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## Counselors swamped with rising foreclosures

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Distressed homeowners have more time to avert foreclosure because of a crushing volume of cases and a new law signed Sunday by Illinois Gov. Patrick Quinn.

The law gives delinquent borrowers 60 to 90 days to seek counseling before the lender begins the foreclosure process.

But time isn't the only hurdle confronting homeowners examining their options, said counselors who've been swamped with cases as the number of suburban foreclosures continues to climb.



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"Part of my job is to be honest with clients," said Jasmine Brewer, a counselor with the Winnetka-based Interfaith Housing Center of the Northern Suburbs, during a foreclosure workshop sponsored by the agency in Evanston.

Some borrowers don't have enough income to make the monthly payments on their home's mortgage, or they owe more than the home is worth.

"Unfortunately, there are so many properties that are 'upside down' these days," said Brewer, referring to mortgages in which the loan principal exceeds the home's current market value. Other borrowers might be good candidates for better loan terms, but run up against a wall dealing with their lender or servicing company.

Foreclosures doubled and tripled in many suburbs within Interfaith's region between 2007 and 2008. Suburbs that experienced high increases included Skokie, which jumped 93 percent to 346 foreclosures between 2007 and 2008; Glenview, which rose 131 percent to 190, and Northbrook, which climbed 111 percent to 150, according to a tally by the Chicago-based Woodstock Institute.

Foreclosures surged by more than 200 percent in Morton Grove (from 48 to 150) and even in Wilmette (from 12 to 42). The pace was somewhat slower in Evanston, where foreclosures rose by 49 percent, to 267. In Highland

Park, the 121 foreclosures recorded in 2008 marked a 78 percent increase over the previous year.

On Sunday, Quinn signed into law an amendment to the Illinois Home Foreclosure Act that gives borrowers 30 days beyond a 30-day grace period to seek counseling. For those who enter counseling, the moratorium is extended for another 30 days. The foreclosure process typically takes between 10 and 12 months from missed payments to judicial sale to eviction.

Brewer advises borrowers interested in saving their homes to start putting money aside and look for ways to increase their income. If the loan can be modified, the bank will ask for a percentage of the missed payments with as little as 10 days notice.

"If a loan modification is approved, there is a good chance the lender will ask for 10, 15 or even 20 percent of the amount past due," she said.

Skip Gonsoulin, a community outreach liaison for the Illinois Attorney General, said mortgage rescue scams have been sprouting up in Illinois to prey on victims of the economic conditions. In phone solicitations and ads, they advise borrowers to stop paying the lender, send them a check instead and promise to work out more advantageous payment terms with the lender. The attorney general already has filed suit against 11 such companies.

"Ninety-eight percent of them will simply take your money," said Gonsoulin, noting they charge anywhere from \$1,200 to \$5,000. It is illegal in Illinois to charge up front for such services.

Brewer said some clients realize they can't afford the home and are simply looking to free themselves from the financial burden.

"Some people say, I don't want this house. I can't afford it. How can I get rid of it?" said Brewer. If they can find a buyer, the bank might accept less than the amount owed on the loan in what is known as a short sale.

Brewer and other counselors try to determine whether the homeowner is eligible for a loan modification under one of the specialized programs that apply only to certain borrowers. A new economic stimulus program gives banks some incentives to rework mortgages into fixed-rate loans for 15 or 30 years. However, only loans insured by Freddie Mac or Fannie Mae are eligible. To qualify, the borrower must be current on mortgage payments and the loan cannot exceed 105 percent of the home's new appraised value, or \$210,000 on a home worth \$200,000.

Although the Illinois Attorney General settled a lawsuit brought last summer against Countrywide Financial Corp., some borrowers who should be eligible for loan modifications under the settlement have encountered resistance when dealing with the firm.

"We are still taking complaints against Countrywide, even though we have a settlement," said Gonsoulin, noting the Illinois Attorney General's office may well have to go back into court.

Interfaith Housing Center of the Northern Suburbs can be reached by calling (847) 501-5760.

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