day period, the borrower will receive a "notice of motion" for a foreclosure judgment. This notice will tell the borrower when and where to appear in court. You should go to the court on that date.
- Once the lender has sent a "notice of motion" for a foreclosure judgment, the borrower has a 90 day "reinstatement period" that allows the borrower to make all past due payments, plus the costs and fees incurred by the lender, in order to bring the mortgage up to date. (If you do this, you may not reinstate your mortgage again for a period of five years.)
- If you do not appear in court or sufficient payments are not received during the reinstatement period, the court may set a trial date if you have some defense available to you, or the court may enter a judgment against you.
- If you do not respond to the foreclosure complaint, or if you lose at trial, the court will enter a "judgment for foreclosure." Once this judgment has been entered, the foreclosure process begins a "redemption period." This redemption period starts from the date of the judgment and lasts for the longer of either 7 months from the date of service of the foreclosure complaint or 3 months from the date of the foreclosure judgment. During this time, the borrower must pay the entire amount of the mortgage note (including all interest due under the note), plus all court costs and attorneys' fees incurred by the lender, as well as all taxes owed, in order to retain ownership and avoid seizure of the home.

- If the redemption period passes with no payment, a “judicial sale” is held, and the mortgaged property is sold to the highest bidder. After the court enters an order confirming the judicial sale, the property is awarded to the winning bidder.
- If the winning bidder at the judicial sale is the lender, and the sale price is less than all of the principal, interest, fees and expenses due under the mortgage note, the borrower also has a “special right of redemption” for 30 days after the date on which the court confirms the judicial sale. During this 30-day period, the borrower can set aside the judicial sale by paying the lender the sale price, plus all additional costs and expenses incurred by the lender that are confirmed by the court, plus interest from the date of the judicial sale.
- After the court has entered an order confirming the judicial sale, and if the special right of redemption is not exercised, the borrower has 30 days to leave the property and avoid eviction.

This is a general description of the foreclosure process in Illinois, and depending on the facts in your case, you may have additional rights during this process. It is always in your best interest to speak with a knowledgeable attorney if you are served with a foreclosure complaint.

Government Mortgage Assistance Programs and Additional Resources.

Many government agencies provide free mortgage assistance services to help homeowners negotiate new loan terms or even find other types of assistance. Here are some helpful places to look:

Hotline Numbers

- 1-888-995-4673 — U.S. Treasury Making Home Affordable Program
- 1-800-569-4287 — Find a HUD-Approved Housing Counselor
- 1-855-446-6300 — Illinois Foreclosure Prevention Network
- 1-866-544-7151 — Illinois Attorney General Help for Homeowners
- 1-855-873-7405 — Illinois Hardest Hit Fund
- 1-800-532-8785 — Illinois Department of Financial & Professional Regulation (Mortgage Loan Fraud Assistance)

Online Resources

- U.S. Treasury Making Home Affordable Program:
www.makinghomeaffordable.gov
- List of Mortgage Servicers with Contact Information:
www.makinghomeaffordable.gov/get-started/contact-mortgage
- Find a HUD-Approved Housing Counselor:
www.hud.gov
- Illinois Mortgage Relief Project (including a list of upcoming mortgage assistance workshops):
www.idfpr.com/finlit101/mrp.asp
- Illinois Foreclosure Prevention Network:
www.keepyourhomeillinois.org/
- Illinois Attorney General Help for Homeowners:
www.illinoisattorneygeneral.gov/consumers/homeowners_help.html
- Consumer Financial Protection Agency Mortgage Servicing Rules
files.consumerfinance.gov/f/201301_cfpb_mortgage-servicing-rules_what-it-means-for-consumers.pdf
- Illinois Legal Aid:
www.illinoislegalaid.org

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