



The 2009 Homeowner Protection Act (SB-2513)

On April 5, 2009, Governor Pat Quinn signed into law the Homeowner Protection Act (SB-2513). The law gives Illinois homeowners who have fallen more than 30 days behind on their mortgage payments more time to work with their lender and/or servicer to develop a plan that will allow them to remain in their homes. Lenders and loan servicers are required to notify homeowners/borrowers when a loan is past due and provide an opportunity for the homeowner to seek housing counseling.

What types of loans does this apply to?

- The Homeowner Protection Act applies to all loans that have not begun the foreclosure process. However, loans held by homeowners who have previously applied for bankruptcy or loans that do not involve a borrower's principal residence do not qualify under the Act.
- The law can be applied only once per loan – loans that were previously in default and the homeowner received a grace period may not receive a second grace period on a subsequent default.
- The law will expire two years after being signed by the Governor.

Notifying the homeowner

- Lenders and loan servicers must notify homeowners in writing as soon as their loans are 30 days past due. The notice must inform homeowners that they have 30 days from the date of the notice to seek housing counseling. The homeowner must also be informed of their right to an additional 30-day grace period should they choose to enter housing counseling.
- Lenders and loan servicers are prohibited from initiating foreclosure proceedings on a homeowner before a notice has been issued to the homeowner advising of their rights under the Act; during the initial 30 day grace period while the homeowner considers counseling; and during an additional 30 day grace period if counseling has been sought.
- All lenders and loan servicers in Illinois must abide by this law.

Where to get counseling

- Homeowners can seek assistance from any counseling agency certified by the U.S. Department of Housing and Urban Development (HUD). For a list of HUD-approved housing counseling agencies in Illinois, visit www.HUD.gov

Restrictions:

- This law seeks to provide protection to ALL struggling homeowners. Income limits or credit requirements DO NOT apply.

How to apply:

- Homeowners do not have to apply to receive protection.

NOTE TO HOMEOWNERS

Please be reminded that the 2009 Homeowner Protection Act (SB-2513) does not guarantee that foreclosure will be avoided. The intention of this law is to give struggling homeowners more time to work out a sustainable loan workout plan with their lender and/or loan servicer so as to avoid foreclosure.