A way to get ‘everyone talking’

Law schools to use $2.3M in grants to bolster several foreclosure mediation programs

BY JENN BALLARD
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In Illinois, the foreclosure process usually takes 15 months to two years to complete. But with mediation, it can wrap up much faster, said University of Illinois College of Law assistant clinical professor Stacey L. Tutt, director of the Community Preservation Clinic.

“The sooner borrowers and lenders come together, the more options there will be on the table,” she said. “Mediation really gets everyone talking.”

Such foreclosure mediation efforts will be created and expanded through a total of $2.3 million in grants awarded this month to law schools at the University of Illinois and Northern Illinois University.

The money is part of $5 million in awards announced by Illinois Attorney General Lisa M. Madigan for the two schools and two nonprofits.

The awards stem from Illinois’ share of a $25 billion settlement the U.S. Department of Justice and 49 state attorneys general reached last year with five banks over allegations of fraudulent foreclosure practices.

The programs, Madigan said, aim to connect homeowners in crisis with the legal assistance they need in order to potentially keep their houses.

“Because mediation has been proven to give homeowners a greater chance to save their homes,” Madigan said in a statement, “these grant funds will help both families and communities that have been devastated by the foreclosure crisis.”

The University of Illinois law school’s Community Preservation Clinic, where law students evaluate loan documents and assess options for individuals facing foreclosure, received a $794,000 grant to further develop its mediation foreclosure services.

The money will allow the clinic to help Kankakee, Vermilion, Macon and Sangamon counties develop and launch foreclosure mediation programs.

Similarly, a $403,000 grant the clinic received from Madigan’s office in February helped provide foreclosure legal assistance in McLean and Champaign counties.

The clinic won’t provide direct services to counties, but it will help them build and design the programs by drafting rules, forms and “helping bring any resources necessary to each program to make it successful,” Tutt said.

The faculty members and students associated with the program will assess the needs and resources within each circuit and work with judges, court clerks, housing counseling agencies, legal aid organizations, bar associations and other stakeholders to develop and launch the mediation programs.

Tutt said each county will establish its own guidelines for whom will be eligible to use the clinic.

“Most of the mediation programs that are out there are focused upon individuals in residential foreclosures,” she said. “But each county gets to set up a mediation program that works best for their county based upon the need and the resources within that community.”

Individual programs, she said, will open after each group creates its rules and has them approved by the Illinois Supreme Court.

“We will help train the mediators as well as train people on the new process,” she said. “And we will provide mediation coordination services to help the courts deal with the influx of cases and navigate through the mediation process.”

Tutt said the programs are designed to make the foreclosure process more effective, efficient, collaborative and humane.

“In some circumstances, people want to remain in their homes and the mediation program will help them get loan workouts,” Tutt said.

“In other circumstances, they’ve decided it is best to leave the home and are looking for a graceful exit. Mediation helps bring the parties to the table faster and makes sure documents are being exchanged in a timely fashion.”

The grant will also help expand empirical research conducted by University of Illinois professors Dov Cohen, Robert M. Lawless and Jennifer K. Robbennolt.

Their work will assess the effects of existing mediation programs and investigate how the attitudes and backgrounds of participants may impact the process.

“These research tools hold the promise not just for direct improvements in mediation,” Lawless said. “They also offer opportunities for innovative interventions that may make the foreclosure process more mutually beneficial for both lenders and borrowers.”

The Northern Illinois University College of Law and nonprofit Resolution Systems Institute, meanwhile, jointly received $1.5 million to develop a mediation program.

Anita Ortiz Maddali, director of clinics and an assistant professor at NIU’s law school, said they plan to hire a visiting faculty member this summer to run the clinic, which will open this fall.

The professor will supervise about three to five law students each semester who will help Kane County residents through the foreclosure process.

“We will provide support for individuals in Kane County throughout the process of the mediations, educating them about their rights,” she said.

RSI will help circuits in northern Illinois create mediation programs and determine the rules and guidelines for them.

“There are so many people who need assistance and we will be able to provide extra hands to help out,” Maddali said.

“A lot of our students are interested in doing foreclosure work, so this is an exciting and new opportunity for them. After they graduate, there will still be significant needs, so having that experience during law school will allow them to leverage those skills when they’re seeking employment.”