

Land of Lincoln Legal Assistance Foundation, Inc.

LEGAL HELP FOR HOMEOWNERS

Introduction

Land of Lincoln Legal Assistance Foundation, Inc. (Land of Lincoln) is the sole provider of the full range of civil legal services for low-income persons in a 65 county service area the size of Indiana in central and southern Illinois. Land of Lincoln has five regional offices, three satellite offices and a centralized Legal Advice and Referral Center (LARC). The 2010 census figures indicate there are currently 376,757 people below the federal poverty line (at 100% of poverty), an increase of almost 103,000, or 38%, since the last census. Over 48% of persons in poverty live in six counties (St. Clair, Champaign, Madison, Sangamon, Vermilion and Jackson), with the remaining 52% spread out over 59 counties. Land of Lincoln also serves senior citizens and nursing home residents who are above the poverty line as well as the working poor (up to 200% of poverty).

Description of the Problem

Homeownership is a dream for most Americans. It is also a practical tool for acquiring wealth. According to the U.S. Census, 71% of Americans' wealth is in their homes. This is especially true for low-income Americans. For homeowners who lose their homes, a downward spiral can set in: the foreclosure blights their credit report, which prevents the purchase of another home, the purchase of a car, and even getting a job; the family can become homeless with all of its attendant ills; and the hopes and dreams of the family are dashed. The foreclosures hurt the neighborhoods, too, as homes sit vacant and become a locus for crime and a fire hazard that threatens the safety of other homes, as well as the access of neighbors to hazard insurance.

There is no dispute that this country is experiencing a crisis of epic proportions, as thousands of families are losing their homes through foreclosure. According to a report released by the National Consumer Law Center, we are now approaching only the mid-point of the foreclosure crisis which began in 2008. ("Rebuilding America: How States Can Save Millions of Homes Through Foreclosure Mediation", National Consumer Law Center, February 2012)

Land of Lincoln's service area is home to some of the Metropolitan's Statistical Areas (MSA's) with the highest home foreclosure rates in the country. MSA's in our service area identified as "areas of greatest need" include the Danville MSA in Vermilion County, the Decatur MSA in Macon and adjoining counties, and the Greater St. Louis MSA which includes Land of Lincoln's two most populous counties, St. Clair and Madison, as well as several adjoining rural counties. (Neighborworks America, 2009) Neighborworks identified the areas of greatest need using the number of delinquent loans, the number of loans in foreclosure, and the percent of loans that are subprime. Rural counties in Illinois were also identified in the Neighborworks study as "rural areas of greatest need," meaning that 75% or more of the rural counties in Illinois met the greatest need criteria.

Homeowners are at an extreme disadvantage when trying to save their homes on their own. NCLC found that without effective interventions on behalf of homeowners, servicers will deny millions of modifications and foreclose instead. Once the lender has filed foreclosure, it is very difficult for the homeowner to deal with the lender's loss mitigation department to obtain forbearance or loan modification, while at the same time, a large law firm handling thousands of foreclosures is proceeding through the foreclosure process without knowing what the loss mitigation department is doing. Providing legal assistance to homeowners helps level the playing field. The NCLC study also found that court foreclosure mediation programs can increase the number of sustainable loan modifications.

To address this problem, with Attorney General Foreclosure Settlement funds, Land of Lincoln is proposing to implement a comprehensive Legal Help for Homeowners Program to help distressed homeowners save their homes.

Goals of the Program

The primary goal of Land of Lincoln's program, Legal Help for Homeowners, will be to help distressed homeowners save their homes. When that is not possible, we will work to help them avoid personal deficiencies and to otherwise make a better transition to other housing. We will seek to obtain relief for homeowners from predatory home loans. Another goal of the program will be to promote implementation of foreclosure mediation programs in courts and to improve the foreclosure process for homeowners.

What Will Be Done

Project Description.

