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Tenants in Foreclosure Intervention Project 2010 Report

Banks Avoid Foreclosure Laws, Uproot Renters:
A Call for Enforcement of Tenant Protections

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Executive Summary

The Lawyers' Committee for Better Housing's 2009 Foreclosure Report alerted tenant advocates to the disproportionate impact of foreclosure on renters and predicted that, particularly in urban areas with large rental populations, the impact of foreclosure on tenants has the potential to destabilize entire communities. The 2010 Report revisits these predictions and finds that Chicago's low to moderate income Community Areas, particularly African American and Hispanic/Latino communities, are at great risk of destabilization due to the number and percentage of rental units either in foreclosure, or bank or investor-owned.

In addition to reviewing Apartment Building foreclosures and units impacted, the 2010 LCBH Report identifies Community Areas most acutely impacted by foreclosure. LCBH also examines the widespread violations of tenants' rights that have come to LCBH's attention through direct work with Chicago tenants. Although there exist comprehensive city, state, and federal laws protecting tenants in foreclosure, LCBH has repeatedly been alerted to the calculated actions employed by "successors in interest", typically banks and their agents, to avoid compliance with these laws.

Successors in interest, including banks, routinely attempt to remove tenants through "constructive eviction." In the Report, LCBH defines "constructive evictions" more broadly than the legal definition to include not only occurrences when a successor landlord denies a tenant the right of possession of their unit through illegal lockouts, board-ups, and lack of utility maintenance, but also instances where a successor landlord, through misleading, harassing or threatening communications, causes the tenant to prematurely vacate his or her apartment. Lenders, and their agents and attorneys, instead of acknowledging the relevant laws designed to protect tenants, willfully ignore these laws and instead have institutionalized in their practices the wholesale violation of tenants' rights in order to vacate tenants from foreclosed buildings.

Findings

- In 2010, 5,904 Apartment Buildings went into foreclosure within the City; these properties contain approximately 17,467 units;
- On average, 123 Apartment Buildings went into foreclosure per week in 2010;
- Throughout 2009 and 2010, 12,334 Chicago Apartment Buildings went into foreclosure affecting approximately 37,726 units; the number of units in foreclosure over the past two years is greater than all housing units in Austin, one of the largest Community Areas in Chicago;
- The same Community Areas most impacted by foreclosure in 2009 were again inundated with high rates of Apartment Building foreclosure filings in 2010. This compounded burden is expected to encumber the community resources of these areas, leading to a loss of available rental housing and to further disinvestment;

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- The Community Areas with at least 10% of their available rental units impacted by foreclosure from January of 2009 through December of 2010 are almost entirely situated on the south and west sides of Chicago, forming a virtual "foreclosure belt" across the City;
- Community Areas that are predominantly African American and Hispanic/Latino face greater risks to rental housing stability: 16 of the 25 Community Areas with the greatest risk to rental housing stability are composed of populations that are less than 5% Caucasian.

About LCBH

For over 30 years, Lawyers' Committee for Better Housing (LCBH) has served Chicago as a non-profit public interest law firm specializing in housing law and policy. Founded in 1980 by a small group of lawyers concerned about deteriorating apartment buildings and housing abandonment in the Rogers Park neighborhood, LCBH now serves all of Chicago. LCBH currently has five legal programs and supportive services that focus on serving tenants in the private rental market where over 70% of Chicago's low-income families reside. Throughout its history, LCBH has advocated on behalf of tenants and has made significant contributions to tenants' rights and affordable housing initiatives through research, studies, and policy reports to effect change in public policy and local and state law.

The Tenants in Foreclosure Intervention Project (TFIP) addresses the problem of foreclosure as it affects tenants, who are unrecognized and underserved victims in the current economic and foreclosure crisis. TFIP provides tenants with legal representation, informs tenants of their rights and responsibilities during foreclosure, and aids in the search for new housing when necessary. TFIP also provides community organizations and tenant advocates with training on the foreclosure process and tenants' rights during foreclosure, along with an early warning system designed to identify, map, and share key pieces of information about recently filed foreclosures on multi-unit buildings. TFIP is the only program in the Chicago area that focuses solely on the issues facing tenants in foreclosure.

Awareness of foreclosure's impact on tenants and communities is vital if progress is to be made in the areas of affordable housing and community revitalization. The Lawyers' Committee for Better Housing works tirelessly to disseminate foreclosure information in order to bring about a change in public perception and action on the part of policy makers.

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—CASE VIGNETTES—

Verna:

Verna lives in a 4-unit apartment building in South Lawndale with her daughter and three young grandchildren, including two toddlers. A bank took title to the building at a foreclosure sale, and on October 1, 2010 the sale was approved and confirmed by a foreclosure court. Verna's landlord neglected to inform her of the impending foreclosure, as required under Chicago law and she did not receive notice from the bank regarding the change in ownership upon completion of the foreclosure as required under Illinois law. Due to this lack of notification, Verna continued to pay the former owner rent even after he had lost the building and the right to collect rent. Further, she did not know whom to contact from the bank (now legally the new landlord) when she began to experience severe problems with her unit.

Verna heard rumors that the building was in foreclosure from her neighbors, and in early October she investigated the foreclosure action and decided to contact the bank's attorneys to inquire about the foreclosure case and the impact this would have on her lease. Staff at the attorney's office informed her that her landlord had lost the building and that all tenants had to move by the end of the month, or they would be evicted. Moving an entire household in such a short timeframe with no prior notice is simply not feasible, and because of the protections offered by state and federal law, it is also not necessary.

At the time Verna learned of the foreclosure and change in ownership she was current on her rent and had a lease valid through July of 2011. Pursuant to federal law, the terms of Verna's lease survive the foreclosure. In an effort to maintain her tenancy, Verna provided her lease to the bank's attorneys. However, the bank has never contacted Verna to discuss her right to live out the lease term, and only through the advocacy of LCBH did the bank cease its threats to evict Verna.

Not long after the bank took ownership of the building, the furnace stopped working, even though Verna paid for her own heat and cooking gas and was current on these payments. Thereafter, from October 2010 to February 2011, Verna and her family had to use the oven to generate heat— a dangerous practice that put the safety of her young grandchildren in jeopardy. Because Verna was not provided with any information regarding new building management, she again contacted the bank's attorneys, who told her that the bank was not responsible for the building's condition. However, banks are "successor landlords" under Chicago law and as owners and landlords, have a duty to maintain buildings in compliance with building codes.

For months Verna demanded that her heat be restored and also contacted the City of Chicago's 311 City Services. Only after the City filed a complaint against the bank was the furnace repaired. Despite that small victory, Verna does not wish to remain in the building due to the lack of management and significant maintenance issues. Verna now plans on leaving Chicago altogether, in no small part due to the stress her family endured while living through the winter without adequate heat, and the toll this has taken on her health.

The bank offered Verna a "cash for keys" deal. Such offers generally require tenants to waive any and all claims they may have against the bank. LCBH has recommended that Verna not sign a general waiver because of her current health issues, including asthma problems, which have been exacerbated by the bank's failure to maintain the building.

Doug:

Doug lives in a 2-flat in Woodlawn that, after foreclosure, was sold to a private real estate holding company. Doug's building had been in foreclosure since February of 2009, but Doug never received notice from his former landlord as required under Chicago law. Ten days before losing the building in foreclosure, his landlord offered Doug a new lease that extended his tenancy to May of 2011 and required the payment of an additional $2,000.00 security deposit. Doug did not learn of the foreclosure until June of 2010 when he began seeing notices from different entities posted on the building.

Doug first saw a posted notice to "occupants" that management had changed and providing contact information for a real estate agent based out of California. When Doug called the number provided, the agent said he was not handling Doug's building. Later that month, Doug received notice from a law firm stating that Doug had to move within 90 days or an eviction action would be filed against him. This notice was sent pursuant to Illinois and federal law, which provide that tenants in foreclosure should receive a minimum of 90 days notice before they have to move. However, the notice Doug received failed to acknowledge that under federal law, tenants with valid leases are entitled to live out their lease term. Because Doug had a valid lease through May 1, 2011, he faxed his lease to the law firm in the hopes that efforts to evict him would cease.

Starting in September of 2010, multiple individuals claiming to have ownership of the building or a right to collect rent began harassing Doug for rent payments. One property management company was particularly aggressive in its demands for rent, and also insisted that Doug pay more rent than was required under his lease. Doug had dutifully been saving his rent since his landlord lost possession of the building but was wary of paying rent without proof of ownership, for fear of being caught up in a scam. Therefore, Doug demanded that representatives from this management company provide him with verification of their ownership or management of his building before he would begin to pay them rent.

The management company refused to provide Doug with documentation proving that they were agents hired by the titleholder of record, and instead filed an eviction action against him in November. In December of 2010, Doug encountered an intruder in his apartment, who informed Doug that he was sent by the property management company. When Doug demanded more information, the intruder fled the apartment. Doug assessed his apartment and found that some valuable possessions were missing. Although he filed a police report, the intruder was never identified.

Through the legal intervention of LCBH the management company has since been verified and has agreed that Doug may remain in his apartment for the duration of his lease. Doug has decided to move, and LCBH was able to get his back rent waived in lieu of the extra security deposit he had given his former landlord.

Kay:

Kay (not her real name) lived in a 3-flat in East Garfield Park that went into foreclosure. Kay never received notice from her landlord at the beginning of the foreclosure as required under the Chicago law and she also never received notice from the bank at the end of the foreclosure about the change in ownership as required under Illinois law. Instead, Kay learned of the foreclosure after an agent for a national real estate asset management company approached her with a cash-for-keys deal and informed her that all tenants had to be out of the building in one month. At that time, Kay had a lease which was valid for another 6 months and she had a $1,900.00 security deposit with her former landlord.

Kay was not aware of her lawful right to remain on the property through the remainder of her lease pursuant to federal law, nor was she aware of the new owner's— in this case the bank's— obligation to return her security deposit pursuant to Chicago law. Further, not only did the agent refuse to acknowledge any of Kay's rights as a lawful tenant in foreclosure, he misinformed Kay by stating that she had to leave within 30 days or that she would be forcibly evicted. Because Kay believed that she had to move, a cash-for-keys deal sounded appealing.

On August 27, 2010, Kay signed an "Occupant Move-Out Agreement and Release" form stating that if Kay moved on or before October 1, 2010 she would receive $2,450.00 in relocation assistance. As is typical in these agreements, Kay waived her right to live out her lease, and released the bank and its agents from any and all liability, including the return of the security deposit. Kay waived these rights unknowingly, because she did not understand her right to continue her tenancy. As is also typical in these agreements, the agent does not pay the tenant until after the move, and if the tenant is unable to move in time, or if the real estate agent determines that the tenant has otherwise not complied with the agreement, the tenant receives no money.

Kay cleaned and completely moved out of her unit prior to the move out date, but when she returned her keys, the agent informed her that the bank would not approve the agreement because Kay had taken her refrigerator and stove with her from the apartment. Kay explained that these were her appliances that she purchased prior to moving into the unit, but the agent still refused to pay her the agreed-upon relocation assistance. LCBH contacted the local agent's office on behalf of Kay advising the asset management company that Kay and all other tenants in the building rented apartments without a refrigerator and stove, and that Kay could prove that she brought her own appliances into the apartment. The agent's office still took the position that appliances are "fixtures" under the Move Out Agreement, even if they once belonged to the tenant, and refused to honor the agreement.

Without information on her tenancy rights, Kay was forced to make a hurried decision, and in the end never received the relocation assistance she was in need of. LCBH is considering litigation against the real estate assets management company and its local agent on behalf of Kay and others who were coerced out of their tenancies and not paid their relocation assistance by this agent.

These stories are just a few of the countless others that occur daily and yet receive no attention. It is imperative that the laws protecting tenants in foreclosure are enforced in order to prevent future violations of tenants' rights.

Spaulding Building: Success Story

In the Albany Park neighborhood on the northwest side of Chicago, seven families of renters have been living in a foreclosed building for over three years in a fight to save the place they have called home for up to 20 years. The Spaulding Building, as it has come to be known (after the street it is located on), has become a model for success in preventing the harmful impact the foreclosure crisis has on renters. In May of 2008 the tenants became aware that the owner of their building had falsely presented the units as newly rehabbed condos, secured almost $2 million in mortgages from 7 different banks, and fled the country. The tenants were then left at the mercy of multiple lenders as the units were foreclosed on, one by one.

