

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 primary grant funding expired at the end of May 2018. A smaller grant will fund payments to mediators until August 31, 2018.

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. All program expenses except mediator payments are now paid from this fund. After August 31, 2018, mediator payments will also be made from the program fund.

In June 2017 the Court arranged for an independent contractor to assume scheduling duties and then overall program coordination after the end of the grant, when the funding for the coordinator provided by the College of Law clinic terminated. Unfortunately, that arrangement was unsuccessful. Subsequently, it was determined that a temporary part-time employee would be better suited to perform the coordinating duties, and a new program coordinator was hired in April 2018. The coordinator attends the mediation sessions held at the courthouse the second and fourth Tuesdays of each month, schedules all pre-mediation, status, and full mediation conferences, assigns mediators, prepares and submits reports required by the Supreme Court through the Administrative Office of the Illinois Courts, and will arrange for all mediator payments after August 31, 2018.

With the expiration of the grant funding and a new judge having assumed direction of the program, its long-term sustainability remains under consideration. The practicability of creating a new permanent position for a program coordinator, even as part-time, must be evaluated accordingly over the next several months. It may become necessary to request approval from the Administrative Office for an increase in the amount of the filing fee to maintain a fund balance sufficient to continue operations.

FINANCIAL

Fund 093 Dept 031			2017 Actual	2018 Original	2018 Projected	2019 Budget
341	63	MTGE FORECLSR MEDIATN FEE FEES AND FINES	\$13,875 \$13,875	\$16,000 \$16,000	\$16,500 \$16,500	\$16,000 \$16,000
361	10	INVESTMENT INTEREST MISCELLANEOUS	\$199 \$199	\$0 \$0	\$350 \$350	\$0 \$0
371	80	FROM GENERAL CORP FND 080 INTERFUND REVENUE	\$34,410 \$34,410	\$0 \$0	\$0 \$0	\$0 \$0

REVENUE TOTALS			\$48,484	\$16,000	\$16,850	\$16,000
511	5	TEMP. SALARIES & WAGES	\$0	\$0	\$8,500	\$13,400
513	1	SOCIAL SECURITY-EMPLOYER	\$0	\$0	\$650	\$1,025
513	4	WORKERS' COMPENSATION INS	\$0	\$0	\$55	\$90
		PERSONNEL	\$0	\$0	\$9,205	\$14,515
522	6	POSTAGE, UPS, FED EXPRESS	\$290	\$500	\$300	\$300
		COMMODITIES	\$290	\$500	\$300	\$300
533	3	ATTORNEY/LEGAL SERVICES	\$0	\$3,500	\$3,500	\$10,000
533	7	PROFESSIONAL SERVICES	\$2,000	\$12,000	\$0	\$0
534	24	MTGE FORECLSR MEDIATN PRG	\$98	\$0	\$0	\$0
		SERVICES	\$2,098	\$15,500	\$3,500	\$10,000
EXPENDITURE TOTALS			\$2,388	\$16,000	\$13,005	\$24,815

FUND BALANCE

FY2017 Actual	FY2018 Projected	FY2019 Budgeted
\$46,096	\$49,941	\$41,126

The minimum fund balance goal is equal to one year of revenues. The drop in fund balance in FY2019 is the result of drawing on reserves that were retained for the purpose of operating the program in future fiscal years.

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

Indicator	FY2017 Actual	FY2018 Projected	FY2019 Budgeted
Number of new residential mortgage foreclosure filings	228	230	200
Number of cases entering the mediation program	97	89	77
Total expenditures from fees collected	\$2,388	\$14,005	\$26,515