



OFFICE OF THE GOVERNOR

NEWS

ROD R. BLAGOJEVICH – GOVERNOR

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Gov. Blagojevich announces expansion of Illinois' Homeowner Assistance Initiative to help more families access affordable refinancing, avoid foreclosure

Governor pushes new legislation to give homeowners grace period to negotiate with lenders before being sent to foreclosure

CHICAGO – Governor Rod R. Blagojevich today announced an expansion of the Illinois Homeowner Assistance Initiative, the nation's most comprehensive state approach to help struggling homeowners avoid foreclosure. Surrounded by partners from the lending and counseling communities and homeowners who have benefited from the state's initiative, the Governor announced that four more lenders have joined the Homeowner Assistance Pool, bringing the total amount of refinancing funds available to \$310 million. The Governor also announced that he is working with state Sen. Jacqueline Collins (D-Chicago) to introduce legislation that will make sure borrowers are notified when they're at risk of losing their homes, and given a grace period of up to 60 days to work with counselors on payment or refinancing options before a lender can move to foreclosure.

"Helping families stay in their homes through these tough times is a top priority. The best way to do that is to bring lenders, consumers, advocates and policy makers together. We did that in an unprecedented way in February when we launched the Illinois Homeowner Assistance program. And now we have even more lenders and counselors on board to help Illinois homeowners hold on to their most important asset. I am confident that by making good loans and sound advice available to Illinois homeowners, we can make a difference for thousands of families," said Governor Blagojevich.

Homeowners who joined the Governor today confirmed that mortgage counseling can make a big difference.

"My family and I were ill-advised and abandoned our home last October when my husband lost his job and we fell behind on our payments," said Ana Bedolla, a Chicago homeowner. "The Governor's Homeowner Outreach Day put us in touch with the Spanish Coalition for Housing

who advised us to move back into the house and helped us talk to our lender. Our bank agreed to forbearance and a repayment plan that allows us to keep our home. If it hadn't been for the counseling, I wouldn't have even known about these options.”

Homeowners across the country are facing serious financial strain as the adjustable rate mortgages they entered in recent years are adjusting upward and monthly payments skyrocket. For example, a homeowner with a \$200,000 adjustable rate mortgage whose rate is going from 8% to 12% will see their mortgage payments increase by \$600 a month. For many families, maintaining a loan at the higher rate is not an option.

On February 14, Gov. Blagojevich launched the Illinois Homeowner Assistance Initiative, which included a \$200 million Illinois Homeowner Assistance Pool to provide predictable, fixed-rate mortgages for Illinois borrowers with moderately good credit; established a statewide counseling network to help homeowners know their options; and made it easier for consumers to report fraudulent and deceptive practices. At that time, the Governor called on other lenders in the state to join the initiative.

Today the Governor announced that after just six weeks, the refinancing pool has grown from \$200 million to \$310 million as four new lenders add their commitment to refinance mortgages for Illinois homeowners: 1st Advantage, based in Lombard; Members Alliance Credit Union in Rockford; National Bank of Commerce in Berkley; and Town Stone Financial in Chicago.

“The need for low-cost fixed-rate mortgages has never been greater and we are pleased we could join this effort to help Illinois families keep their homes. We applaud the Governor’s leadership for his efforts to expand public/private partnerships whenever possible,” said Anthony Renelli, National Bank of Commerce.

The refinancing loans offered through the Homeowner Assistance Pool are 30-year fixed rate mortgages, guaranteed by the Federal Housing Administration (FHA) and have interest rates of between 5.75 percent and 8 percent. Participating lenders agree to limit loan fees to no more than \$1,000, with no prepayment penalties. Unlike similar programs in other states, the Homeowner Assistance Pool has no income requirements and is open to homeowners regardless of their current mortgage product.

Today the Governor also pushed for new legal protections for struggling homeowners to give them a grace period of up to 60 days during which their lender could not attempt to foreclose on the home. Working with state Sen. Jacqueline Collins, the Governor is introducing legislation requiring lenders and loan servicers to notify homeowners who are 30 days delinquent on mortgage payments that they have 30 days to seek mortgage counseling services to get their loan back on track. If a borrower enters counseling, they would get an additional 30-day moratorium on foreclosure in order to work out a payment plan or refinance option. The legislation also expands current reporting requirements to loan servicers so that, like lenders, they will need to report to the state on a monthly basis the proactive steps they are taking to identify and assist distressed homeowners. Requiring servicers to report this information will encourage them to play a more active role in addressing the nation’s mortgage crisis and will better enable policymakers to identify possible solutions.

“We’ve had some encouraging success so far, but we have to stay vigilant and do what we can to protect struggling families. That’s why I’m working with state Senator Jacqui Collins to make sure homeowners are notified when they’re in trouble and have time to work with counselors on

repayment options before they can be sent to foreclosure. Often, borrowers just need a little more time and a little more information to find a workable solution and keep their home,” the Governor said.

In the meantime, the Illinois Statewide Foreclosure Prevention Network launched by the Governor in February continues to provide free direct counseling and mitigation assistance for homeowners facing increasing mortgage payments or foreclosure. In February alone, approximately 5,600 homeowners from Illinois called the national toll-free hotline 1-888-995-HOPE to receive counseling over the phone. Of these, 640 homeowners were referred to one of the Network’s 15 certified non-profit counseling agencies in their area for additional face-to-face assistance. The Statewide Network helps supplement the ongoing State-sponsored Homeowner Outreach Day events that provide consumers with one-stop access to lenders, housing counselors, legal assistance advisors, and fraud investigators. Consumers can get information on upcoming Outreach Days at www.illinois.gov.

Illinois also recently received a \$1.5 million boost to its foreclosure prevention counseling efforts. The Illinois Housing Development Authority (IHDA) secured the grant from federal funds allocated to NeighborWorks America, a non-profit organization based in Washington, D.C. IHDA will disperse the funds to 18 non-profit counseling agencies to assist approximately 4,000 homeowners living in some of Illinois’ most hard hit neighborhoods. IHDA received the sixth largest award among the 32 housing finance agencies that got funded due to its success in coordinating foreclosure prevention counseling.

“NeighborWorks America is delighted to see that Governor Blagojevich already has a very comprehensive statewide plan in place to help Illinois families facing foreclosure. We are confident this grant will help Illinois meet the increasing demand for mortgage delinquency and foreclosure prevention counseling,” said John Santner, North Central District Director, NeighborWorks America.