Three years later, all of the tenants are still paying rent in their apartments and are in the process of finding a new owner to keep the building as long-term affordable housing in a neighborhood which desperately needs rental housing. The success of this story came about through LCBH's collaboration with the Albany Park Neighborhood Council (APNC), a grassroots community organization on the northwest side of Chicago. Through the efforts of APNC, the tenants had developed an organizing strategy in order to stay in their homes.

Through LCBH's legal representation of the tenants, a building court judge ruled that the building should not be vacated, as tenants were innocent victims of the landlord's fraudulent activities. However, in August of 2008, sheriff deputies came to the building, threatening to evict one of the families from their home due to a judgment in foreclosure court. The family tried to explain that they should not be evicted since the foreclosure judge's ruling was directed at the building's owner and not tenants. Even after providing this explanation they were told that they would have to leave the apartment when the sheriff returned the following week.

Following the incident, the tenants of the Spaulding Building and APNC organized an action on Cook County Sheriff Tom Dart, calling on his office to hold off on executing any eviction orders on the building because tenants had nothing to do with the foreclosure cases. As a result of this action Sheriff Dart placed a moratorium on all evictions of renters living in foreclosed properties in Cook County until, with the consultation of LCBH, APNC, and other tenant advocacy groups, procedures were put in place to insure that innocent tenants living in foreclosed properties were not evicted illegally and without proper notice.

This victory had national implications, as cities and counties across the country have looked at enacting similar policies. Additionally, APNC along with other tenant groups and community-based organizations successfully worked with the City of Chicago to support changes to the law allowing the city to de-convert failed or distressed condominiums, such as the Spaulding Building, back to rental properties.

LCBH, APNC, the Community Investment Corporation (which was appointed receiver of the building and has ensured that the building was well-maintained throughout the foreclosure process), and the City of Chicago's Troubled Buildings Initiative are working together to preserve all of the units until the building can be sold to a new owner who will maintain the building as affordable rental housing. APNC's organizing, in particular, created public attention for this cause, which helped solidify this project's success, in that the banks acted more responsibly in maintaining the preexisting tenancies. It is anticipated that by the fall of 2011, the building will be fully de-converted into rental apartments, and the building will be advertised for sale to a qualified developer that agrees to keep rents at a fixed affordable rate.

The Spaulding Building demonstrates that when tenants' rights are supported by tenant advocates and policy makers, and honored by receivers and banks, and where appropriate resources are made available, tenants can successfully stay in their homes for many years to come following an apartment building foreclosure.

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I. INTRODUCTION

The Lawyers' Committee for Better Housing's (LCBH) Tenants in Foreclosure Intervention Project (TFIP) has monitored and reported on Apartment Building[1] foreclosure filings in Chicago over the past two years[2]. **Through its research, LCBH has found that more rental units than owner-occupied units in Chicago are impacted by foreclosure filings. Furthermore, Chicago's low to moderate income Community Areas[3], particularly African American and Hispanic/Latino communities, are at great risk of destabilization due to the number and percentage of rental units either in foreclosure, or bank or investor owned.** Not only are Chicago's African American and Hispanic/Latino communities losing significant numbers of rental units through building disinvestment and abandonment due to foreclosure, but tenants in these neighborhoods are commonly confronted with illegal activities perpetrated by successor landlords (often banks) and their agents. Such illegal acts— including the refusal to honor lease terms, failure to maintain essential building services, and threatening tenants with removal by force— are widespread, and violate tenant protections under federal, state, and municipal laws.

In April of last year, LCBH released its 2009 TFIP Report, *Chicago Apartment Building Foreclosures: Impact on Tenants*[4]. This year's TFIP Report analyzes the data gathered in 2010 on Apartment Building foreclosures and compares it to that of 2009. The 2010 Report also examines data from 2010 judicial sales in an attempt to follow rental building foreclosure filings to their end result. Also, by reviewing foreclosure rates in conjunction with sale results, LCBH has identified Community Areas with the highest risk to rental housing stability. Finally, issues related to violations of tenants' rights, which are difficult to quantify but have come to LCBH's attention through TFIP's work with renters, are addressed in the Case Vignettes (above) and LCBH's Recommendations (Section VIII).

The Case Vignettes and the Sample Illegal Notices (Appendix A) provide examples that typify prevalent violations of tenants' rights as experienced by TFIP clients and demonstrate the need for the immediate enforcement of tenant protections. LCBH's Recommendations then provide tenants, tenant advocates, and policymakers with suggestions and tools for addressing tenants' rights violations that have proliferated through the foreclosure crisis. LCBH is also making available for use its "Tenants in Foreclosure Intervention Project" brochure (Appendix C), created through the generous support of The Chicago Community Trust. The brochure clearly and succinctly states the rights and responsibilities of tenants living in foreclosed properties in Chicago and Cook County.

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[1] As explained in the Methodology (Section II, below), TFIP collects data on apartment buildings and mixed commercial residential properties in order to identify rental buildings in foreclosure, referred to in this Report as Apartment Buildings.
[2] The annual TFIP Reports are an outgrowth of the weekly neighborhood reports that LCBH developed in response to the foreclosure crisis and continues to distribute to community-based organizations in order to alert tenant advocates of recent rental building foreclosure filings in their communities.
[3] Chicago's Community Areas are 77 designated areas of the City with fixed boundaries. A map of the Chicago Community Areas is available at: http://www.cityofchicago.org/content/dam/city/depts/doit/general/GIS/Chicago_Maps/Community_Areas/Community_Areas_W_Numbers.pdf.
[4] Review LCBH's 2009 report in its entirety at www.lcbh.org.

II. METHODOLOGY

TFIP attempts to select, from all foreclosure filings in Chicago, the subset of buildings that contain rental units. TFIP acquires data from a third-party data provider, Record Information Services (RIS)[5], which collects information on all foreclosures and foreclosure-related sales in Cook County. TFIP reviews the RIS data for "newly-filed foreclosures" that are coded as either *apartment building* or *commercial property* and located in the City of Chicago. The "commercial" category includes a variety of property types— ranging from larger apartment buildings to stores and gas stations. TFIP then searches each selected property by its Property Index Number (PIN) in the Chicago's Community Information Technology & Neighborhood Early Warning System (CityNews)[6] website, and where information is not available there, checks the PIN on the Cook County Assessor's website[7], in order to add the number of units for each building and the Community Area to TFIP's database.

TFIP identifies mismatches in the data provided by RIS and the public records and makes corrections or clarifying notes as appropriate. In addition, TFIP removes from the dataset any commercial properties or apartment buildings that are listed in CityNews or the Cook County Assessor's website as having zero units or otherwise designated as non-residential[8]. TFIP has also removed all duplicate filings for the same address both within a single year's filings, and across the aggregate 2009–2010 totals, since some filings in 2009 were likely dismissed and re-filed in 2010. Further, TFIP does not collect any information on condominium or single-family home foreclosures, a portion of which are rentals.

The remaining apartment buildings and commercial properties from TFIP's database are referred to in this Report as "Apartment Buildings." In an attempt to track outcomes for 2009 Apartment Building foreclosure filings, TFIP cross-referenced, by address, sales information provided by RIS for 2010 with TFIP's database of 2009 filings. For the purposes of this Report, sales data that did not correspond with a 2009 foreclosure filing from TFIP's database was not reviewed.

To assess rental housing stability in each Community Area, TFIP compiled the following data for each of the 77 Community Areas: 1) The number of units that were in foreclosure in 2009 and 2010; 2) the percentage of rental units that were in foreclosure in 2009 and 2010, relative to total rental units, and; 3) the percentage of 2009 foreclosure filings that have become REOs[9], as reflected in TFIP's review of 2010 sales data cross-referenced with TFIP's database of 2009 foreclosure filings. The Community Areas were ranked on each of the three factors listed above and given a score from 1-77. The three scores were then added and the Community Areas were arranged by highest to lowest final score, with highest being the most impacted by the three rental housing stability factors and the lowest being the least impacted.

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[5] RIS's website available at www.public-record.com.
[6] CityNews, available at www.newschicago.org, is an internet clearinghouse of building information for properties in Cook County.
[7] Cook County Assessor's Office Website available at www.cookcountyassessor.com provides information on properties in Cook County, including condominium units.
[8] For instance, properties described as "One story store" on the Cook County Assessor's Office Website.
[9] Bank-owned properties are commonly known as REO properties or Real Estate Owned properties.

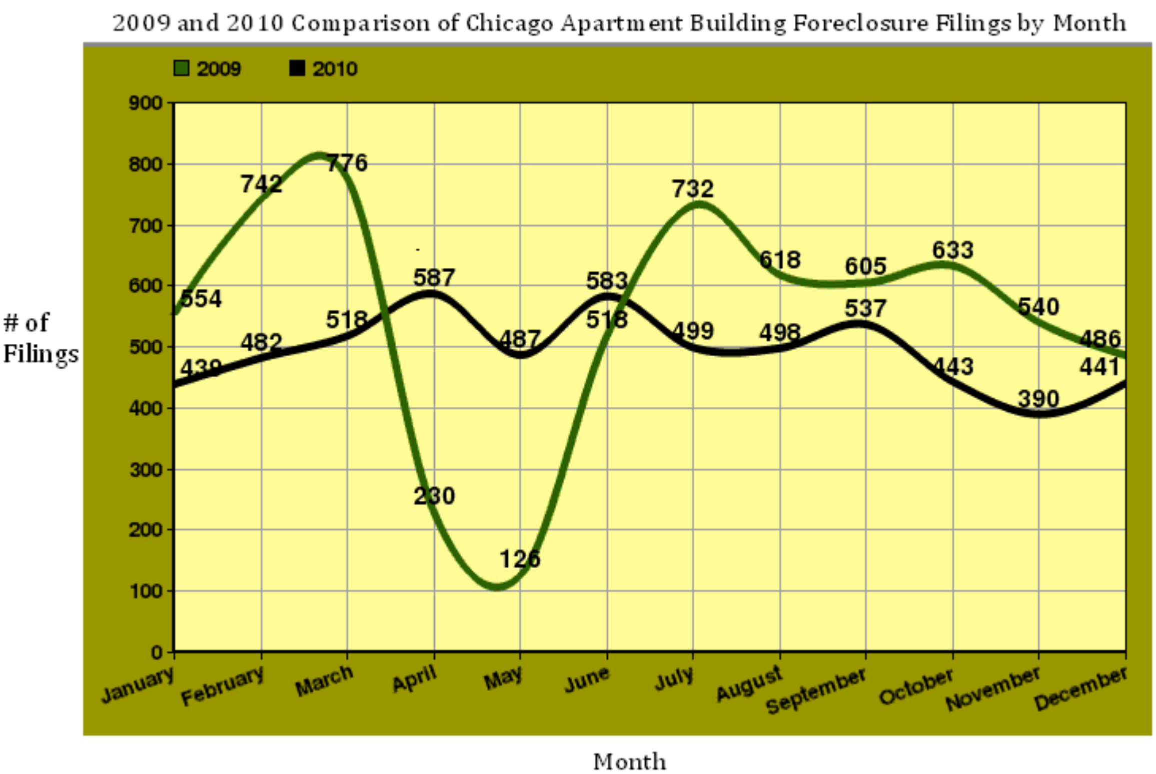
Finally, TFIP created a table listing the Community Areas from 1-77 by their relative risk to rental housing stability.

TFIP has identified several limitations to the methodology described herein. First, data on condominiums or single-family properties is not collected because it is too difficult to discern the number of these properties that are in fact rental properties. Second, TFIP has no way of determining how many units of the Apartment Buildings reported on are currently occupied, or how many people live in each unit. Without such information it is difficult to estimate the actual number of *renters* in foreclosure. Third, TFIP does not address the number of owner-occupied Apartment Building units in the 2010 Report[10]. Finally, by choosing to exclude 2010 sales data that does not correspond with TFIP's database of 2009 foreclosure filings, TFIP is only looking at a subset of foreclosed properties in examining the number of foreclosure sales, specifically those resulting in REO properties. Additionally, many of the 2009 foreclosure filings may not yet have concluded. Consequently, this Report reflects a snapshot of the actual impact of foreclosure sales on tenants in Chicago.

