

Lifelines for borrowers on brink of foreclosure

By Mary Ellen Podmolik

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The dawning of a new year typically brings with it promises of fresh starts. What 2009 most assuredly will bring is more homeowners at risk of losing their homes to foreclosure.

High unemployment, shrinking home values and an inability to obtain credit are fanning foreclosures, which dipped locally and nationally in November only because of temporary foreclosure moratoriums during the holidays.

Now local and national groups are gearing up for what they fear will be a busy January while they wait to see what assistance an Obama-led administration will offer.

Liz Caton, director of counseling services at the Northwest Side Housing Center, fears that at-risk homeowners were lulled into a false sense of security during the past month. "People have had this grace period," she said. "The issue is what are homeowners doing to get ready for when the moratorium is over."

The goal of the housing industry is to help more homeowners before, or right after, they become delinquent on their payments, and organizations are starting to beef up their outreach efforts to meet that challenge.

On the morning of Jan. 10, a group of local real estate lawyers will offer free legal advice to worried homeowners as part of a foreclosure helpline. Attorneys' Title Guaranty Fund Inc. has offered a general legal assistance hotline in the past but decided it was time to dedicate one morning just to foreclosure issues, given the variety of rescue scams that have surfaced.

Hank Shulruff, ATG's senior vice president, says the hotline will be most helpful for homeowners in the early stages of foreclosure who don't know where to turn for help. In addition to free legal advice, lawyers on the hotline will be able to direct callers to the appropriate housing counseling agencies.

"We're trying to prevent people from falling victim to scams and steer people in the right direction," he said. "To the extent that people are just falling behind on their mortgage, we're trying to give them steps to fix things. There are so many types of rescue scams and loan modification scams out there. They're not all scams but you shouldn't have to pay upfront to get help."

The toll-free number to call Jan. 10 from 9 a.m. to noon is 800-252-0402.

Meanwhile, Caton's group is teaming up with other housing groups and a credit union to sponsor as many as five community outreach events for consumers in 2009. The first is scheduled for Feb. 7 at Truman College, 1145 W. Wilson Ave.

Neighborhood Housing Service, which counseled 3,600 families at risk of foreclosure this year in Chicago and Kane County—twice as many as in 2007—plans to continue offering one-on-one counseling with an expanded team of 22 counselors while also offering workshops four nights a week and on Saturdays.

The workshops were a new addition this year, and they will continue through the end of 2009. Clients are asked to attend a workshop before a counseling session and the organization has found they offer consumers more than information.

“The shame of [foreclosure] is going away when they realize it's not just them,” said Michael Van Zalingen, director of homeownership services at Neighborhood Housing Services. “And when they hear the reasons other get behind, it makes them feel better.”

The agency also is expanding its outreach efforts by training people in the community, like pastors, on where to direct worried homeowners for assistance.

Chicago's housing department, which offered 11 borrower outreach days in 2008, plans to continue the series of events in 2009, and bring them to new neighborhoods in 2009. The programs include workshops, free legal assistance as well as loan workout sessions with counselors and lenders. The most recent one, at North Park Village earlier this month, drew a crowd of more than 350 people.

Wells Fargo Home Mortgage is among the lenders who attend those events, sending teams of loan modification experts—informally dubbed “mod squads”—to work face-to-face with homeowners. Through the first 11 months of 2008, Wells Fargo attended more than 200 events nationally, counseling more than 4,000 customers.

“All the tools are being pulled out of the box to see what we can do to preserve homeownership,” said Ed Delgado, senior vice president at Wells Fargo Home Mortgage. “Early intervention is key.”

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