With Attorney General Foreclosure Settlement funds, Land of Lincoln will be able to significantly expand services to distressed homeowners. We will provide the following services:

1. Outreach to distressed homeowners and other agencies that serve them;
2. Centralized and specialized telephone hotline for homeowners in all 65 counties;
3. A full range of legal services, from advice to extended representation, to help prevent homeowners from losing their homes, to prevent personal deficiency judgments, and to otherwise help them make better transitions to other housing;
4. Collaboration with the private bar to further expand legal services to distressed homeowners; and
5. Collaboration with courts to implement sustainable, self-supporting mediation projects and other procedures to improve the process for homeowners

Outreach. It is important that homeowners who are having trouble making their mortgage payments know as soon as possible that legal help is available. Land of Lincoln will conduct comprehensive outreach in our service to inform homeowners about our services. We will utilize websites, public service announcements, contacts with other agencies, and the courts in order to widely publicize how homeowners can access legal help. We will work with Illinois Legal Aid Online to make sure that homeowners in our 65 county service area who go to the public

website, www.illinoislegalaid.org, about a foreclosure problem, are referred to our specialized homeowner intake hotline, and that good materials are available, in English and Spanish, for homeowners on the website.

We will also work closely with the housing counseling agencies in central and southern Illinois to educate them about the legal services we can provide to their clients and to increase referrals from those agencies.

Centralized, specialized hotline. Land of Lincoln currently handles most calls from applicants for services using a centralized telephone intake, advice and referral unit called the Legal Advice and Referral Center (LARC). Because of the high volume of calls to LARC, callers can sometimes have to wait in queue or get a message that all attorneys are busy. To ensure that homeowners will be able to promptly reach us about their problem, we will implement a separate toll free number staffed by intake workers who will specialize in handling calls from homeowners. We will widely publicize this number in our outreach efforts and written materials.

The homeownership intake workers will make an initial determination of whether the caller is eligible for the Program, and if so, will set up a follow-up telephone appointment with the appropriate regional office attorney based on the county of residence. If the caller does not qualify, the intake worker will make appropriate referrals to other social service agencies, housing counseling agencies and the private bar.

Legal Representation. Land of Lincoln will provide a full range of legal services to distressed homeowners. We will expand our current foreclosure prevention work to include bankruptcies. In addition to project attorneys handling foreclosure related issues, other Land of Lincoln attorneys can also address access to benefits and cash assistance, divorce and child support, debt elimination and other assistance, any or all of which can help make lasting homeownership affordable.

Our attorneys will do a thorough review of the homeowner's situation – where they are in the foreclosure process and their full financial picture. For all clients in default (or in danger of becoming in default) on their mortgages, we will provide detailed budget counseling and a review of their eligibility for forbearance agreements and for any of the federal mortgage modification programs (whether they are already in foreclosure or not).

We will provide legal advice about the foreclosure process itself, what options the homeowners have (modification, deed in lieu, etc.), and the consequences of their choices. Legal representation prior to foreclosure will seek to prevent foreclosure altogether, remedy servicer abuses, and address fraudulent or predatory origination practices (if not time-barred). These can be complex legal challenges, but ones that often promise dramatic relief and the prospect of continued homeownership.

In other circumstances, our representation will focus on obtaining an affordable loan modification. For clients who may be able to modify their loans to make them more affordable, we will contact lenders and assist with the modification process, which can be confusing and lengthy.

If a foreclosure is filed, we will assist the client to make sure a foreclosure judgment is not taken while the modification process is pending. If there is an indication of fraud or other problems with the loan transaction, we will take further legal action, including affirmative defenses in foreclosure cases. Our attorneys will also represent homeowners in mediation in the counties where programs exist.

In some cases, bankruptcy can protect the homeowner's home from foreclosure. Bankruptcy can stay foreclosure, eliminate unsecured debt and junior liens, and free up more income to save the home. Attorney General Foreclosure Settlement funds will enable us to add an experienced bankruptcy attorney and train several of our experienced homeownership attorneys to handle bankruptcies (Chapter 7 and 13).