[10] The 2009 TFIP Report attempted to address this issue and found that even when taking owner-occupancy into account, more rental units than owner-occupied units went into foreclosure in 2009.

III. FORECLOSURES ON APARTMENT BUILDINGS IN 2009 AND 2010

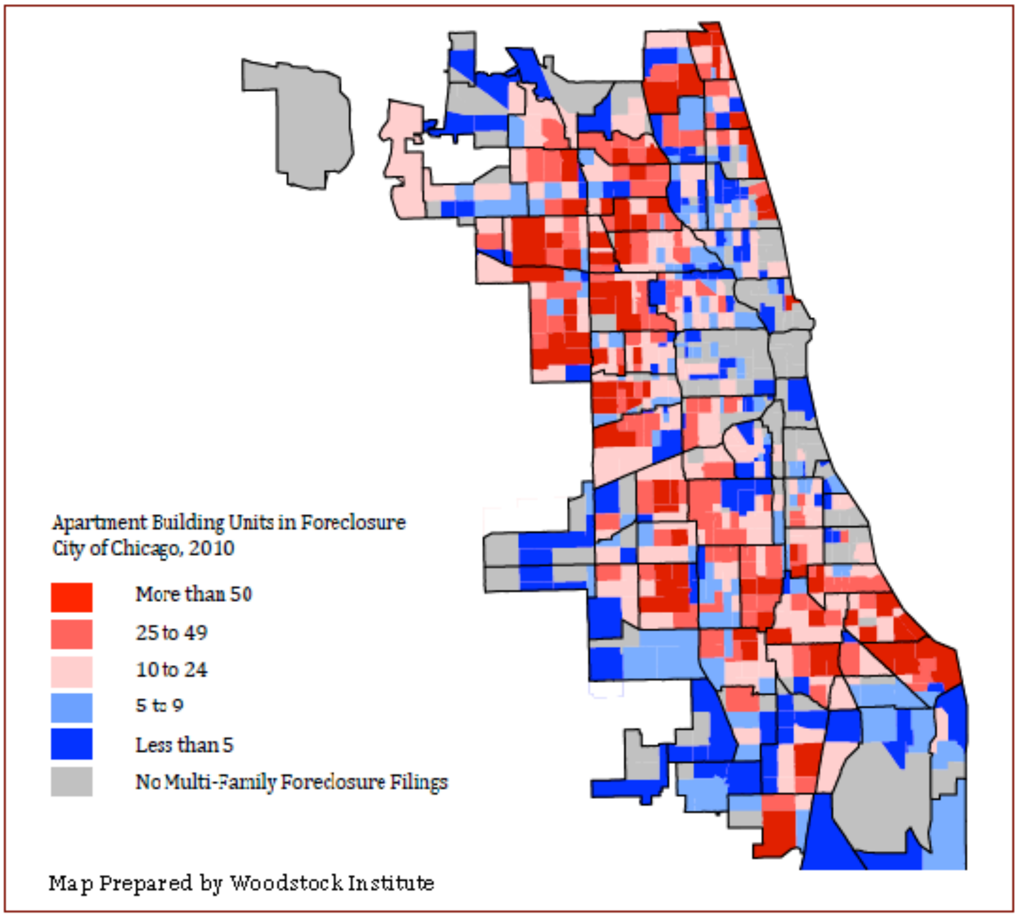
Overall rates of foreclosure filings on Chicago Apartment Buildings in 2010 declined slightly when compared to those of 2009. However, monthly filing rates have remained steady throughout 2010 without the erratic fluctuations that were seen in 2009. This steady rate of foreclosure filings, even during periods where certain banks and servicers instituted foreclosure moratoriums, reflects the persistence of the foreclosure crisis. When reviewing data on all residential properties (including condominiums and single-family properties) the City of Chicago has actually seen a slight increase in the number of foreclosure filings in 2010[11]. As addressed below, it is likely that a sizable number of these single-family properties are also renter occupied.



[11] This is due in part to a sharp increase in foreclosure filings on condominiums throughout the City. The Woodstock Institute reports a 3% increase in foreclosure filings for all property types within the City during 2010, with a marked increase on condominium filings. Woodstock Institute, Chicago City and Regional Foreclosure Activity Fourth Quarter 2010 available at: www.woodstockinst.org. It is not known how many of these condominiums are in fact rental units; therefore, the number of renters in foreclosure is certainly underreported. However, anecdotal reports to LCBH by canvassers indicate that the majority of condominium occupants are renters.

In 2009, LCBH found that 6,560 Apartment Buildings went into foreclosure in the City of Chicago. Those properties contained a total of 20,691 units, averaging slightly more than three units per filing. **In 2010, LCBH found that 5,904 Apartment Buildings went into foreclosure within the City and that these properties contain approximately 17,467 units**, again about three units per filing.

On average, 123 Apartment Buildings went into foreclosure per week in 2010. **Over the past two years, 12,334 Chicago Apartment Buildings went into foreclosure, affecting 37,726 units.** In calculating this aggregate figure, TFIP removed foreclosures filed in 2009 that were subsequently filed again in 2010 for the same address.



a. IMPACT BY COMMUNITY AREA

LCBH finds that the same Community Areas most acutely impacted in 2009 were again inundated with high rates of foreclosure filings in 2010**.** This compounded impact is expected to place a serious burden on the community resources of these areas, leading to a loss of available rental housing, and to further community disinvestment.

The following Community Areas had more than 200 foreclosures filed on Apartment Buildings in both 2009 and 2010. **The list of Community Areas with the highest number of rental building foreclosure filings has remained virtually unchanged since 2009. Consequently, the hardest hit Community Areas in 2009 received a devastating second-wave of filings in 2010**. Although recent reports have shown that foreclosure filings are increasing in more affluent areas, low to moderate income African American and Hispanic/Latino Community Areas continue to experience disproportionately high rates of Apartment Building foreclosure filings.

TOTAL NUMBER OF APARTMENT BUILDING FORECLOSURE FILINGS BY COMMUNITY AREA

2009

COMMUNITY AREA	# OF FILINGS
Austin	394
Humboldt Park	351
Belmont Cragin	308
New City	289
Englewood	267
West Englewood	243
Logan Square	230
North Lawndale	219
South Lawndale	211

2010

COMMUNITY AREA	# OF FILINGS
Austin	370
Humboldt Park	284
Belmont Cragin	256
Logan Square	253
New City	246
South Lawndale	231
Englewood	218
North Lawndale	203

West Englewood is the only Community Area referenced above that has seen a rather substantial decline in the number of foreclosure filings on Apartment Buildings. West Englewood had 243 filings in 2009, while in 2010 there were 150 filings[12]. However, over the past two years, foreclosures have jeopardized 13.51% of West Englewood's available rental stock[13]; more than one out of every ten rental units in this area has been or could potentially be taken off the market due to foreclosure. It is quite possible that the drop in foreclosure filings in the hardest hit communities is due to the limited number of buildings left to foreclose on. West Englewood is also ranked number three in TFIP's Rental Housing Risk Assessment chart (see Section V); therefore, this Community Area has experienced substantial and significant consequences due to the high rates of Apartment Building foreclosure filings over the past two years.

[12] 146 filings when accounting for 2009 filings that were most likely dismissed and re-filed in 2010.
[13] See % of Rental Stock Impacted by Foreclosure Table, p. 8.

The following Community Areas had more than 500 units impacted by foreclosure in both 2009 and 2010. Again, the hardest hit Community Areas in 2010 all had high rates of units impacted by Apartment Building foreclosure in 2009.

TOTAL NUMBER OF APARTMENT BUILDING UNITS IN FORECLOSURE BY COMMUNITY AREA

2009

COMMUNITY AREA	# OF UNITS
South Shore	1,370
Austin	1,289
Humboldt Park	923
Englewood	719
Chatham	711
Belmont Cragin	656
New City	606
North Lawndale	590
West Town	578
Logan Square	574
Rogers Park	554
Near North Side	522

2010

COMMUNITY AREA	# OF UNITS
Rogers Park	1,082
Austin	961
South Shore	745
Humboldt Park	678
Logan Square	612
North Lawndale	608
Englewood	558
Belmont Cragin	540
New City	510

The Community Areas that appear in the 2009 list above but do not appear in the 2010 listing are Chatham, West Town, and Near North Side. Like West Englewood, Chatham may exemplify an instance where there are fewer available units to foreclose on. Over the past two years 12.12% of Chatham's available rental units have gone into foreclosure. Further, in 2009 Chatham was ranked number two in "Big Building"[14] units impacted by foreclosure. Of Chatham's 711 units impacted in 2009, over 75% were due to Big Building filings. In 2010, Big Building filings made up just over half of the total units impacted. Chatham's decrease in Big Building filings may also contribute to its exclusion from the 2010 list above. The same can be said for the significant decreases in units impacted in South Shore and Austin. These two Community Areas rounded out the top three for Big Building filings in 2009. In 2010 however, each had half as many Big Building foreclosure filings.

On the other hand, West Town and the Near North Side have had less than 5% of their total available rental units impacted by foreclosure over the past two years. Speculatively, this drop in units impacted by foreclosure from 2009 to 2010 may be due to the resiliency of those Community Areas based on their relative "rental housing health" and general community investment as compared to the other Community Areas listed above. The Community Area Rental Housing Risk Assessment (Section V), offers further analysis of this issue.

[14] In LCBH's 2009 Report, Apartment Buildings with six or more units were referred to as "Big Buildings". LCBH continues to distribute its Big Building weekly reports to tenant advocates to alert them to recent foreclosure filings on larger Apartment Buildings in their communities.

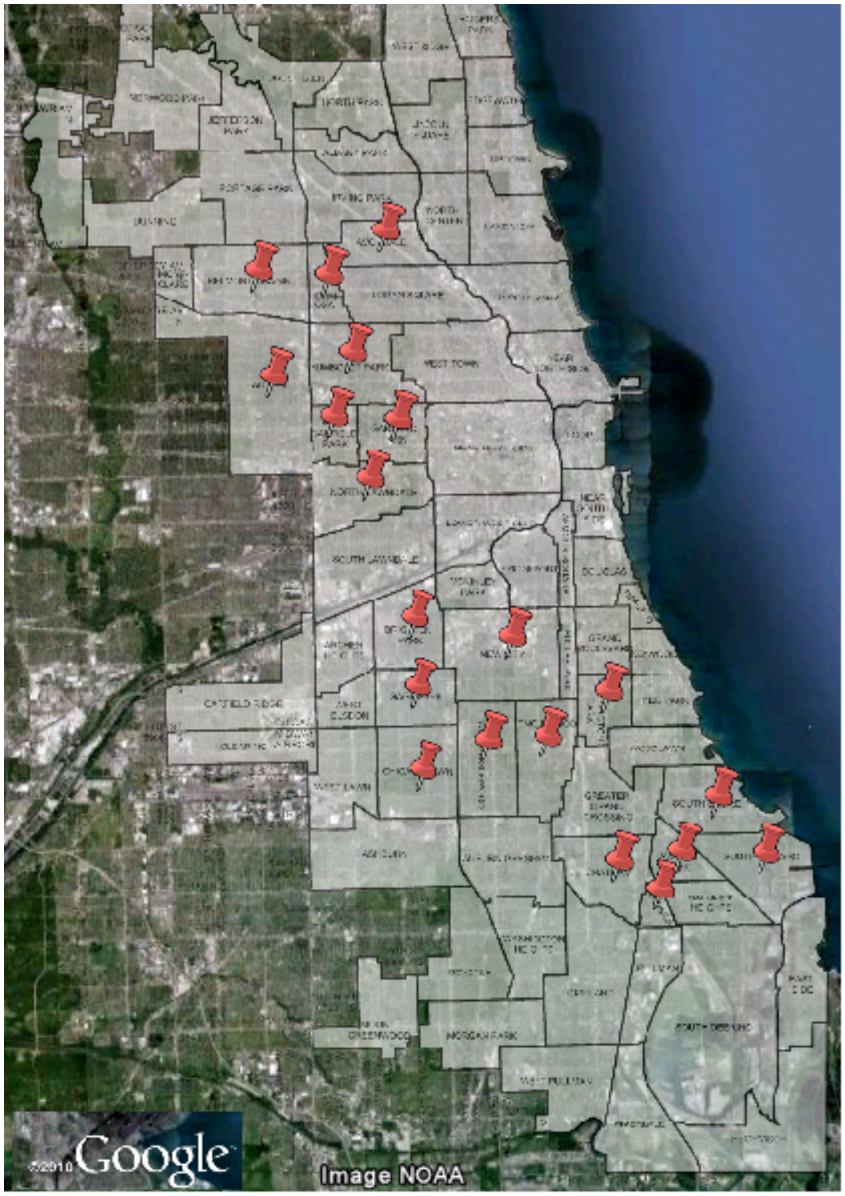
Because there are significant differences in the size of Community Areas and the number of Apartment Buildings, LCBH contextualized its findings by comparing the number of filings by unit in each Community Area to the number of total rental units available in each area[15]. Using data on the number of total rental units per Community Area[16], LCBH determined that many Community Areas had more than 10% of their 2000 rental stock impacted by foreclosure over the past two years.

