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Foreclosure Talking Points

IAR Communications prepared these talking points to assist you in calls you may receive from reporters, members or consumers regarding today's housing market. For more information visit <http://www.illinoisrealtor.org/Member/Leadership/marketstats.asp>

- “To address the growing foreclosure problem, especially with subprime loans, some state and local governments and nonprofit organizations are offering financial assistance. Ask your REALTOR® or counselor about who to call.” ([“Are You Having Problems Paying Your Mortgage? Learn How to Avoid Foreclosure and Keep Your Home”](#))
- “If you are a homeowner at risk of foreclosure you need to know there are programs and services that can help. It’s important to act quickly and before you are three months delinquent on your mortgage payment.” (www.yourillinoishome.com/financing/preventforeclosure.htm)
- Here are some of the resources listed at www.yourillinoishome.com: U.S. Housing and Urban Development homeowner counseling, 1-800-569-4287, www.hud.gov; Neighborhood Works America Center for Foreclosure Solutions, 1-888-995-HOPE (4673), www.nw.org; Illinois Legal Aid, www.illinoislegalaids.org
- “While the recent rise in foreclosures and delinquencies has dampened consumer confidence in real estate, these problems have been concentrated in the subprime market. For buyers who qualify for conventional financing, mortgages are available at favorable rates.” (NAR, 11/13/07)
- “Be wary of advertisements like ‘Cash for Houses/Any Situation’ or ‘We Buy Houses for Cash.’ Consumer groups have learned that many of these are scams that bait homeowners with the promise of rescuing them from imminent foreclosure. Unfortunately, the ‘rescue’ often involves the borrower signing over the house and the family being evicted from their home.” ([“Are You Having Problems Paying Your Mortgage? Learn How to Avoid Foreclosure and Keep Your Home”](#))
- “If your current lender isn’t willing or able to help, you may be able to refinance your current mortgage with another lender. REALTORS® can help you find responsible lenders that make fair and affordable loans.” ([“Are You Having Problems Paying Your Mortgage? Learn How to Avoid Foreclosure and Keep Your Home”](#))

- “If you are having trouble paying your mortgage for any reason, or expect problems, you should work with experts and your lender to find a solution now. If you’re in trouble, call 888-995-HOPE.” ([“Are You Having Problems Paying Your Mortgage? Learn How to Avoid Foreclosure and Keep Your Home”](#))
- “The U.S. Department of Housing and Urban Development (HUD) funds free or very low cost housing counseling nationwide. Housing counselors can help you understand the law and your options, organize your finances and represent you in negotiations with your lender if you need this assistance. Find a HUD-approved housing counselor near you or call (800) 569-4287 or TTY (800) 877-8339.” (U.S. Department of Housing and Urban Development)
- “A 2007 survey by default counselors in the Chicago area found that a large share (28 percent) of defaults and foreclosures can be attributed to ARM resets. Most (45 percent) result from job loss while 9 percent are due to fraudulent loans.” (*Illinois REALTOR® Magazine*)
- “Most foreclosures are the result of job loss while a larger percentage now are from adjustable rate mortgage resets and a smaller portion to fraudulent loans.” (Survey of Chicago area default counselors, 2007)
- “The new FHA Secure program can help families who have been making their mortgage payments at the starter rate but were unable to keep them up after the loan reset to refinance through the FHA and keep their home.” (www.fha.gov)
- “Foreclosures in Illinois are a 9-month judicial process but after 90 days the lender will turn the delinquent loan over to foreclosure attorneys and then the fees start to mount up.” (Beth Llewellyn, Partnership for HomeOwnership, www.pfho.org)
- “A certified foreclosure intervention counselor can also negotiate with a lender or private mortgage insurance provider to restructure the loan if it can be determined the homeowner has the financial wherewithal to keep the home in the future.” (Beth Llewellyn, Partnership for HomeOwnership, www.pfho.org)
- “REALTORS® have been working with Congress to modernize FHA programs that can help protect many current and future homeowners by offering a secure alternative to subprime loans.” (NAR, 12/10/07)
- The FHA market share for home purchases is expected to further accelerate in 2008 helping first-time buyers enter the market with a safer and lower interest rate mortgage product. (NAR forecast, 11/14/07)
- The National Association of REALTORS has been working for the past nine years to repeal the “phantom tax” law that forces individuals to pay income tax when a portion of their mortgage loan is forgiven after a short sale or as part of a foreclosure. The

REALTOR-supported measure, the Mortgage Forgiveness Debt Relief Act of 2007 was signed into law by President Bush on December 20 and will ensure that any debt forgiven on disposition of a principal residence will not be taxed.

- What should a homeowner do to avoid foreclosure?
 - Do not ignore letters from your lender. If you are having problems making your payments, call or write to your lender's Loss Mitigation Department without delay to explain your situation.
 - Stay in your home for now. You may not qualify for assistance if you abandon the property.
 - Contact a HUD-approved housing counseling agency. (U.S. Department of Housing and Urban Development)

- Options for people facing foreclosure include:
 - FOREBEARANCE. Lenders may let a borrower pay less than the full amount of the mortgage or skip a few payments if there is a reasonable plan to become current on the loan.
 - REINSTATEMENT. A homeowner may be able to make a payment that covers all of the previous late payments usually at the end of the forbearances period.
 - REPAYMENT PLAN. Lenders may allow a borrower who has fallen behind to make additional payments each month until the amount past due is paid.
 - LOAN MODIFICATION. Lenders will sometimes change the terms of a mortgage to help homeowners avoid foreclosure. ([“Are You Having Problems Paying Your Mortgage? Learn How to Avoid Foreclosure and Keep Your Home”](#))