Sometimes, we will not be able to save homes from foreclosure. The necessary payments may be too large for the family to practically be able to afford. There may have been a loss of employment, or even a death in the family, such that there is no hope of ever recovering sufficiently to afford the home. If there is no way for the homeowners to keep their homes, we will analyze whether other relief might benefit them. For example, we may be able to help them avoid a deficiency through a deed in lieu of foreclosure, short sale, or bankruptcy. This can be important as some lenders are now selling deficiency judgments as debts to debt buyers, which will affect the client's credit in the future. We may also be able to help them obtain additional time or money to move, thus promoting family safety and stability. They may also need counseling to avoid, or litigation to extricate themselves from, foreclosure rescue scams.

In other homeownership cases, there are often problems with contracts for deed or title or tax issues. We will also enforce buyers' rights in contract for deed cases, including defense of eviction or foreclosure, and assist homeowners to unravel their tax, title or other related problems to enable them to keep their homes. We will also assist tenants in foreclosed multi-family buildings.

Collaboration with the courts. When a court mediation program is well structured, and the homeowners receive necessary legal and counseling support, there can be much better outcomes for homeowners, including increased numbers of workouts and loan modifications. In addition, as NCLC noted, the costs of foreclosures for homeowners, investors, and communities can be staggering. By contrast, mediation programs can function at no cost to state and local governments, by using small surcharges added to court filing or recording fees to cover the programs' operating costs.

The NCLC Report recommended that courts that do not have a foreclosure mediation program should adopt one quickly. The federal loan modification program, HAMP, will expire at the end of 2013. During the next two years, NCLC noted that mediation programs can require servicers to document their compliance with HAMP rules, thus increasing the number of permanent loan modifications. In addition, the U.S. Federal Housing Finance Agency has issued new guidelines encouraging servicers to speed up foreclosures of Fannie Mae and Freddie Mac mortgages. According to NCLC, the guidelines will make it more difficult to stop foreclosure proceedings to review for loss mitigation options once the foreclosure has been filed. Mediation programs will be the only effective alternative to the servicer's dual track of considering loss mitigation while forging ahead to a foreclosure sale.

Land of Lincoln has experience working with the Third Judicial Circuit in Madison and Bond Counties to implement a mediation program. Our program was extensively involved with the local committee created by the Chief Judge to develop the program, and we hosted an Americorps VISTA attorney who provided support to the court for project start-up. Other Chief Judges have also expressed interest in starting mediation programs in central and southern Illinois.

We will collaborate with interested courts, counseling agencies, private attorneys, law schools, and other agencies to help establish high-quality mediation programs in more populous counties where they do not currently exist. Implementation of sustainable court mediation programs presents an opportunity for systemic change that will benefit distressed homeowners for years after the Attorney General Foreclosure funds have been spent.

Where mediation programs are not feasible, Land of Lincoln will work with the courts and clerk's offices to provide information to persons served with foreclosure papers about legal and housing counseling services and about options possibly available to them.

Program Eligibility. To be eligible for the Legal Help for Homeowners Program, a client's household income can be up to 80% of Area Media Income (AMI) (about \$5,000 per month for a family of four). This is considerably higher than Land of Lincoln's usual guidelines, which range from 125% of poverty to 200% for some clients with special expenses. This will enable us to represent many more homeowners than we presently are able to do, including more homeowners who have a realistic possibility of retaining their homes. So that income guidelines are consistent statewide, Land of Lincoln will use the AMI figures for the Chicago MSA. The client must be living in the home or if it is a duplex or multi-family, then in one of the units. In exceptional circumstances, the Executive Director may authorize representation of clients not otherwise eligible.