% OF RENTAL STOCK IMPACTED BY FORECLOSURE

Community Area	# of Units in Foreclosure 2009+2010	# of Total Rental Units	% of Rental Stock in Foreclosure	Racial/ Ethnic Makeup	% Pop. Living Below Poverty Level
Avalon Park	188	1,058	17.77%	97% AA	8%
East Garfield Park	817	4,717	17.32%	97% AA	35%
Englewood	1,266	8,643	14.65%	98% AA	44%
Humboldt Park	1,590	11,125	14.29%	48% H, 47% AA	31%
West Garfield Park	674	4,873	13.83%	98% AA	36%
West Englewood	780	5,775	13.51%	98% AA	32%
Washington Park	575	4,264	13.48%	98% AA	52%
Brighton Park	821	6,095	13.47%	77% H	17%
North Lawndale	1,181	9,170	12.88%	94% AA	45%
New City	1,098	9,024	12.17%	50% H, 35% AA	35%
Chatham	1,119	9,236	12.12%	98% AA	18%
Belmont Cragin	1,182	9,777	12.09%	65% H, 28% C	11%
Gage Park	457	3,801	12.02%	79% H	19%
South Chicago	862	7,174	12.02%	68% AA, 27% H	30%
Hermosa	465	4,002	11.62%	84% H	17%
Austin	2,226	20,123	11.06%	90% AA	24%
Avondale	925	8,578	10.78%	62% H, 30% C	17%
South Shore	2,100	19,726	10.65%	97% AA	27%
Chicago Lawn	879	8,263	10.64%	53% AA, 35% H	20%
Burnside	34	321	10.59%	97% AA	29%

African American (AA)
Caucasian (C)
Hispanic/Latino (H)

[15] This chart likely underestimates the percentage of rentals in foreclosure in that the census data includes single-family homes and condominiums that are rentals whereas TFIP's numbers do not. (That being said, LCBH also notes that owner-occupancy is not taken into account in TFIP's data.)
[16] 2000 U.S. Census data taken from The Greater Chicago Housing and Community Development website, available at http://data.cmap.illinois.gov/chicagoareahousing.org/Area_SelectGeogs.asp.



As illustrated in the map above, **the Community Areas with at least 10% of their available rental units impacted by foreclosure from January of 2009 through December of 2010 are almost entirely situated on the south and west sides of Chicago, forming a virtual "foreclosure belt" across the City**. According to the 2000 census results, 19.6% of Chicago's population lives below the poverty line. Using this level of poverty as a baseline, many of the above Community Areas also have higher than average levels of poverty, excluding: Avalon Park, Brighton Park, Chatham, Belmont Cragin, Gage Park, Hermosa, and Avondale. However, with the exclusion of Avondale and Belmont Cragin, all areas mentioned in the chart above are composed of more than 75% African American and/or Hispanic/Latino residents.

b. IMPACT BY BANK

A number of lenders filed more than 100 foreclosures on Apartment Buildings each year. Many lenders have related entities with similar names, including instances where the lender filed as a trustee. The following tables combine filings for entities with similar names. TFIP has not taken into account recent bank mergers and consolidations of foreclosing financial institutions[17].

APARTMENT BUILDING FORECLOSURE FILINGS BY LENDER

2009

PLAINTIFF	# OF FILINGS	# OF UNITS
Bank of America (Bank of American & BAC)	738	1,737
Chase (JP Morgan Chase & Chase Home Finance	727	1,661
Deutsche Bank	591	1,303
US Bank	576	1,306
CitiMortgage, Inc.	429	2,439
Wells Fargo Bank	391	946
Bank of New York	315	731
Aurora Loan Services, Inc.	297	637
HSBC Bank	284	638
One West Bank	200	454
Indymac	138	296
National City Bank	127	405
Countrywide	116	234

2010

PLAINTIFF	# OF FILINGS	# OF UNITS
Bank of America (Bank of American & BAC)	872	2,259
Wells Fargo Bank	720	1,736
Chase (JP Morgan Chase & Chase Home Finance	672	1,509
Deutsche Bank	383	849
US Bank	383	1,013
CitiMortgage, Inc.	342	1,101
Bank of New York	235	542
HSBC Bank	193	446
PNC	184	774
One West Bank	157	358
Aurora Loan Services, Inc.	142	334

Of note, Wells Fargo Bank almost doubled their foreclosure filings in 2010, increasing their filings by 84% since 2009. **In 2010, as in 2009, the foreclosure filings initiated by the lenders named above impacted more than 60% of the total units in foreclosure.**

[17] For example, PNC acquired National City Bank and Bank of American acquired Countrywide.

IV. 2010 FORECLOSURE SALES: TRACKING 2009 FILINGS

Since foreclosure can be a lengthy process— one that begins with the filing of a foreclosure complaint and ends with a sale and its confirmation in court— LCBH attempted to "follow" the 2009 Apartment Buildings in foreclosure by comparing 2009 "newly filed foreclosures" with 2010 sales data (by matching addresses). This analysis provides an outcome review of a large subset of 2009 Apartment Building filings, keeping in mind that some 2009 filings, including many foreclosures filed in late 2009, may not have been completed by the end of 2010. In addition, LCBH is only reviewing sales data that corresponds with TFIP's database of 2009 filing data on Apartment Buildings[18].

LCBH is especially interested in understanding which buildings from its 2009 data were sold in 2010 and became bank-owned REOs. REOs are properties that have completed the foreclosure process and were purchased by the mortgagee at the judicial sale, most likely due to the lack of third-party purchaser interest. Due to the variations in sale results as recorded in RIS, TFIP compiled all sales data that listed the result as REO, REO Owned, or REO Sold and also listed the Plaintiff as Purchaser.

Of the 2009 newly filed Apartment Building foreclosures, LCBH found 15 Community Areas where 100 or more units became REO-owned in 2010. On average, the following Community Areas had 25% of their units in foreclosure in 2009 sold to financial institutions in 2010.

2010 SALES RESULTING IN REOS

COMMUNITY AREA	BUILDINGS	UNITS	2009 Buildings in Foreclosure, now REOs
West Englewood	75	153	32%
New City	91	187	31%
Chicago Lawn	56	144	30%
Uptown	4	137	28%
Rogers Park	9	148	27%
Brighton Park	55	117	27%
Englewood	78	186	26%
South Shore	38	338	25%
Belmont Cragin	69	162	25%
Austin	94	269	21%
Humboldt Park	81	181	20%
North Lawndale	44	103	17%
Logan Square	45	100	17%
West Town	32	100	17%
Chatham	34	116	16%

[18] 60% of the foreclosure sales that occurred in 2010 matched addresses in TFIP's 2009 foreclosure database.

Foreclosure auctions on all property types across the Chicago region have increased since 2009, and a majority of these auctions result in properties becoming REOs[19]. In addition, it is anticipated that since the end of the bank moratoria in early 2011 (which greatly slowed the pace of foreclosure sales, yet had little impact on foreclosure filings) sales will increase[20]. With this in mind, it is expected that most of the 2009 foreclosure filings that had not gone to sale in 2010, will do so in 2011, and that many will become REOs, thus increasing the threat to the above-referenced Community Areas.

V. COMMUNITY AREA RENTAL HOUSING RISK ASSESSMENT

A review of the sales data in conjunction with the newly filed foreclosure data from 2009 and 2010 provides a more complete understanding of Chicago's at-risk Community Areas. It is apparent that the Community Areas that have the highest foreclosure filing rates also have the highest percentage of REO properties. Although the Community Areas with the most filings are also the most likely to have higher rates of sales and REOs, the fact that many of these buildings are harder to sell to third-party buyers must also be taken into consideration. These Community Areas, already vulnerable before the foreclosure crisis, may now be less attractive to third-party buyers due to high rates of foreclosures and higher densities of building board-ups in the area. This perpetuates the cycle of disinvestment in the community, leading to greater accumulations of REO properties, building vacancies, and threats to community safety.

TFIP created a risk assessment scale to determine the threat to the rental housing stability of Chicago's Community Areas. The factors reviewed for this assessment include the following: 1) The number of units that were in foreclosure in 2009 and 2010; 2) the percentage of rental units that were in foreclosure in 2009 and 2010, relative to total rental units, and; 3) the percentage of 2009 foreclosure filings that have become REOs, as reflected in TFIP's review of 2010 sales data cross-referenced with TFIP's database of 2009 foreclosure filings. Chicago's Community Areas were ranked on each of the three factors listed. The full list of Community Areas from 1-77 by their relative risk to rental housing stability is attached as Appendix B.

For comparison purposes, the following is a short demographic and housing synopsis of Chicago: based on 2000 census data[21], Chicago had 1,152,868 housing units, of those, 597,063 are renter-occupied. Renter-occupied housing units made up 56.2% of all housing units. Further, 7.89% of all housing units were recorded as vacant in 2000. Regarding population demographics— of the predominant races and ethnicities, Chicago's population was 31.3% White or Caucasian, 36.4% Black or African American, and 26% Hispanic/Latino. The median household income in 2000 was $38,625 and 19.6% of the population was living below poverty level.

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[19] The Woodstock Institute reports a 25% increase in foreclosure auctions for the Chicago six-county region. 95% of these auctions result in lender-owned properties. Woodstock Institute, Chicago City and Regional Foreclosure Activity: Fourth Quarter 2010, February 10, 2011, p.5 available at www.woodstockinst.org.

[20] The Woodstock Institute reports a 10.5% increase in completed foreclosures from the fourth quarter of 2010 to the first quarter of 2011. They report that this increase "was likely caused by a resumption of foreclosure activity after the end-of-year pause in many servicers' foreclosure processes due to the robo-signing scandal."

[21] 2000 U.S. Census data taken from The Greater Chicago Housing and Community Development website, available at http://data.cmap.illinois.gov/chicagoareahousing.org/Area_SelectGeogs.asp.

