

Chicago Daily Law Bulletin

Volume 155, No. 72

Tuesday, April 14, 2009

Forty-six pages in two sections

Lawyers show interest in mortgage modification work

By Pat Milhizer
Law Bulletin staff writer

If the attendance at a few upcoming events is any indication, real estate lawyers will be busy this year helping homeowners navigate a mortgage modification program recently announced by the Obama administration.

"It's a growth area for attorneys," said Michael van Zalingen, director of home ownership services at Neighborhood Housing Services of Chicago. "It's going to be there for years."

None of the 340 seats are available at two sessions offered by the Attorneys' Title Guaranty Fund on April 22, "Negotiating Loan Modifications." There, attorneys will learn how to identify eligible

applicants, negotiate with lenders and file the applications with the federal government.

And there also isn't any room left for volunteers at a May 2 event in which 60 real estate attorneys will help homeowners start the process of modifying their loans.

"The demand has been tremendous. The phones are ringing off the hook," said Henry L. Shulruff, senior vice president at Attorneys' Title Guaranty Fund.

"This says a lot about lawyers. These are lawyers who are just saying, 'Hey, I want to donate my time to help.' It's a great thing," Shulruff said.

The May 2 "Fix Your Mortgage" program will help borrowers who are having

trouble making mortgage payments. Homeowners may qualify for federal incentives under the "Making Home Affordable" program announced by President Barack Obama in March.

The program is available to owner-occupants who live in a one-to-four-unit property and have an unpaid balance of \$729,750 or less, Shulruff said. The loan must have been issued before Jan 1, 2009, and the borrower must have a payment that is more than 31 percent of his or her gross monthly income.

If lenders agree to reduce the monthly payment, they can receive \$1,500 from the federal government. Borrowers who continue to make the reduced payments can receive up to \$1,000 a year for five

years from the government, and the money has to be used to pay down the mortgage.

"Just last month, Illinois ranked seventh among states with the highest foreclosure rate, and there is a significant demand for loan modification assistance. This program ... will certainly provide assistance for a certain group of troubled borrowers, and we want to harness the strength of the Illinois real estate bar to help those borrowers," Shulruff said.

"People over-extended themselves, and people's circumstances have changed in this economy. This is an attempt to help keep people in their homes," Shulruff said.

Mortgages – page 24

Continued from page 1

The City of Chicago is on track to have 35,000 foreclosures filed this year, a sharp increase from 20,000 last year and 10,000 in 2006, according to van Zalingen.

As the speaker at the April 22 event, van Zalingen will tell lawyers how they can help protect homeowners from mortgage brokers who handled subprime mortgages and are now posing as mortgage negotiators.

"There aren't any subprime mortgages for them to broker, so here's an

opportunity for us to say, 'I'll negotiate with your lender. Just give me one to three thousand dollars up front.' And they either run off with the money, or they do a crummy job," van Zalingen said.

"And we see their victims every day. There is clearly a need for the professionalism of Illinois' attorneys to fix the situation," van Zalingen said.

In addition to ATG, the May 2 event at the Chicago Police and Firefighter Training Academy is sponsored by the city, Neighborhood Housing Services of Chicago and the MacArthur Foundation.

The city estimates that nearly 8,000 Chicago homeowners are eligible for help under Obama's program, and it expects 1,000 will attend the May 2 event.

E-mail: pmilhizer@lbpc.com