Staffing. The Program will be staffed by a combination of experienced and new attorneys, with a total of 10.1 FTE attorneys, 2 intake workers, and 4.75 FTE support staff positions. The new Legal Help for Homeowners hotline will be located in the LARC office and will be staffed by the two new intake workers who will be supervised by the Managing Attorney of LARC.

We will hire an experienced bankruptcy attorney (.6 FTE) who will work out of the Administrative office in East St. Louis. This attorney will have a full time support staff person to assist with bankruptcy filings. The bankruptcy attorney will be responsible for the supervision of regional office attorneys handling bankruptcies and will also handle his or her own case load of bankruptcies. During training of new or current attorneys, the attorney may also co-counsel bankruptcies.

Our current Homeownership Task Force coordinator, Clarissa Gaff, will provide programwide supervision, training and back-up on all homeownership issues on a .4 FTE basis. She will also assist with supervision of the foreclosure intake workers. She has over 6 years of experience and has had extensive training on all aspects of loss mitigation and foreclosure defense and affirmative litigation. She also supervised our three year Neighborworks Foreclosure Mitigation Counseling project.

Land of Lincoln has a core of very experienced homeownership attorneys. In March 2008, Land of Lincoln began participating in the National Foreclosure Mitigation Counseling Program, expanding our services to include housing counseling for homeowners in danger of losing their homes, whether they were in foreclosure or not. During that three year grant, our attorneys received extensive training on foreclosure, loss mitigation and the many new federal homeowner assistance programs (such as HAMP). Each of our regional offices will have at least one experienced attorney working in this new Program.

Regional office staffing for the Program will be based on the needs of the service area, including the number of low-income persons, the number of foreclosure filings, and the need for collaboration with the courts to implement mediation programs. Our two offices in the St. Louis metropolitan area, the Western Regional Office (Alton) and the Central Regional office (East St. Louis), serve the counties with the highest number of foreclosure. In addition, Madison County already has a mediation program, and St. Clair County is actively planning to implement one in the next several months. Each of those offices will have two FTE attorneys handling homeownership cases.

Other counties with high rates of foreclosure are Sangamon, Macon, Vermilion, and Champaign. Those counties are served respectively by our Northern Regional office (Springfield) and our Eastern Regional office (Champaign). Each of these offices will have 1.5 to 1.6 FTE attorneys handling homeownership cases. Our Southern Regional office in Carbondale has the lowest rate of foreclosures in its service area, but because it is predominately rural, extensive travel is required. It will have 1.5 FTE attorney.

Project oversight will be provided by the Deputy Director for Programs and Advocacy (on a .2 FTE basis). Day to day supervision of all regional office attorneys and support staff will be provided by each office Managing Attorney (on a .2 FTE basis). The Development Associate will assist with development of materials, outreach, and publicity, including press releases, as well as updating of Land of Lincoln's website (.15 FTE).

Private Bar Involvement. Private attorneys are an integral part of Land of Lincoln's delivery system. We anticipate that private attorneys will be involved in the Legal Help for Homeowners Program in a variety of ways. We will continue to recruit pro bono participants, and will ask them to consider referrals of clients in foreclosures, or in bankruptcies filed to save the home. Private attorneys participated in the committee to form a foreclosure mediation program in one of our judicial circuits and are active in the committee to establish mediation in another circuit.

Judicare attorneys provide much of our extended legal representation to residents of several counties which have courthouses more than a two hour drive from any of our regional offices. These attorneys perform high quality work for our clients for \$67.50/hour and also regularly accept pro bono cases. We propose that a total of \$70,000 over the three year period be utilized for their legal work on foreclosures and bankruptcies aimed at preserving homeownership or avoiding mortgage deficiencies. Land of Lincoln will recruit the attorneys, provide training, and co-counsel cases such as when our specialized knowledge of federal loan modification programs is needed.