COMMUNITY AREA RENTAL HOUSING RISK ASSESSMENT

	Community Area	# of Units in Foreclosure	% of Units in Foreclosure	REO Owned	Racial/Ethnic Makeup	% of Pop. Living Below Poverty Level
1	Englewood	1,266	14.7%	25.9%	98% AA	43.8%
2	New City	1,098	12.2%	30.9%	50% H, 35% AA	35.0%
3	West Englewood	780	13.5%	31.7%	98% AA	32.0%
4	Belmont Cragin	1,182	12.1%	24.7%	65% H, 28% C	11.2%
5	Humboldt Park	1,590	14.3%	19.6%	48% H, 47% AA	31.0%
6	Brighton Park	821	13.5%	27.0%	77% H	17.3%
7	South Shore	2,100	10.7%	24.7%	97% AA	27.0%
8	Chicago Lawn	879	10.6%	29.8%	53% AA, 35% H	19.8%
9	Austin	2,226	11.0%	20.9%	90% AA	24.0%
10	Rogers Park	1,634	7.8%	26.7%	32% C, 30% AA, 28% H	21.0%
11	North Lawndale	1,181	12.9%	17.5%	94% AA	45.0%
12	West Garfield Park	674	13.8%	24.0%	98% AA	36.0%
13	Avondale	925	10.8%	21.2%	62% H, 30% C	17.4%
14	East Garfield Park	817	17.3%	17.4%	97% AA	35.0%
15	South Chicago	862	12.0%	18.4%	68%AA, 27% H	29.7%
16	Chatham	1,119	12.1%	16.3%	98% AA	17.7%
17	Greater Grand Crossing	875	9.6%	19.3%	98% AA	29.0%
18	Auburn Gresham	693	8.0%	25.7%	98% AA	20.6%
19	Gage Park	457	12.0%	24.0%	79%H	19.0%
20	West Pullman	312	9.7%	29.1%	94%AA	22.0%
21	Washington Park	575	14.5%	17.3%	98% AA	52.0%
22	South Lawndale	863	7.0%	19.3%	83% H	26.5%
23	West Lawn	148	9.6%	34.9%	52% H, 43%C	7.4%
24	Hermosa	465	11.6%	20.6%	84% H	17.0%
25	Woodlawn	777	9.3%	18.6%	94% AA	39.0%

African American (AA)
Caucasian (C)
Hispanic/ Latino (H)

16 of the 25 Community Areas with the greatest risk to rental housing stability are composed of populations that are less than 5% Caucasian. Of all 77 Community Areas, 25 have populations that are less than 5% Caucasian; therefore 68% of these communities are reflected in the chart above. 18 of the above Community Areas also have higher than average rates of poverty. However, even though 32 of all 77 Chicago Community Areas have poverty rates higher than 19.6% (the Chicago city-wide average), only 56% of these Community Areas are reflected in the chart above. LCBH believes that the correlation between race/ethnicity and housing stability must be examined. The Community Areas outlined in this report require immediate intervention and the investment of resources to ensure that the rental housing market is preserved. LCBH intends to highlight the incongruent rates of housing instability in the Community Areas listed above and to stress the need for emergency community investment tactics in order to address the impending rental housing depletion. However, a tangential issue, noted by LCBH but not addressed in this report, is assessing and addressing the pervasiveness of racial segregation in Chicago's housing market.

VI. CONTINUING TREND: TENANTS FACE CONSTRUCTIVE EVICTIONS BY BANKS AND OTHER SUCCESSORS IN INTEREST DUE TO FORECLOSURE

Much attention is devoted to addressing the blight caused by vacant properties, holding banks responsible for these properties, and getting vacant Apartment Buildings into the hands of community-minded investors. Yet, there is almost no dialogue regarding the manner in which these properties become vacant in the first place and the refusal of successors in interest to honor tenancies. Buildings that become bank-owned may already be vacant upon the transfer of title, or shortly thereafter, especially if the property is an owner-occupied single-family home. However, many Apartment Buildings remain occupied by tenants during the foreclosure process, and disinvestment and general neglect both before and during the foreclosure create complications for these tenancies. During the legal limbo in the foreclosure process— after the landlord has abandoned the building but before a lender or a successor in interest takes legal title— many renters simply move due to lack of building services, maintenance and security. Then, as illustrated in the Case Vignettes, successors in interest to the foreclosure often engage in illegal and quasi-legal actions in order to vacate the remaining tenants from troubled rental properties.

a. FORECLOSURE IN ILLINOIS: LEGAL BACKGROUND

Illinois is a judicial foreclosure state[22]. The process from mortgage default, to judgment, to sale[23], and final confirmation of sale, can often last a year or longer. During this time, landlords in foreclosure are entitled to collect rent as long as they remain in "possession". Therefore, for larger buildings, foreclosing banks often ask the court to appoint a receiver so that any rents will flow to the building, and not to the defaulting owner. The bank may also be entitled under the mortgage to take possession and directly manage the property[24], but lenders or servicers rarely become mortgagees-in-possession, so as not to become legally responsible for managing the property during the foreclosure process.

Although receivers are chosen and nominated by the bank to manage the property, receivers are officers of the court, and as such shield the foreclosing bank from liability. The quality of receivers varies considerably in Cook County. A receiver's primary concern is the conservation of the property, and not the well being of tenants. At best, a receiver will secure and manage the property, collect rent, and make essential repairs. However, some receivers aggressively attempt to collect rent, including back rent to which they are not entitled, but fail to take any steps to maintain or repair the property. Therefore, even while their buildings are in receivership, many tenants still move due to lack of management and poor living conditions.

The foreclosure process ends when, after the judicial sale, the foreclosure court confirms the sale[25] and an Order of Possession is entered against the owner[26]. However, whereas the Order

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[22] The Illinois Mortgage Foreclosure Law (IMFL) can be found at 735 ILCS 5/15-1101, *et seq.*
[23] Only after the mortgagor's redemption rights have expired can the property be sold at a judicial sale. For residential real estate (owner-occupied 1-6 unit buildings) the redemption period expires seven months after service of the complaint on the owner, or three months after judgment, whichever is later. 735 ILCS 5/15-1603(b)(1).
[24] 735 ILCS 5/15-1703.
[25] At the confirmation of sale, title passes to whomever purchased the judicial deed. 735 ILCS 5/15-1509(a).

of Possession affects all those named in the foreclosure complaint whose interests have been terminated, tenants have additional rights. Under both federal law (Protecting Tenants at Foreclosure Act of 2009 (PTFA)) [27], and state law (Illinois Mortgage Foreclosure Law (IMFL))[28] **tenants have the right to live out their leases, or at the very least, the right to a 90 days notice before they must vacate their units**[29].

Pursuant to the IMFL, tenants must also be notified when their property changes hands due to foreclosure[30]. This notice must include the foreclosure case number, the name of the person or entity now responsible for repairs and an indication that "the notice is NOT an eviction notice." Without such notice, successors in interest are not entitled to collect rent or evict tenants for non-payment of rent[31].

In addition to the federal and state law, an individual or entity that takes possession of a foreclosed property is considered a "successor landlord" under Chicago's Residential Landlord Tenant Ordinance (RLTO)[32], and thus inherits the responsibility to maintain the building, including the obligation to properly handle and return any security deposits. Successor landlords have a general duty to assess the condition of their buildings and to maintain the building in substantial compliance with municipal building codes[33], including the maintenance of essential utility services[34]. In an attempt to avoid these basic landlord responsibilities, banks and servicers instead attempt to vacate properties acquired at foreclosure.

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[26] The Order of Possession can then be executed by the Sheriff against the former owner 30 days after the confirmation of a foreclosure sale. 735 ILCS 5/15-1701(d).

[27] Public Law 111-22, Helping Families Save Their Homes Act of 2009 Title VII, Sections 701-704, Protecting Tenants at Foreclosure Act Dodd-Frank Wall Street Reform and Consumer Protection Act.

[28] 735 ILCS 5/15-1701(h)(4). It is important to note here that the right to 90 days notice under Illinois law is broader than the federal PTFA in that it covers *all* lawful occupants, not just tenants.

[29] A lease may be terminated if a purchaser will occupy the leased unit, but even in this case tenants still are entitled to 90 days notice. In multi-unit rentals this exception to the survival of the lease term should at most affect a single unit.

[30] 735 ILCS 5/15-1508.5. The IMFL sections on Receivers and Mortgagees-in-Possession repeat this language almost word-for-word to require that tenants also receive notice that *control* of the property during foreclosure has changed and disclosure of contact information for repair requests. 735 ILCS 5/15-1704(f), 735 ILCS 5/15-1703(a-5).

[31] It is important to note here that the required notice language does not mention rent, and is not intended to direct tenants as to where to make rental payments. The IMFL thus prioritizes a landlord's obligation to maintain habitability by ensuring the disclosure of contact information for repair requests, and barring collection of rent until notice is provided.

[32] Municipal Code of Chicago, Title 5, Chapter 12, Residential Landlords and Tenants, Section 030(h) (Amend. May 12, 2010). The Chicago RLTO applies to all dwelling units in Chicago, with the exception of owner-occupied buildings with 6 or fewer units. However, Section 160 of the RLTO prohibiting the interruption of tenancies by lockout or utility shut-offs applies to all dwelling units.

[33] *See* Section 070 of RLTO.

[34] *See* Section 160 of RLTO.

b. BANK PRACTICES: NON-COMPLIANCE WITH FORECLOSURE LAWS

Banks often incorrectly assume they can avoid landlord liability. However, landlord rights and responsibilities are triggered by law at the transfer of title[35]; that is, if tenants reside on REO property after the confirmation of sale, banks are their landlords. During foreclosure, many tenants who have the resources will leave troubled or mismanaged buildings; many others will stay. Lenders and servicers, prior to the confirmation of sale, may not be legally responsible for Apartment Building conditions, but they should be on notice or aware of these conditions, because once the property becomes bank-owned, the lender inherits the responsibility to maintain the property and honor lease terms.

Upon taking title to foreclosure rental properties, banks typically send REO agents to the property in order to negotiate "relocation assistance" offers, and if unsuccessful, serve tenants with a 90-day notice of their intent to file an eviction action. Banks generally ignore the obligations of the PTFA directing successors in interest to honor lease terms, by systematically serving 90-Day notices to all tenants, without diligent inquiry into what rights individual tenants had under leases with their former landlord. Tenants that do attempt to provide their preexisting leases to banks are routinely ignored.

Banks also generally disavow their right to take rent from tenants, most likely because banks do not wish to create an expectation that the building will be managed and maintained. Consistent with this disinclination to be landlords, banks routinely fail to provide the IMFL notice designating a contact person whom tenants can contact with concerns about the mortgaged real estate. This is likely because the lender has no designated individual or entity to contact for repairs. Often the only contact person for a bank-owned property is the REO agent, who is equipped not to manage properties, but to vacate, list and sell properties. The bank then disregards its duty to maintain buildings, likely reasoning that the only penalty for non-compliance is that the bank cannot collect rent, which it does not intend to do anyway.

c. CONSTRUCTIVE EVICTION

LCBH has found that successors in interest, including banks, routinely attempt to remove tenants through "constructive eviction." LCBH defines "constructive evictions" more broadly than the legal definition to include not only occurrences when a successor landlord denies a tenant the right of possession of their unit through illegal lockouts, board-ups, and lack of utility maintenance, but also instances where a successor landlord, through misleading, harassing or threatening communications, causes the tenant to prematurely vacate his or her apartment. Tenants approached by agents for the bank will have incomplete information about their rights, unequal bargaining power, and limited access to legal assistance. **Lenders, and their agents and attorneys, instead of acknowledging the relevant laws designed to protect tenants, willfully ignore these laws and instead have institutionalized in their practices (as evidenced by form notices and other documents (See Appendix A)) the wholesale violation of tenants' rights in order to vacate tenants from foreclosed buildings.**

[35] *See* Section 702(c) of PTFA.

LCBH receives many calls from tenants faced with constructive eviction, such as those outlined in the Case Vignettes. **Of the most egregious cases TFIP has encountered in 2010, over 75% have occurred in the predominantly African American and Hispanic/Latino communities hardest hit by the foreclosure crisis.** These tenants are generally in the process of being coerced or even threatened to leave their homes through the illegal behavior of successors in interest. Constructive evictions are likely more pervasive in African American and Hispanic/Latino communities due, LCBH posits, to the perceived notion that these communities offer fewer legal and other resources for tenants in foreclosure. The following are a few of the most common violations that TFIP has encountered through direct work with tenants:

Banks and Their Agents Violate Tenants' Rights By:

- Providing notices or requests to move prior to taking title;
- Failing to provide notice regarding the change in control or ownership of the building;
- Attempting to evict tenants for non-payment of rent without providing the notice required to collect rent;
- Providing tenants with false information regarding their rights and tenancy status;
- Refusing to acknowledge that they are landlords or are required to follow state or local laws;
- Providing notices asking tenants to move within 90 days to those tenants who have valid leases that extend beyond the 90-day notice period;
- Verbally misrepresenting the law despite giving adequate written documentation or notice to tenants;
- Illegally informing tenants that they must leave or that their buildings will be boarded-up and their possessions removed;
- Changing locks or conducting building board-ups, prohibiting tenants' access to their unit;
- Attempting to negotiate coercive "cash for keys" deals without providing tenants with information on their rights;
- Refusing to acknowledge responsibility for tenants' security deposits;
- Refusing to maintain the building, including essential utility services, and ensure tenants' safety.

