

YOUR ILLINOIS HOME

Buying or selling your home is one of the most important decisions you'll ever make. When you choose an Illinois REALTOR®, the good news is:

You don't have to go it alone.



How to Avoid Foreclosure

If you are a homeowner at risk of foreclosure you need to know there are programs and services that can help. It's important to act quickly and before you are three months delinquent on your mortgage payment.

Foreclosures in Illinois are a nine-month judicial process but after 90 days the lender will turn the delinquent loan over to foreclosure attorneys and then the fees really start to mount up. The key is to not ignore letters from your lender. There are ways to work through a bad situation if you act quickly. A certified foreclosure intervention counselor can also negotiate with a lender, servicer or private mortgage insurance provider to restructure the loan if it can be determined the homeowner has the financial wherewithal to keep the home in the future.

Other options for people facing foreclosure include:

- “Forbearance” whereby a lender lets a borrower pay less than the full amount of the mortgage or skip a few payments if there is a reasonable plan to become current on the loan.
- “Reinstatement” is another option if the homeowner is able to make a payment that covers all of the previous late payments.
- A “repayment plan” from a lender will allow a borrower who has fallen behind to make additional payments each month until the amount past due is paid.
- **NEW!** [90-day grace period](#). Troubled Illinois homeowners facing foreclosure will get up to a 90-day grace period under a law signed by Governor Quinn April 5, 2009.

At-risk homeowners are encouraged to ask a local REALTOR® or a HUD-certified financial counselor to find out where to go for help. Other resources include:

- U.S. Housing and Urban Development homeowner counseling, 1-800-569-4287, www.hud.gov
- Neighborhood Works America Center for Foreclosure Solutions, www.nw.org
- This Web site provides information on federal mortgage modification and refinancing programs: MakingHomeAffordable.gov
- HopeNow, 1-888-995-HOPE (4673), www.hopenow.com
- Illinois Legal Aid, www.illinoislegalaid.org

Another option for the homeowner is to sell the home. Oftentimes in these situations the sale will be a “short sale in lieu of foreclosure.” A “short sale” is an industry term for when the owner of the home does not have enough equity in the property and not enough cash or liquid assets to be able to sell the property, pay off liens and selling expenses (e.g., property taxes, transfer taxes, real estate commissions) and provide a clear title to the purchaser. Many consider a “short sale” better in the long run for the homeowner because it avoids foreclosure which will damage a person’s credit score and make it much harder for the owner to buy another home in the future.

Things to remember for Illinois foreclosures:

- Don't ignore letters from your lender. Some of the information will include foreclosure prevention options.
- Address the problem immediately and BEFORE YOU ARE THREE MONTHS DELINQUENT on your mortgage payment when the loan is turned over to foreclosure attorneys and fees mount up.
- Find your mortgage paperwork and read it to understand the terms.

- Contact a HUD-certified counselor who is trained to help and provide information on foreclosure prevention options, 1-888-569-4287 or the Neighborhood Works America Center for Foreclosure Solutions at 1-888-995-HOPE (4673).
- Learn more from Illinois Legal Aid, www.illinoislegalaid.org
- Know that you may qualify for options such as working with the lender to restructure the loan or a repayment plan.
- Find a professional Illinois REALTOR to help you negotiate with the lender to place the property on the market if selling your home is the option you choose.
- Avoid foreclosure scams. Make sure you protect yourself by working with a HUD-approved counselor, professional REALTOR® and/or an attorney.
- Learn more: www.hud.gov, www.nw.org, www.fha.gov, makinghomeaffordable.gov.
- Foreclosure should be your action of last resort since it will stay on your credit report for at least 10 years and greatly affect your ability to obtain a home loan in the future.

Avoid “Mortgage Rescue” Scams

For a homeowner facing the frightening threat of possible foreclosure, the offer seems too good to be true. A “mortgage rescue” company steps forward, claiming to be able to help you save your credit and your home.

In some cases, the “mortgage rescue” company provides phantom help offering to work as an intermediary with lenders, collecting an up-front fee for services it never provides or that homeowners easily could have done on their own for free.

In other scams, the “mortgage rescuer” may offer to pay off the delinquent loan and allow homeowners to stay on as renters, with the possibility of buying the home back later. But the scam artist doesn’t make the payments and the homeowners, who have signed over their deed, end up losing the home and any equity they had in it.

Homeowners facing possible foreclosure need to be careful of scams, particularly in Illinois’ larger metropolitan areas. If you are falling behind on mortgage payments:

- Contact your mortgage lender immediately to see if the loan can be restructured or refinanced before you are delinquent on your payments for three months and formal foreclosure proceedings have begun.
- Contact a HUD-certified housing counselor who can walk you through your options.

Homeowners also might want to contact an attorney about legal options or a local REALTOR® to get more information regarding fair market housing values in the area.

Illinois Law Requires “Rescue” Companies Provide a Written Contract

Illinois did institute tougher guidelines on “mortgage rescue” companies with the Mortgage Rescue Fraud Act in 2007. The law requires that “rescue” companies give homeowners a written contract, which the homeowner can cancel at any time, listing the services they will perform before being paid. In the case of a home sale, a written contract also is required and the “mortgage rescue” company must pay the homeowner at least 82 percent of the fair market value if the rescue fails.