Training. Extensive specialized training will be provided to program staff as outlined in the proposed Training Grant submitted by LAF. In addition, Land of Lincoln will provide litigation and ethics training to attorneys, will train attorneys and paralegals from other practice areas in basics of homeownership law so that they can spot issues and refer clients in need of specialized homeownership services, and will provide other local training as needed.

Evaluation, Outcomes and Reporting. We will evaluate this project on an ongoing basis. Using our case management system, we are able to track extensive information about our cases and outcomes. We will look at the overall number of clients served, by type of legal problem and level of service provided. For clients who receive services beyond advice, we track the specific outcome or outcomes based on the individual's legal problem, such as if a client was able to avoid foreclosure through loan modification, a forbearance agreement, or a short sale; whether we were able to resolve the client's tax or title problem; or whether the contract for deed buyer's rights were enforced. The three LSC-funded programs will use a standard list of outcomes which is currently being developed. The Executive Directors of the three LSC programs will confer at least quarterly by conference call to review the progress of implementation of the Program.

The programs will submit a quarterly report to the Attorney General using the attached proposed report forms. Quarterly reports will be submitted thirty days after the end of each quarter (October 30, January 30, April 30, and July 30).

Budget and Project Wrap-up Issues. We have attached budgets for the initial three years of this project. There will undoubtedly be spending variances during each year and may well be carryover funds at the end of a year. For example, intermittent staff vacancies could result in underutilization of the Personnel Costs category. We request authorization to shift funds between budget categories as needed, up to 10% of any underutilized category, and to carryover unused funds from one year to the next. We will request permission from the Attorney General, or designee, to shift more than 10% of funds in any category to a different category.

At the end of the grant period, there will undoubtedly be many pending cases and may be some unspent funds. Many pending clients will have income over the LSC income guidelines. Because we cannot use LSC funds to support work on those cases, we will need to use any remaining Attorney General Foreclosure Settlement funds to complete work on those cases. We are requesting authorization for any unspent funds at the end of the final grant year to be used to complete work on pending cases.

We are further requesting a grant of \$500,000 for a close-out period. Lacking such a grant, we will need to discontinue intake at a much earlier time in the final grant year. The \$500,000 will be utilized exclusively for the expenses of a reduced project staff to complete work on pending cases.

LEGAL HELP FOR HOMEOWNERS QUARTERLY EXPENDITURES AND FINANCIAL STATUS REPORT

Name and Address:

Grant Number: _____

Type of Report:

- Progress
 Final

Project Period (month, day, year):

7/1/2011 6/30/2012
 From To
 Quarterly Report Period (month, day, year):
 7/1/2011 9/30/2011
 From To

Award Status

Award _____
 Cash Received _____
 Balance 0.00

Budget Category	Approved Budget Grant	Expenditures Beginning of Qtr. Grant	Expenditures this Quarter Grant	Unexpended Funds To Date Grant
Personnel		0.00		0.00
Equipment / Maint.		0.00		0.00
Equipment		0.00		0.00
Travel & Training		0.00		0.00
Supplies / Operating Exp.		0.00		0.00
Contractor / Consultants		0.00		0.00
Facilities / Equip. Rental		0.00		0.00
Other		0.00		0.00
TOTAL	0.00	0.00	0.00	0.00

Balance of Foreclosure Funds

Cash Balance Beginning of Quarter	\$	0.00
Receipts During Quarter	\$	0.00
Expenditures During Quarter	\$	0.00
Cash Balance End of Quarter	\$	0.00

CERTIFICATION: I certify that to the best of my knowledge that this report is correct and that all expenditures and unpaid obligations are for the purposes set forth in the grant agreement.

This form must be submitted with the Narrative Quarterly Report. Both forms must be received or postmarked by the 15th of the month following the end of the Quarter.