Starting in 2007, the rate of eviction filings in Chicago began to steadily decrease, while the foreclosure crisis and Chicago Apartment Building foreclosure filings began to accelerate. In fact, 2010 has seen the lowest number of eviction filings in the past ten years. This drop in the number of eviction filings may be attributed to many factors, including the economic crisis leading to families doubling-up and to landlords' inability to afford the cost of prosecuting an eviction action. However, LCBH believes that a substantial number of evictions are being carried out extra-judicially, through constructive eviction practices identified above. Banks and servicers, by engaging in these practices, are exposing themselves to considerable liability due to the neglect of their responsibilities as landlords.

VII. REVIEWING RECENT FORECLOSURE FINDINGS: DISPROPORTIONATE IMPACT OF FORECLOSURES BY RACE/ETHNICITY

LCBH's 2009 Report predicted that the foreclosure crisis would continue to impact tenants in low income, African American and Hispanic/Latino communities, resulting in community destabilization and a loss of affordable housing. Recent studies have found that the ramifications of the foreclosure crisis are now experienced city-wide; however, **in 2010, as in 2009, foreclosures on Apartment Buildings in Chicago continue to disproportionately impact low and moderate income, African American and Hispanic/Latino communities.** One indicator of foreclosures' destabilizing effect on the hardest hit Community Areas is the highly recognizable proliferation of vacant, and oftentimes boarded-up buildings, in various states of disrepair. It is LCBH's belief that the mass destruction of rental units, through building board-ups, vacancies, and tear-downs has produced disparate threats to residents of the Community Areas emphasized in this Report. Moreover, it has contributed to a lack of investment in the preservation and development of African American and Hispanic/Latino communities.

As a result of foreclosure, lenders often take possession of foreclosed properties when there is a lack of third-party purchaser interest. Since lenders are not willing to maintain these properties, buildings are vacated and "secured," or boarded-up, producing properties that are left to deteriorate with no accountable party designated to provide necessary upkeep. The Woodstock Institute thoroughly analyzes the foreclosure crisis and its role in the increase of vacant properties throughout the City[36]. The Woodstock report uncovers high rates of what are coined "red flag" homes, which are vacant properties where a foreclosure has been filed, yet not concluded (possibly due to the lender's disinterest in the foreclosure process) and likely vacant lender-owned homes that are not registered with the City. According to this report, there are 1,896 "red flag" homes in Chicago; these properties are concentrated in Chicago's African American communities: "African American communities are 11 times more likely to have a red flag home, while they are 3 times more likely to have a foreclosed property and 6 times more likely to have a vacant building than are white communities"[37]. Although the Woodstock report reviewed single-family homes, LCBH infers that African American communities also have higher rates of "red flag" and unregistered vacant Apartment Buildings. These properties are not maintained by the bank and often become structurally damaged, rendering them undesirable for future sale.

Moreover, a study by the National Fair Housing Alliance (NFHA) suggests that banks are not only refusing to take responsibility for the properties they acquire through foreclosure, they are actually violating the federal Fair Housing Act by deferring maintenance on properties in communities of color at higher rates than in predominantly white communities: "This investigation found that REO properties located in African American and some Latino

[36] Woodstock Institute: *Left Behind: Troubled Foreclosed Properties and Servicer Accountability in Chicago,* January, 2011. Available at www.woodstockinst.org.
[37] *Ibid.*

neighborhoods were ignored and poorly maintained to a degree not found in White areas[38]." Although Chicago was not one of the cities studied in this report, LCBH believes that the findings are relevant nationwide and correlate with the experiences of TFIP's clients, specifically in that the most egregious violations of tenants' rights LCBH has encountered in 2010 have occurred in predominantly African American and Hispanic/Latino communities. To the extent that constructive evictions are occurring in under-scrutinized and under-served communities, this disparity in treatment requires immediate attention and intervention.

LCBH questions why banks disregard building maintenance responsibilities (and ignore tenant protections) since such inattentiveness leads to severe structural damage that devalues their properties. As NFHA reports: "Deferring maintenance on properties in distressed neighborhoods virtually guarantees that the property will remain on the market for a longer time. The bank will lose even more money, the neighborhood will suffer with a blighted home and the local government will lose tax revenue[39]." Structural damage drastically reduces the sales price of foreclosed buildings, and it is well known that such damage often occurs due to building vacancies (i.e. water pipes burst and create water damage and mold, vandalism, etc.). A better approach, therefore, must be on keeping properties occupied.

The impact of Apartment Building foreclosure filings in low and moderate income African American and Hispanic/Latino areas is cyclical; that is high rates of foreclosures lead to high rates of REO properties. The banks responsible for these REOs engage in constructive evictions more readily in low and moderate income African American and Hispanic/Latino communities out of an interest to rapidly board-up and "secure" buildings. High concentrations of board-ups then lead to community blight and disinvestment, which again feeds into the rapid deterioration of these communities. A fundamental issue is determining how to protect buildings from becoming dilapidated and putting surrounding areas in jeopardy. LCBH believes that the solution to this issue must be focused on preserving tenancies and keeping buildings from becoming vacant. It is incomprehensible that building board-ups are touted as the solution to vacant building safety concerns when this action creates disinvestment in communities.

Recent census data shows that Chicago's population has contracted over the past decade by 200,418 residents (a decrease of 6.9%), with the African American population decreasing by 17.2%[40]. The loss of affordable Apartment Buildings in predominantly African American communities through foreclosure and subsequent building neglect may have contributed to the high rates of African American movement from Chicago. The link between Apartment Building foreclosure and the decrease in Chicago's African American community must be explored.

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[38] *Here Comes the Bank, There Goes the Neighborhood: How lenders discriminate in the treatment of foreclosed homes.* National Fair Housing Alliance. April 11, 2011. This Study reviews bank practices regarding foreclosed properties in Connecticut, Maryland, Ohio, and Virginia.
[39] *Ibid.*
[40] http://igpa.uillinois.edu/content/census-reveals-population-change-illinois.

Although it may be difficult to address some of the deep-seated issues that contribute to the destruction of Chicago's low and moderate income African American and Hispanic/Latino communities, **illegal constructive evictions that lead to building vacancies and board-ups have a clear solution: enforce the already existing laws that protect tenants living in foreclosed buildings.** Policymakers must address not only Chicago's vacant building crisis, but also the amorphous issue of how to keep foreclosed buildings from becoming vacant in the first place. Policymakers must also reevaluate resource distribution that remains incongruently allocated to homeowner foreclosure programs, and reapportion funds to assist Chicago and Cook County tenants.

VIII. RECOMMENDATIONS

LCBH has several recommendations to address the persistent noncompliance with foreclosure laws meant to protect tenants. TFIP recommends the following three-pronged approach for tenants, financial institutions in possession of foreclosed properties, and policy advocates.

- **Tenant and Tenant Advocates**: LCBH urges tenants to learn about their rights during foreclosure. TFIP often finds that tenants are provided with conflicting information from multiple sources when their building goes into foreclosure. Tenants can be confused by the information they receive from landlords, agents of financial institutions, and even well-intentioned tenant advocates. In order to ensure that tenants and tenant advocates are equipped with the tools necessary to navigate the muddled process of foreclosure, LCBH, with the generous support of The Chicago Community Trust, has created a succinct, versatile foreclosure brochure[41] in English, Spanish and Polish. This brochure outlines the foreclosure process, tenant/landlord rights and responsibilities during foreclosure, as well as information regarding the city, state and federal laws protecting tenants during and after foreclosure. **It is LCBH's hope that this brochure will be used as a reference for tenant advocates and liberally distributed to tenants in Chicago and Cook County by all stakeholders— including banks— as a guide for tenants to understand their rights during foreclosure.** In addition, LCBH and many other community organizations provide community trainings and outreach events on the topic of tenants' rights and responsibilities during foreclosure.

- **Financial Institutions:** Although there exist comprehensive city, state, and federal laws protecting tenants in foreclosure, LCBH has repeatedly been alerted to the calculated actions employed by banks and their agents to avoid compliance with these laws. Banks and their agents either neglect their duty to maintain buildings and legally terminate tenancies, or they actively utilize coercive or illegal tactics to vacate buildings. Many of these tactics include constructive evictions, whereby banks and their agents threaten to make the building inaccessible to tenants or actually create the unlivable conditions that push tenants out without the required legal proceedings. Some of these actions include: providing false information regarding tenants rights or attempting to negotiate coercive tenant buy-outs; refusal to provide essential utility service, including heat and water; threatening tenants with eviction; and actively changing the locks, boarding-up

[41] The English version of the LCBH Foreclosure Brochure is attached as Appendix C. The Spanish and Polish versions are also available electronically at www.lcbh.org.

buildings, and removing tenant possessions. **LCBH has developed a "best practices" manual for financial institutions and the agents they employ to use as a guide for working with tenants and abiding by the laws protecting tenants.** This manual includes legal citations and suggested best practices to guide effective interactions with tenants[42].

In order to proactively create systemic change in the treatment of foreclosed buildings, banks, as corporate citizens, must work to create strategies that keep buildings occupied for the benefit of the tenants involved, the surrounding communities, and the foreclosing banks as well. Unoccupied buildings drain resources from not only the communities in which the buildings are situated, but also the banks in possession of these buildings. Innovative solutions to this ongoing problem must be generated in partnership with foreclosing institutions for successful tactics to take root.

- **Policy Advocates:** The strategies LCBH employs to address constructive evictions at the hands of banks and their agents have not been successful in bringing about large-scale change. When TFIP attorneys alert banks and their attorneys to their illegal practices and the possible ramifications, they often disregard these communications, or assert the impossibility or impracticality of compliance. When the banks and their attorneys do respond to TFIP's communications, they comply solely with respect to the particular TFIP client, yet continue to employ similar practices with other tenants. It is LCBH's hope that the enforcement of laws protecting tenants during foreclosure is a legislative priority with adequate resources allocated. This would force financial institutions to enact overarching policies that preserve the rights of all tenants.

  LCBH hopes to work with policy advocates to add "teeth" to the current statutes protecting tenants in foreclosure. Through this report, the "Tenants in Foreclosure" brochure, and the "Best Practices for Banks in Possession of Foreclosed Properties" Manual, TFIP intends to promote the importance of this issue to policy-makers in Chicago, Cook County, and Illinois.

[42] Bank Manual available at www.lcbh.org.

