



OFFICE OF THE GOVERNOR

# NEWS

ROD R. BLAGOJEVICH – GOVERNOR

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## **Gov. Blagojevich announces grant to counsel Illinois homeowners facing foreclosure and help an estimated 250 families avoid losing their homes**

*Grant will create, train, and fund a statewide network of counseling agencies to reach homeowners facing foreclosure*

**CHICAGO**– As the nation’s foreclosure rate continues to rise, Governor Rod R. Blagojevich today announced a \$370,000 grant to counsel approximately one thousand Illinois homeowners facing foreclosure and help an estimated 250 families avoid losing their homes. The technical assistance grant will create, train, and fund a statewide network of counseling agencies - the first of its kind in Illinois - to help homeowners avoid foreclosure.

“Too many people are losing the homes they’ve worked so hard to buy. This grant will allow us to help hundreds of people across the state get the advice they need to avoid seeing their dreams of homeownership destroyed,” said Gov. Blagojevich.

The Illinois Housing Development Authority (IHDA) will allocate the grant from the State Affordable Housing Trust Fund to the Neighborhood Housing Services of Chicago Inc. (NHS of Chicago), a non-profit housing, counseling, and lending organization that leverages investment to revitalize Chicago neighborhoods. NHS of Chicago will identify a network of non-profit agencies across the state to receive training and certification in foreclosure prevention and intervention.

IHDA’s financial support will be used to compensate the network agencies for their one-on-one foreclosure prevention counseling work with homeowners. The proposed payment structure is \$100 per client and \$1,500 per positive result. Positive results include successful forbearance, refinance or restructure of a loan, agreement for a repayment plan or reinstatement of the mortgage, sale of the home, short sale, or deed-in-lieu of foreclosure. The IHDA grant will also be used to hire a program coordinator to organize and manage the network of agencies, and to

support outreach to the community. National community development groups, Neighborworks America and the HP Foundation, have also contributed \$150,000 to build and support the statewide network.

Housing Action Illinois, a non-profit organization that provides technical assistance to non-profit housing developers and housing counseling agencies, will provide the training. The network of agencies will learn, among others, negotiating skills for dealing with lenders and servicers, up-to-date information on resources such as loans and grants available to help homeowners at risk of foreclosure, and the alternatives available to halt foreclosures. The training will build the capacity of the non-profit groups in the area of foreclosure and the network will use this training to take homeowners through one-on-one counseling and direct negotiations with lenders.

More than 10 agencies located in areas such as Cook, Winnebago, Rock Island, Peoria, McLean, Champaign and St. Clair counties have already expressed interest in participating in the program.

Illinois homeowners can call the national toll-free hotline (1-800-995-HOPE) sponsored by Neighborworks America and the HP Foundation and will be referred to a network agency for one-on-one foreclosure prevention counseling. Homeowners in Illinois will learn about the national hotline through a series of upcoming newspaper and television advertisements.

“The country’s increasing foreclosure rate is a very serious and complex issue. Governor Blagojevich understands the value of state agencies, local housing groups, and national community development organizations working together to help homeowners get through the foreclosure crisis,” said DeShana L. Forney, IHDA Executive Director. “Many homeowners facing foreclosure often delay seeking help because they are scared. We believe the one-on-one counseling approach will be effective because each case is different and it will enable homeowners to get assistance to suit their financial needs.”

The current foreclosure crisis is expected to continue through the next two years as many of the high cost loans originated in recent years put homeowners in unaffordable positions, as adjustable rate mortgage products continue to reset, and as the consequences of loans made with little or no supporting documentation become evident. More and more homeowners will not be able to avoid foreclosure by refinancing into a new sub-prime loan because declining home values and more restrictive underwriting on new loans will make it more difficult to obtain financing. Instead, a more effective alternative is to help homeowners identify ways to save their homes through strategies that keep the payments affordable.

“NHS of Chicago has already worked extensively in the area of foreclosure prevention through our Home Ownership Preservation Initiative. This grant from Gov. Blagojevich and IHDA will allow us to build on our success by developing and supporting a network of other non-profit counseling agencies across the state that will result in approximately one thousand homeowners receiving counseling, and help avoid an estimated 250 foreclosures over the next two years,” said Jim Wheaton, NHS Deputy Director of Programs and Strategies.