

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 was used to provide payment to mediators through August 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. This cost is borne by plaintiff lenders. Fees are maintained in a separate fund subject to disbursement on order of the Chief Judge of the Sixth Judicial Circuit. All program expenses are paid from this fund.

The program operates under the direction of Judge Bohm. A temporary, part-time program coordinator manages program operations. Prior to the COVID-19 pandemic, the coordinator attended the mediation sessions held at the courthouse the second and fourth Tuesdays of each month, scheduled all pre-mediation, status, and full mediation conferences, assigned mediators, and prepared and submitted reports to the Administrative Office of the Illinois Courts.

When the courthouse closed in March 2020, mediation program operations were suspended. The mediation program is slated to resume operations in the fall of 2020. A rule change will be necessary to allow for remote attendance at mediations. Originally, the rule required in-person attendance.

The pause in activity has resulted in far fewer expenditures from the program fund, which could allow the program to continue longer than previously anticipated. Because of the CARES Act, however, foreclosure litigation – and, consequently, fee revenue – has dropped considerably. It is possible that expenditures for the remainder of FY2020 and into FY2021 will exceed revenue, requiring reliance on the fund balance to sustain program operations. There are no plans to terminate the program while a fund balance remains.

FINANCIAL

Fund 093 Dept 031			2019	2020	2020	2021
			Actual	Original	Projected	Budget
341	63	MTGE FORECLSR MEDIATN FEE	\$15,075	\$19,200	\$7,500	\$15,000
		FEES AND FINES	\$15,075	\$19,200	\$7,500	\$15,000
361	10	INVESTMENT INTEREST	\$706	\$500	\$200	\$200
		MISCELLANEOUS	\$706	\$500	\$200	\$200
REVENUE TOTALS			\$15,781	\$19,700	\$7,700	\$15,200

511	5	TEMP. SALARIES & WAGES	\$10,498	\$13,400	\$13,400	\$11,000
513	1	SOCIAL SECURITY-EMPLOYER	\$803	\$1,025	\$1,025	\$765
513	4	WORKERS' COMPENSATION INS	\$68	\$87	\$87	\$65
513	5	UNEMPLOYMENT INSURANCE	\$198	\$233	\$233	\$180
		PERSONNEL	\$11,567	\$14,745	\$14,745	\$12,010
522	1	STATIONERY & PRINTING	\$38	\$0	\$0	\$0
522	6	POSTAGE, UPS, FED EXPRESS	\$165	\$200	\$50	\$200
		COMMODITIES	\$203	\$200	\$50	\$200
533	3	ATTORNEY/LEGAL SERVICES	\$10,200	\$10,000	\$8,000	\$10,000
533	7	PROFESSIONAL SERVICES	\$790	\$0	\$0	\$0
533	29	COMPUTER/INF TCH SERVICES	\$0	\$500	\$500	\$500
533	33	TELEPHONE SERVICE	\$82	\$150	\$150	\$150
		SERVICES	\$11,072	\$10,650	\$8,650	\$10,650
		EXPENDITURE TOTALS	\$22,842	\$25,595	\$23,445	\$22,860

FUND BALANCE

FY2019 Actual	FY2020 Projected	FY2021 Budgeted
\$39,155	\$23,410	\$15,750

The minimum fund balance goal is equal to one year of revenues. The decrease in fund balance 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 self-funded Foreclosure Mediation Program reduces the number foreclosure cases that must be heard in court.

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 helps to reduce the burden of expenses sustained by lenders, borrowers, and taxpayers resulting from residential mortgage foreclosures. It is 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. The additional filing fee is collected from lenders 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	FY2019 Actual	FY2020 Projected	FY2021 Budgeted
Number of new residential mortgage foreclosure filings	210	100	200
Total expenditures from fees collected	\$22,839	\$16,445	\$19,760