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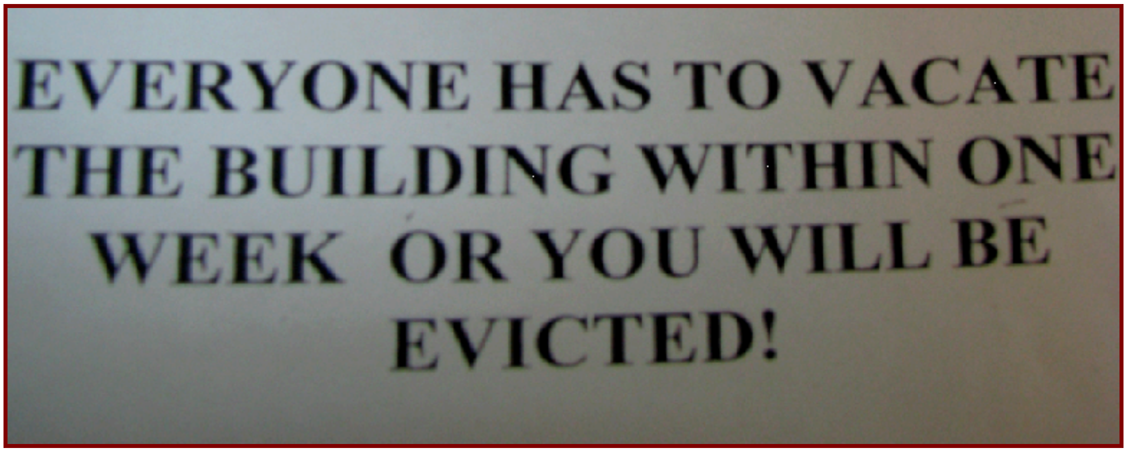
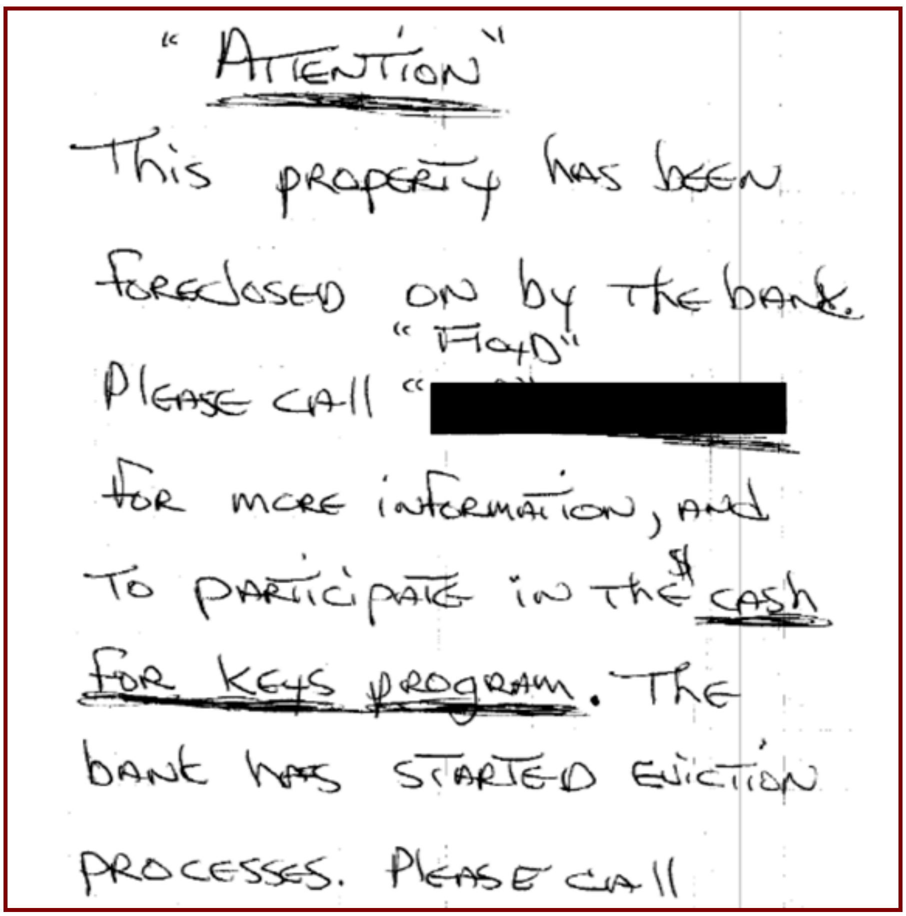
Notices Received by Chicago Tenants in Foreclosed Buildings:

1) Illegal and Misleading Notices to Vacate:



EVERYONE HAS TO VACATE THE BUILDING WITHIN ONE WEEK OR YOU WILL BE EVICTED!



"Attention"

This property has been foreclosed on by the bank. Please call "Floyd" [redacted] for more information, and to participate in the $ cash for keys program. The bank has started eviction processes. Please call

THIS PROPERTY HAS BEEN TAKEN OVER BY THE BANK. THE **PROPERTY IS NOW IN EVICTION.** WE NEED YOU TO PLEASE CONTACT LEON AT (312)[redacted] SO THAT YOU CAN MAKE ARRANGEMENTS TO LEAVE THE PREMISIS.THANK YOU FOR YOUR COOPERATION IN ADVANCE.

[redacted] REALTY, CO

(ADDRESS)

Date: 04/07/11

The Agent named below has been requested to determine the occupancy status of the property.

If you do not contact the Agent immediately to arrange for removal of your personal property, any personal property remaining on the premises may be deemed abandoned and removed from the property.

CONTACT THE AGENT FOR FURTHER DETAILS

Appendix A

VERY URGENT!!!

Please be advised that your ownership interest or your landlord's ownership interest in this property has been terminated as a result of a mortgage foreclosure or other legal action.

On behalf of our client you are requested to vacate the property.

If you do not vacate the property with all of your possessions legal action will be taken. This may result in being forcibly evicted, and your possessions removed from the property.

Time is of the essence in this notification. Contact us immediately. We may be able to make short-term arrangements while you seek alternative housing. The more time that passes, your options decrease.

Please contact:

[redacted]
REALTOR®
[redacted]

Appendix A

2) 90 Days Notice: The following notice was posted on the unit of a tenant with a bona fide lease that extends well beyond the 90 day notice period. The notice does not acknowledge that the tenant may have the right to live out the remaining term of a bona fide lease (pursuant to the PTFA); fails to name the tenant or inquire into tenant's lease terms; and the attorney's signature is illegible and the signature block with contact information customarily placed under an attorney's signature is omitted.

NOTICE OF INTENT TO FILE FORCIBLE ENTRY AND DETAINER ACTION
AND
DEMAND FOR POSSESSION

To: All Unknown Occupants

DEMAND FOR POSSESSION

[redacted] hereby demands possession of the following described premises 90 days from the date the you are properly served with this Notice of Intent to File Forcible Entry and Detainer Action

[redacted] Chicago, IL. 60641
1st Fl

NOTICE OF INTENT TO FILE FORCIBLE ENTRY AND DETAINER ACTION

You are hereby notified that the Property known as [redacted] Chicago, IL. 60641 has been foreclosed and is now owned by [redacted].

You are further notified that the Owner of the Property is hereby notifying you pursuant to 735 ILCS 5/15-1701 that the Owner and/or its Agent intends to file a Forcible Entry and Detainer Action against you and all Unknown Occupants, **((for possession only,))** 90 days after this Notice of Intent to File Forcible Entry and Detainer Action is properly served upon you.

This law firm is a debt collector attempting to collect a debt and any information obtained will be used for that purpose.

Dated: 12-14-10

By: ______________________
One of Plaintiff's Attorneys

3) Cash for Keys: The following "Occupant Move-Out Agreement & Release" was offered to a tenant in a Chicago building covered by the RLTO. The agreement requires that the tenant release and waive any and all claims against the bank, yet fails to acknowledge what rights the tenant is waiving. The agreement is silent on the bank's obligation under the RLTO to return the tenant's security deposit, and requires that the tenant complete a W-9 form in order to pay taxes for the entire amount. Banks that own properties in Chicago do not have procedures to account for security deposits, and "relocation assistance" is, without fail, treated as taxable income, even when all or a portion of the payment could be characterized as security deposit.

Asset #: [redacted]
Property Address: [redacted] CHICAGO, IL 60612
Previous Mortgagor: [redacted]
Eviction Specialist: [redacted]

OCCUPANT MOVE-OUT AGREEMENT & RELEASE

Whereas, [redacted] or any other entity which has retained [redacted] to service its property purchased at foreclosure sale ("the Foreclosure Sale") that certain real property and improvements commonly known as

[redacted] IL 60612 ______________________ (the "Property")

____ (the "Occupant")

are all adult occupants currently residing in the Property.

[redacted] has agreed to pay Occupant [redacted]_____ (the "Relocation Assistance") to surrender possession of the Property, and Occupant desires to surrender possession of the Property, on the following terms:

1. SURRENDER DATE. If, on or before 10/1/2010 ("Surrender Date"), the Occupant vacates and surrenders possession of the Property to [redacted] and complies with the requirements of this Agreement, then, subject to the provisions of this Agreement, [redacted] will pay the Relocation Assistance to the Occupant. If Occupant fails to surrender total and complete possession of the Property by the Surrender Date, then [redacted] shall be under no obligation to pay Occupant any funds whatsoever or delay eviction (Lockout) proceedings in any manner. Further, any property that is left on premises will be deemed abandoned and [redacted] may dispose of it in any manner it sees fit.

2. REQUREMENTS FOR PAYMENT. [redacted]'s obligation to pay Relocation Assistance is contingent on completion of EACH of the following: (a) the Property being surrendered free from all personal property, including trash and/or debris (both interior and exterior); (b) Occupant providing proof of all utilities being paid through Surrender Date; (c) the Property being in good condition and repair, with no fixtures removed; (d) Occupant providing [redacted] a completed W-9 tax form; (e) [redacted]'s agent inspecting the Property to confirm surrender in the condition specified in this Agreement; and (f) Occupant's written acknowledgment of surrender of the Property to [redacted]. The inspection required above will be completed within one (1) business day of receipt by [redacted]'s agent of the signed Acknowledgment of Surrender.

3. CO-OPERATION IN PRE-MARKETING. Occupant agrees to allow [redacted] or its designated agents access to Property for valuation, to place reasonable "for sale" signs on the Property, and to show the Property to prospective purchasers thereof, on reasonable notice to Occupant.

EVICTION PROCEEDINGS. If eviction proceedings have not been commenced, [redacted] will commence such proceedings as soon as the law allows. If eviction proceedings have been commenced, those proceedings will continue. [redacted] will forbear from forcible eviction of Occupant by LOCK OUT prior to the Surrender Date. A "Lock Out" is the forcible removal of Occupant from Property by the Sheriff/Marshal/Constable/ Bailiff pursuant to a court order. For any such eviction action that is or may be filed, Occupant agrees that [redacted] shall have judgment for possession only, with no Lock Out to occur prior to the Surrender Date. Occupant also agrees to personal jurisdiction in any action, waives any defenses to a judgment for possession, waives all rights to appeal, waives any right to move for a new trial, and waives any and all counter-claims and set-offs, with this Agreement being admissible in any such action. Occupant is aware that (a) [redacted] may pre-set a Lock Out date, which Lock Out date will not occur until after the Surrender Date, and (b) the commencement of any eviction proceeding can adversely impact Occupant's credit and/or other public information records.

Cash for Keys Document Continued:

5. CONDITION OF PREMISES/OCCUPANCY. Occupant shall maintain the Property in good condition and repair. Occupant shall do nothing to lessen the value of the Property Occupant agrees [redacted] shall neither provide any utilities (gas, water, electricity, trash, etc.) to the Property, nor shall [redacted] make any repairs to the Property. This Agreement neither creates a tenancy of any type, nor does it give rise to a landlord/tenant relationship. Occupant's continued occupancy of the Property is at the sole risk, liability, and expense of Occupant.

6. RIGHT TO LOCK OUT. If Occupant fails either to vacate as agreed or to maintain the Property as agreed then [redacted] will continue legal proceedings and proceed with lock-out, without any notice of any type to Occupant, other than that required by law.

7. RELEASE. In exchange for the waiver of any right to post-foreclosure use and occupancy damages, Occupant hereby releases and forever discharges the "Releases" hereunder, consisting of [redacted] and each of its subsidiaries, associates, owners, stockholders, predecessors, successors and assigns, agents, directors, officers, partners, employees, representatives, lawyers and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, causes or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims demands, damages, loss, cost of expense, of any nature whatsoever, known or unknown, fixed or contingent, which the Occupant now has or may hereafter have against the Releases, or any of them, by reason of any matter, cause, or thing whatsoever including, but not limited to, any matter, cause, or claim of any type relating, directly or indirectly, to the loan which gave rise to the foreclosure, the foreclosure process, the Foreclosure Sale, this Agreement, or the Property.

8. GENERAL PROVISIONS. (a) The Foreclosure Deed may or may not have been recorded at the time of this Agreement. [redacted] has been informed by its attorney that the foreclosure sale is valid and is relying on that information in seeking possession of the Property. (b) If any part of this Agreement is found invalid, the remainder shall remain valid as if the invalid portion had never been a part of it. (c) This Agreement contains all the agreements between the parties and any statements, representations and warranties between the parties not contained in this Agreement are void and unenforceable.

This Agreement may only be modified, altered or amended by a writing signed by the parties. (d) This Agreement does not create a landlord tenant relationship nor will it be construed as a lease.

The Occupant further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the Occupant.

OCCUPANT AGREES THEY HAVE READ AND UNDERSTAND THIS AGREEMENT, INCLUDING ITS OBLIGATIONS AND CONDITIONS FOR PAYMENT OF RELOCATION ASSISTANCE.