Quarter Ending:

- Sept. 30 March 31
 Dec. 31 June 30

 Fiscal Officer (signature required)

 Date/Phone number

Land of Lincoln Legal Assistance Foundation, Inc.
 Legal Help for Homeowners Program
 Proposed Expenditures
 July 1, 2012 - June 30, 2015

	Year 1	Year 2	Year 3	Total
I. Personnel Costs				
Attorney Salaries	634,067	695,791	720,531	2,050,389
Intake Worker Salaries	56,900	58,700	60,500	176,100
Support Staff Salaries	128,165	132,440	138,063	398,668
Total Personnel Costs	819,132	886,931	919,094	2,625,157
II. Personnel Benefits				
Attorney Benefits	178,261	200,451	224,981	603,693
Intake Worker Benefits	20,150	21,842	23,684	65,676
Support Benefits	48,751	52,771	57,145	158,667
Total Personnel Benefits	247,162	275,064	305,810	828,036
III. Equipment				
Computer Workstations & Licenses	18,775	-	-	18,775
Telephone Equipment & Programming	25,000	-	-	25,000
Bankruptcy Software & Licenses	7,470	4,620	4,620	16,710
Total Equipment	51,245	4,620	4,620	60,485
IV. Travel & Training				
Local Travel	24,360	24,360	24,360	73,080
Training	15,000	10,000	5,000	30,000
Total Travel	39,360	34,360	29,360	103,080
V. Supplies & Operating Expenses				
Consumables (Supplies & Postage)	15,000	15,000	15,000	45,000
Insurance & Attorney Registration	5,075	5,075	5,075	15,225
Telephone	7,500	7,500	7,500	22,500
Printing & Design for Outreach	25,000	5,000	5,000	35,000
Library	8,600	8,600	8,600	25,800
Litigation	15,000	15,000	15,000	45,000
Total Supplies & Operating Expenses	76,175	56,175	56,175	188,525
VI. Contractors & Consultants				
IT & Case Management Support	17,780	17,780	17,780	53,340
Judicare Attorneys	30,000	20,000	20,000	70,000
Total Contractors & Consultants	47,780	37,780	37,780	123,340

VII. Facilities & Equipment Rental

Space Cost	66,834	68,184	68,184	203,202
Equipment Rental & Maintenance	3,000	3,000	3,000	9,000
Total Facilities & Equipment Rental	<u>69,834</u>	<u>71,184</u>	<u>71,184</u>	<u>212,202</u>

VIII. Other

Administrative Services	150,000	150,000	150,000	450,000
Total Other	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>450,000</u>

TOTAL COSTS	<u>1,500,688</u>	<u>1,516,114</u>	<u>1,574,023</u>	<u>4,590,825</u>
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AMOUNT REQUESTED	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>4,500,000</u>
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As noted in the narrative section, Land of Lincoln is requesting an additional \$500,000 to be utilized after the final year of the project to complete work on pending cases.

Illinois Attorney General
 Legal Help for Homeowners
 Quarterly Report

Program activity for the reporting period between (please place an "X" below):

Jan - Mar _____ Apr - Jun _____ Jul - Sep _____ Oct - Dec _____

GRANT #: _____

AGENCY NAME: _____

CERTIFICATIONS:

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Contact Person Name: _____

Email: _____

Phone Number: _____

PLEASE COMPLETE THE FOLLOWING SECTIONS REGARDING CLIENTS SERVED

Number of New Households this Quarter _____

Demographics of Primary Applicant (new clients this quarter)

Race	Female	Male
White/Caucasian	0	0
Black/African American	0	0
Latino/Hispanic	0	0
Asian/Pacific Islander	0	0
Native American	0	0
Other	0	0
TOTALS	0	0

Limited English Speaking

Spanish	0
Other	0

Age of Primary Household Member

Under 30	0
31 - 45	0
46 - 59	0
60+	0
TOTALS	0

Describe non-case related activities of significance during this quarter.

If, applicable, please include any other attachments of work product (brochures, reports, press clippings, written evaluations, etc.) that are relevant to the grant.