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Some progress seen amid dismal data on foreclosures

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February 15, 2009

With foreclosures continuing to plague many neighborhoods, even as state and federal state legislators scramble to put aid in place, troubled borrowers can't afford to sit back. They need to be proactive and seek help, much of which is free, says real estate attorney Hank Shulruff.

Last month, Shulruff and nearly a dozen other attorneys from Attorneys' Title Guaranty Fund Inc. and Chicago Volunteer Legal Services and counselors from Neighborhood Housing Services of Chicago Inc. and Chicago Volunteer Legal Services fielded about 700 calls on a free help line that offered bottom-up assistance.

Shulruff, Attorneys' Title Guaranty senior vice president, shared a few of the most common questions posed to the help line, as well as some answers:

*Q*I lost my job due to illness (or cutbacks) and can't afford my mortgage payment. What do I do?

A"My advice to anybody ... is you have to take action," Shulruff said.

While it's a scary process to deal with a job loss, "you need to contact your lender immediately," asking for the loss-mitigation or home-retention department, and try to work out a loan-modification program, if available, he said.

"You might need outside help," he added, citing the Department of Housing and Urban Development, Fannie Mae and neighborhood counseling as resources that can help give troubled borrowers an idea of what they can afford.

"Lenders don't want to foreclose," Shulruff said. "If there is an option to take non-performing assets to performing assets," they want it. In addition, lenders tend to be

"more flexible than they used to be. For instance, extending [terms of a home] loan from 30 to 40 years," he said.

Nonetheless, to get lenders' loss-mitigation counselors to respond, "you've got to be relentless."

*Q*I want to sell my home but do not know how I'll do it if I can't sell it for the amount owed to the lender.

A"Called a short sale, the key is that the lender has to be willing to release the [borrower's] lien on a home for less than what they owe," Shulruff said. "The lender has to be willing to release you from your obligation, even though you haven't completely paid your obligation under the [mortgage] note."

*Q*How do I work with the lender to lower my payments or renegotiate the terms of my loan? If unsuccessful, what should I expect from the foreclosure process?

A"On the modification," Shulruff said, "lenders want to know that if they make a loan modification, that the borrower will not go back into default." The lender "wants to be sure the troubled borrower wants to stay in their home, so they will do credit checks and be sure, for example, that they have not been paying a car loan instead of their home loan. ... You need to convince them."

As for foreclosure proceedings, the time line can vary by county, Shulruff said. In Cook County, it takes 10 to 13 months to get to the sale. In roughly 30 days from that time, the Chancery Division judge will issue an order confirming the sale and give possession to the lender.

If the borrower or homeowner has not left, this is the point when he or she has to get out. If he does not leave, the lender will file for an eviction order. "There are opportunities for borrowers to defend [against] foreclosure actions [at this late point of the process] ... but few are won," he said.

*Q*What do I do if lenders don't return my calls and keep losing my paperwork?

A"It just comes down to being persistent," Shulruff said, adding that it helps to have outside assistance from an attorney or a neighborhood counselor. "Consumers have to make use of all the tools," including Web sites and non-profit community organizations.

He added that on the loan-modification side, a lot of firms are popping up that will help renegotiate a loan, but they generally charge a big upfront fee.

"Many of those services are things consumers can get for free" from federal or neighborhood agencies, Shulruff said. Contact the Homeownership Preservation Foundation (888-995-HOPE) or local groups such as Neighborhood Housing Services of Chicago Inc. (773-329-4104).

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Help for fighting foreclosure

Here are a few resources where troubled homeowners can get information and assistance in staving off foreclosure:

- Department of Housing and Urban Development, chicagotribune.com/illinoisaid

- Homeownership Preservation Foundation, 995hope.org

- Chicago Volunteer Legal Services, cvls.org

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