[redacted] EVICTION SPECIALIST/AGENT
By: [redacted]
ITS: Broker
Dated: 8/26/2010

OCCUPANT
Signature: [redacted]
Print Name: [redacted]
SSN: [redacted]
Dated: 8/27/10

Chicago Community Area Rental Housing Risk Assessment

	Community Area	# of Units in Foreclosure	% of Units in Foreclosure	REO Owned	Racial/Ethnic Makeup	% of Pop. Living Below Poverty Level
1	Englewood	1,266	14.7%	25.9%	98% AA	43.8%
2	New City	1,098	12.2%	30.9%	50% H, 35% AA	35.0%
3	West Englewood	780	13.5%	31.7%	98% AA	32.0%
4	Belmont Cragin	1,182	12.1%	24.7%	65% H, 28% C	11.2%
5	Humboldt Park	1,590	14.3%	19.6%	48% H, 47% AA	31.0%
6	Brighton Park	821	13.5%	27.0%	77% H	17.3%
7	South Shore	2,100	10.7%	24.7%	97% AA	27.0%
8	Chicago Lawn	879	10.6%	29.8%	53% AA, 35% H	19.8%
9	Austin	2,226	11.1%	20.9%	90% AA	24.0%
10	Rogers Park	1,634	7.8%	26.7%	32% C, 30% AA, 28% H	21.0%
11	North Lawndale	1,181	12.9%	17.5%	94% AA	45.0%
12	West Garfield Park	674	13.8%	24.0%	98% AA	36.0%
13	Avondale	925	10.8%	21.2%	62% H, 30% C	17.4%
14	East Garfield Park	817	17.3%	17.4%	97% AA	35.0%
15	South Chicago	862	12.0%	18.4%	68%AA, 27% H	29.7%
16	Chatham	1,119	12.1%	16.3%	98% AA	17.7%
17	Greater Grand Crossing	875	9.6%	19.3%	98% AA	29.0%
18	Auburn Gresham	693	8.0%	25.7%	98% AA	20.6%
19	Gage Park	457	12.0%	23.9%	79%H	19.0%
20	West Pullman	312	9.7%	29.1%	94%AA	22.0%
21	Washington Park	575	13.5%	17.3%	98% AA	52.0%
22	South Lawndale	863	7.0%	19.3%	83% H	26.5%
23	West Lawn	148	9.6%	34.9%	52% H, 43%C	7.4%
24	Hermosa	465	11.6%	20.6%	84% H	17.0%
25	Woodlawn	777	9.3%	18.6%	94% AA	39.0%
26	Portage Park	679	6.7%	25.7%	70% C, 23% H	8.0%
27	Washington Heights	160	6.9%	53.5%	98% AA	12.0%
28	Logan Square	1,183	5.9%	17.4%	65% H	19.8%
29	Fuller Park	82	9.9%	35.7%	94.3% AA	35.0%
30	West Ridge	730	5.5%	21.4%	50% C, 22% Asian,16%H	14.3%
31	Burnside	34	10.6%	42.0%	97% AA	29.0%
32	Uptown	687	2.9%	27.6%	42% C, 21% AA, 19.9% H	24.9%
33	Avalon Park	188	17.8%	12.3%	97% AA	8.4%
34	Irving Park	693	5.6%	17.6%	44% C, 43%H,	11.3%
35	West Town	1,053	4.2%	17.3%	47%H	20.7%
36	East Side	107	4.9%	32.9%	68% H	12.4%
37	West Elsdon	65	6.0%	32.3%	50% H, 47%C	6.9%
38	Roseland	469	7.8%	16.2%	98% AA	17.6%

Appendix B

39	Albany Park	551	4.8%	18.4%	46% His, 18% Asian	17.7%
40	Mount Greenwood	426	48.9%	0.0%	91% C	3.9%
41	Loop	98	2.0%	97.0%	62% C, 20%AA	12.0%
42	McKinley Park	185	7.4%	13.6%	62% H	13.1%
43	Jefferson Park	188	5.4%	17.2%	82% C	4.9%
44	Near North Side	843	3.2%	4.0%	69% C	15.2%
45	Lower West Side	465	4.9%	10.8%	89% H	27.0%
46	Lincoln Park	231	1.1%	23.2%	85% C	8.6%
47	Edgewater	708	3.3%	3.3%	48% C, 20% H, 17%AA,	17.1%
48	Grand Boulevard	496	5.7%	0.2%	98% AA	47.0%
49	Ashburn	49	4.3%	21.4%	43% AA, 17% His	6.9%
50	Calumet Heights	76	6.0%	16.3%	92% AA	11.9%
51	Bridgeport	272	3.9%	15.1%	41% C, 30% His, 26% Asian	18.1%
52	Norwood Park	48	1.6%	31.0%	88% C	4.3%
53	Morgan Park	128	6.7%	7.1%	67% AA	11.5%
54	Archer Heights	119	7.7%	2.6%	53% C, 43% H	6.0%
55	Dunning	128	4.1%	16.2%	82% C	5.2%
56	O'Hare	20	0.6%	37.5%	81% C	7.7%
57	North Center	202	2.3%	15.6%	69% C	8.6%
58	Near West Side	183	1.4%	17.4%	53% AA	37.5%
59	Montclare	87	6.3%	3.0%	39% H	5.6%
60	Lincoln Square	272	2.1%	11.8%	53% C, 27%H	11.4%
61	Lakeview	523	1.3%	9.0%	80%C	8.7%
62	South Deering	50	2.9%	16.7%	61% AA	19.6%
63	Riverdale	8	0.3%	28.6%	97% AA	56.0%
64	Beverly	30	2.1%	19.1%	63% C	4.0%
65	Hyde Park	354	3.6%	0.0%	44% C, 38%AA	16.5%
66	Garfield Ridge	59	2.4%	11.1%	69% C	10.1%
67	North Park	87	2.9%	0.1%	55.8% C, 14.3% H	10.5%
68	Clearing	61	2.7%	0.4%	76% C	6.9%
69	Douglas	67	0.7%	12.5%	86% AA	41.2%
70	Forest Glen	35	4.5%	0.0%	81% C	2.6%
71	Oakland	35	1.7%	8.7%	98% AA	52.5%
72	Kenwood	96	1.5%	0.0%	76%AA	24.0%
73	Pullman	38	2.4%	0.0%	81% AA	22.4%
74	Hegewisch	16	2.1%	0.0%	67% C	10.6%
75	Armour Square	26	0.8%	0.0%	17%AA, 61% Asian	31.1%
76	Edison Park	6	0.6%	0.0%	93% C	2.4%
77	Near South Side	2	0.7%	0.0%	64% AA	32.3%

AA	African American
C	Caucasian
H	Hispanic/ Latino

Appendix B

APPENDIX “C”

(Intentionally Left Blank)

If you are renting an apartment, house or condo that is in foreclosure, you have the right to:

- ✓ **Know if your building is in foreclosure.**
- ✓ **Live in a safe apartment with utilities.**
- ✓ **Stay until your lease ends.**
- ✓ **90 days' notice if you are asked to move.**
- ✓ **Be notified if your landlord or building's management changes.**
- ✓ **Get your eviction court record sealed (made confidential).**
- ✓ **Recover your security deposit.**

WHICH LAWS PROTECT TENANTS?

Tenants are covered by the federal Protecting Tenants at Foreclosure Act of 2009 along with state and city laws as well. In Chicago, the Residential Landlord Tenant Ordinance covers many tenants and offers special protections. Other towns, like Evanston or Oak Park, have special ordinances and resources for tenants. Check with your City or Village to learn if it has a local landlord tenant ordinance or has passed any special laws to protect tenants in foreclosure.

This brochure is intended to give only basic information about tenant's rights and responsibilities. To learn more go to **www.regionalhopi.org/help**.

GET HELP

A number of organizations work to protect tenant's rights and provide resources:

LEGAL ASSISTANCE IN CHICAGO AND COOK COUNTY SUBURBS:

Lawyers' Committee for Better Housing
(312) 784-3507
www.lcbh.org

Legal Assistance Foundation of Metropolitan Chicago
(312) 341-1070
www.lafchicago.org

OTHER RESOURCES:

Metropolitan Tenants Organization
(773) 292-4988
www.tenants-rights.org

Regional Home Ownership Preservation Initiative
www.regionalhopi.org/help

This brochure and the Tenants in Foreclosure Intervention project are funded in part by a generous grant from The Chicago Community Trust.

April 2011

LCBH Lawyers' Committee for Better Housing

Tenants in Foreclosure Intervention Project

Foreclosure doesn't mean "**Get out *now*.**"

YOU HAVE RIGHTS.

WHAT IS FORECLOSURE?

If you are renting an apartment, house or condo that is in foreclosure, this means a Court has sent a legal notice to the owner of your unit. The notice says that the owner has not paid the mortgage, and must appear in Court to resolve the issue with his or her lender (bank). The process to resolve this can take several months to a year or more. Sometimes, the bank and the owner reach an agreement and your landlord continues to own the property. In other cases, the Court appoints a Receiver (a new manager) or allows the bank to sell the property.

During this process your responsibilities do not change. For instance: **YOU MUST CONTINUE PAYING RENT**, as failure to pay rent may be grounds for eviction. But you also have additional rights, and resources to help you understand what is happening to your apartment and what your options are.

STEPS TO FIND OUT IF YOUR BUILDING IS IN FORECLOSURE

If you have questions or concerns about your apartment being in foreclosure, talk to your landlord. You can also do research on your own to find out about the status of your apartment:

In Cook County if you know the foreclosure case number:

- Go to **www.cookcountyclerkofcourt.org**.
- Follow the Link for "Online Case Info" and click "Full Electronic Docket Search".
- Select "Chancery" division and enter the foreclosure case number.

If you don't know the case number, go to **www.regionalhopi.org/help** to find complete instructions.

DURING THE FORECLOSURE PROCESS…

YOU HAVE A RIGHT TO LIVE IN A SAFE APARTMENT WITH UTILITIES

During the foreclosure process, your landlord is responsible for the maintenance of your apartment. If a new owner buys your apartment or the Court appoints a Receiver (a new manager), the new landlord will be responsible for maintenance and any other terms of the lease, including utilities.

If your building is not maintained and becomes unsafe, or the building's utilities are shut off, talk with your landlord. If that is not possible or doesn't fix the problem, call the Building Department of your city or village. In Chicago you can call 311.

YOU CAN STAY UNTIL YOUR LEASE ENDS

Protect yourself against illegal lockouts. If anyone other than a sheriff orders you to move out, or if your building is boarded up or utilities (heat, electricity, or water) are turned off without a court order, call 911 and file a police report.

YOU MUST BE GIVEN 90 DAYS' NOTICE IF YOU ARE ASKED TO MOVE

Beware of letters and notices posted on your building saying that you must move out immediately. After the foreclosure ends, a new landlord or owner who wants you to move must give you a 90-day notice. All tenants have this right, including month-to-month tenants. Tenants with leases should be able stay until the end of their lease.

A new owner (sometimes a bank) may offer to pay you to leave early. You are free to accept that offer BUT beware of offers that ask you to:

- Leave your home too quickly.
- Move out and hand over your keys (cash for keys) before you are paid.
- Wait until every tenant moves out of the building before you are paid.

YOUR RESPONSIBILITY: PAYING RENT

During foreclosure, you must continue to pay rent to your landlord. If a new owner buys your apartment or management changes, you are supposed to be notified of these changes in writing. If an eviction was filed against you for not paying rent, but you were never notified that there was a new landlord to pay, you may have a defense against the eviction.

AFTER FORECLOSURE…

YOU MUST BE NOTIFIED IF YOUR LANDLORD CHANGES

You have a right to be notified in writing if your landlord changes. In some cases, a new owner will buy the building or your apartment, becoming your new landlord. In other cases, a Receiver (a court-appointed manager) will be put in charge of the building.

If an eviction was filed against you for not paying rent, but you were never notified that there was a new landlord to pay, you may have a defense against the eviction.

YOU HAVE A RIGHT TO SEAL YOUR RECORD

If the court orders you to be evicted because the building is being foreclosed—not because you did anything wrong—the court record can be sealed (made confidential) to protect your credit rating and your ability to rent in the future.

YOU HAVE A RIGHT TO RECOVER YOUR SECURITY DEPOSIT

Your old landlord should return your security deposit if the foreclosure makes you move or after they lose the building. In Chicago, the new owner of the property, such as a bank, may be responsible for returning security deposits.