

FORECLOSURE MEDIATION

Fund 093-031

The Champaign County Circuit Court established the Residential Foreclosure Mandatory Mediation Program in 2014 (Champaign County Circuit Court Administrative Order 2014-1). The program was funded originally by a grant from the Illinois Attorney General’s Office but became fully self-funded in 2018. A fee of \$75 is collected from plaintiffs for each foreclosure complaint filed. Fees are held 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.

BUDGET HIGHLIGHTS

When the courthouse closed temporarily in March 2020 as a result of the COVID-19 pandemic, mediation program operations were suspended. Mediations resumed in the fall. The pause in mediation activity resulted in fewer expenditures from the program fund during this period.

At the same time, foreclosure filings – and, consequently, program fee revenues – dropped considerably as a result of federal laws, state orders, and assistance programs that provided protection for homeowners facing foreclosures on their mortgages. Initial protections under the Coronavirus Aid, Relief, and Economic Security (CARES) Act have expired, but foreclosure moratoria for federally guaranteed mortgage loans have been extended through July 31, 2021.

As expected, program expenditures in FY2020 exceeded revenues. The same pattern is expected in FY2021 and FY2022. The fund balance was expected to sustain program operations through 2022, but not beyond early 2023. Therefore, the Circuit Court requested approval from the Administrative Office of the Illinois Courts to increase the filing fee from \$75 per case to \$100 per case beginning January 1, 2022. The request was approved.

FINANCIAL

Fund 093 Dept 031			2020	2021	2021	2022
			Actual	Original	Projected	Budget
341	63	MTGE FORECLSR MEDIATN FEE	\$5,850	\$15,000	\$8,400	\$26,600
		FEES AND FINES	\$5,850	\$15,000	\$8,400	\$26,600
361	10	INVESTMENT INTEREST	\$119	\$200	\$15	\$100
		MISCELLANEOUS	\$119	\$200	\$15	\$100
REVENUE TOTALS			\$5,969	\$15,200	\$8,415	\$26,700
511	5	TEMP. SALARIES & WAGES	\$5,161	\$11,000	\$11,000	\$14,000
513	1	SOCIAL SECURITY-EMPLOYER	\$395	\$765	\$790	\$1,071
513	4	WORKERS' COMPENSATION INS	\$33	\$65	\$58	\$77
513	5	UNEMPLOYMENT INSURANCE	\$94	\$180	\$98	\$233
		PERSONNEL	\$5,683	\$12,010	\$11,946	\$15,381
522	6	POSTAGE, UPS, FED EXPRESS	\$0	\$200	\$100	\$200

		COMMODITIES	\$0	\$200	\$100	\$200
533	3	ATTORNEY/LEGAL SERVICES	\$3,800	\$10,000	\$3,200	\$17,733
533	29	COMPUTER/INF TCH SERVICES	\$590	\$500	\$590	\$990
533	33	TELEPHONE SERVICE	\$0	\$150	\$0	\$0
		SERVICES	\$4,390	\$10,650	\$3,790	\$18,723
		EXPENDITURE TOTALS	\$10,073	\$22,860	\$15,836	\$34,304

FUND BALANCE

FY2020 Actual	FY2021 Projected	FY2022 Budgeted
\$34,971	\$27,550	\$19,946

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 or exit gracefully 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, or allowing graceful exit alternatives when remaining in the home is not possible. Program success helps maintain stable neighborhoods by preventing decreased property values and reducing the number of vacant and abandoned houses in Champaign County.

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 plaintiff servicers’ 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.

A part-time program coordinator manages day-to-day program operations. Most borrowers qualify for free legal representation from Land of Lincoln Legal Aid. Housing counselors are available via remote access

for borrowers who do not qualify for legal aid representation. Trained mediators facilitate conferences between the parties.

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	FY2020 Actual	FY2021 Projected	FY2022 Budgeted
Number of new residential mortgage foreclosure filings	78	100	266
Total expenditures from fees collected	\$10,070	\$15,836	\$29,871