

# FORECLOSURE MEDIATION

## Fund 093-031

### BUDGET HIGHLIGHTS

In 2014, pursuant to Illinois Supreme Court Rule 99.1, and with the assistance of the Community Preservation Clinic at the University of Illinois College of Law, the Champaign County Circuit Court established a mandatory residential foreclosure mediation program funded by a grant from the Illinois Attorney General’s Office (Champaign County Circuit Court Administrative Order 2014-1). The sustainability plan submitted by the court as required by Rule 99.1 established a \$75 fee for each complaint filed to foreclose a residential real estate mortgage. The fees are maintained in a separate fund subject to disbursement on order of the Chief Judge of the Sixth Judicial Circuit. This funding is for the exclusive use of mediation program expenses and is used to pay for incidental items (toner, stamps, etc.) until the grant terminates in 2018, at which time all operational expenses will be paid from the fees collected.

To facilitate the administration of the program, mediations were originally scheduled by the Champaign County Law Librarian. When the Law Librarian position became vacant, a Circuit Court clerk assumed the scheduling responsibilities. In anticipation of the grant terminating next year, to alleviate court staff’s workload, and consistent with the purposes for which the mediation fee is collected, the Court entered into a memorandum of understanding with Rommel Alvarez, former program coordinator, to assume scheduling duties for the remainder of 2017 and to assume all program coordination responsibilities in 2018.

The long-term sustainability of this program will need to be addressed as the number of residential real estate foreclosure filings may decrease after the grant period ends.

### FINANCIAL

Fund 093 Dept 031			2016	2017	2017	2018
			Actual	Original	Projected	Budget
341	63	MTGE FORECLSR MEDIATN FEE FEES AND FINES	\$0	\$0	\$16,000	\$16,000
			\$0	\$0	\$16,000	\$16,000
371	80	FROM GENERAL CORP FND 080 INTERFUND REVENUE	\$0	\$0	\$34,410	\$0
			\$0	\$0	\$34,410	\$0
<b>REVENUE TOTALS</b>			<b>\$0</b>	<b>\$0</b>	<b>\$50,410</b>	<b>\$16,000</b>
522	6	POSTAGE, UPS, FED EXPRESS COMMODITIES	\$0	\$0	\$500	\$500
			\$0	\$0	\$500	\$500
533	3	ATTORNEY/LEGAL SERVICES	\$0	\$0	\$0	\$3,500
533	7	PROFESSIONAL SERVICES SERVICES	\$0	\$0	\$6,000	\$12,000
			\$0	\$0	\$6,000	\$15,500
<b>EXPENDITURE TOTALS</b>			<b>\$0</b>	<b>\$0</b>	<b>\$6,500</b>	<b>\$16,000</b>

**FUND BALANCE**

<b>FY2016 Actual</b>	<b>FY2017 Projected</b>	<b>FY2018 Budgeted</b>
\$0	\$43,910	\$43,910

The minimum fund balance goal is equal to one year of revenues.

**ALIGNMENT to STRATEGIC PLAN**

*County Board Goal 1 – Champaign County is committed to being a high performing, open, and transparent local government organization*

- The Foreclosure Mediation Program reduces the number foreclosure cases that must be heard in court.
- The program is self-funded.

*County Board Goal 3 – Champaign County promotes a safe, just, and healthy community*

- The Foreclosure Mediation Program is designed to help keep families in homes and prevent vacant and abandoned houses in Champaign County from negatively affecting property values and destabilizing communities.

**DESCRIPTION**

The foreclosure mediation program is designed to reduce the burden of expenses sustained by lenders, borrowers, and taxpayers as a result of residential mortgage foreclosures. It is also designed to aid the administration of justice by reducing the number of court cases. Furthermore, the program is aimed at keeping families in homes, if possible, and preventing vacant and abandoned houses in Champaign County that negatively affect property values and destabilize neighborhoods.

Once a complaint is filed to foreclose a residential real estate mortgage, the case becomes subject to mediation and the additional \$75 filing fee is collected to defray the costs associated with operating the program. The case is then added to a schedule of conferences during which defendant borrowers and lenders’ representatives engage in the mediation process. No additional action to pursue a foreclosure can occur during the mediation timeline (which begins on the date summons is issued and ends on the date the mediator files a final report). The defendant’s obligation to answer the complaint and the court case are stayed for this period.

**OBJECTIVES**

1. To reduce the burden of expenses sustained by lenders, borrowers, and taxpayers resulting from residential mortgage foreclosures.
2. To aid the administration of justice by reducing the number of court cases.
3. To keep families in homes when possible and prevent vacant houses from negatively affecting property values and destabilizing neighborhoods in Champaign County.

**PERFORMANCE INDICATORS**

<b>Indicator</b>	<b>FY2016 Actual</b>	<b>FY2017 Projected</b>	<b>FY2018 Budgeted</b>
Cases diverted from foreclosure proceedings in court	133	140	150