LAF & Housing Counselors

Daniel P. Lindsey
312.347.8365
dlindsey@lafchicago.org
Outline

- How does LAF work with Housing Counselors?
- What kind of cases should you refer to LAF?
- How do you make referrals to LAF?
How does LAF work with Housing Counselors?

* Takes referrals of legal cases
* Makes referrals of non-legal cases, typically so that the HC can submit loan mod application
* Works together
  * LAF represents client legally while HC submits loan mod app
    * Where there is no mediation
    * Where there is mediation
  * LAF represents client legally while HC submits loan mod app, and LAF assists HC in submitting loan mod app as needed
  * HC helps LAF by providing affidavit documenting efforts to get a loan mod approved
* Trainings
* Ad hoc questions of a legal nature
What types of cases should you refer to LAF?

- Bogus loan mod denials
- No response at all
- Dual-tracking
- Heirs & surviving spouses
- Reverse mortgage foreclosures
- Force-placed insurance
- Fraud
- Anyone in foreclosure, to whom we can at least give good advice
- Bankruptcy
Bogus loan mod denials

- No written denial
- Written denial w/no reason stated
- Written denial w/vague reason stated, e.g.: “We are unable to offer you a home loan mod because we are unable to create an affordable payment equal to 31% of your reported monthly gross income without changing the term of the loan beyond program requirements.”
- Claim that “the investor isn’t participating in HAMP”
- Refusal to provide NPV inputs
No response at all

’Nuf said.
Despite a pending loan mod app,

- Foreclosure case is filed; or
- Plaintiff moves for judgment; or
- Plaintiff schedules or conducts judicial sale
Heirs & surviving spouses

* We can sometimes achieve goal w/Affidavit of Heirship or Affidavit of Joint Tenancy
* And/or draft quit claim deeds
* If probate necessary, we may be able to do the probate case or find private attorney to do so (possibly pro bono)
Reverse mortgage foreclosures

- Failure to pay taxes and/or insurance
- Failure to fill out residency certification
- Death of signing spouse, where surviving spouse did not sign the reverse mortgage
Force-placed insurance

- Client charged for FPI even though she maintained insurance
- FPI charges not deducted after client shows proof of insurance (or reinstates and shows POI)
- Not given enough time to repay (usually 12 months)
- Lack of new required notices
- New rule: if there is an escrow fund, lender must advance funds to pay existing insurance instead of FPI
Fraud

- Mortgage loan fraud
- Title fraud
- Home improvement fraud
- Loan servicing fraud
- Any kind of fraud
Anyone in foreclosure

- We will talk to anyone in foreclosure
- We will review their case for possible claims and defenses if they have the income to afford the home (via a loan mod, or via a Chapter 13 bankruptcy)
- At the very least, we will give them good advice and appropriate referrals
Bankruptcy Options: c. 7 v. c. 13

- Chapter 7  =>  liquidation
- Chapter 13  =>  reorganization
Chapter 7

* Net assets paid to creditors
* Remaining debt is discharged
* Exceptions
  * Secured debt (e.g., mortgage debt)
  * Priority debt (e.g., child support, taxes owed for past 3 years)
  * Other statutory exceptions (e.g., student loans, rent arrears, parking tickets)
Chapter 13

- Debtor proposes a plan
- Makes plan payments for 3-5 years
- Plan payments = income – expenses
- All secured and priority debts paid at 100%
- Other (unsecured) debts paid at small %
- Remaining (unsecured) debt is discharged
- Statutory exceptions: e.g., student loans
How do you make referrals to LAF?

- Basic client eligibility requirements
  - Lives or being sued in Cook County, Illinois
  - Household income no more than 80% AMI
- What to do
  - Have client call our intake number, 312-341-1070 (call early, b/t 8 and 9:30 a.m.)
  - If client can’t get through, e-mail me
Clients can apply for assistance from LAF on-line, via Illinois Legal Aid On-line (ILAO), at: [http://www.illinoislegalaid.org/](http://www.illinoislegalaid.org/)

The HC can help the client apply if necessary.

Clients can apply anytime, 24/7, and that they can choose 3-hour time slots during which to be called back. They actually can choose 9-12 and 1-4 for each of the next 5 weekdays after application. We usually call homeowners back right away.

With online intakes, we call back 3 times during the designated times and send a no-contact letter after the 3rd failed attempt.
Questions?