



Foreclosed but not forgotten

Glendale Heights officials Donna Becerra (from left) and Marty Olsen and DuPage County Community Services Department's Mike King check the house at 1691 Paul Ave. CHUCK BERMAN/TRIBUNE PHOTOS

Cleaning up the neighborhood

Illinois will receive \$173 million of the \$4 billion in federal funding to restore homes and prevent blight in areas with high foreclosure rates.

Breakdown of Illinois' Neighborhood Stabilization Program Funds

Community/county	Funding	Foreclosure rate
Cicero	\$2,078,351	8.6%
Rockford	\$2,287,004	7.2%
Joliet	\$3,531,810	7.2%
Chicago	\$55,238,017	6.4%
Elgin	\$2,159,623	6.2%
Aurora	\$3,083,568	6.1%
Cook County	\$28,156,321	5.9%
St. Clair County	\$2,262,015	5.1%
Will County	\$5,160,424	5.0%
McHenry County	\$3,085,695	4.0%
Kane County	\$2,576,369	3.9%
DuPage County	\$5,176,438	3.7%
Lake County	\$4,600,800	3.5%
ILLINOIS STATE PROGRAM	\$53,113,044	4.3%

For more information: Buyers interested in the DuPage County Neighborhood Stabilization Program may call the DuPage Homeownership Center at 630-260-3500. Buyers also may attend the 17th annual Home Buyers Fair from 10 a.m. to 3 p.m. Feb. 28 at the DuPage County Administration Building, 421 N. County Farm Rd., Wheaton.

SOURCE: U.S. Department of Housing and Urban Development

TRIBUNE

Bank-owned homes to get new life

By Jo Napolitano
TRIBUNE REPORTER

The house at 1691 Paul Ave. in Glendale Heights needs a lot of work. Its interior walls are covered in ice, its ceiling tiles have crashed to the floor and a 2-foot-high water mark reveals a former flood.

Bank-owned after a foreclosure, it's a disaster to most. But for Mary Keating, it's a gem to purchase as part of a new federal program meant to bring such homes back on the market.

"It's perfect," said Keating, administrator of community development for DuPage County. "I think a house like this is where we can have the biggest impact."

The U.S. Department of Housing and Urban Development has awarded DuPage County more than \$5.1 million as part of its national Neighborhood Stabilization Program. Meant to prevent neighborhoods from becoming blighted, the program will allow state and local municipalities to buy bank-owned homes at 85 percent of their market value and rehabilitate, resell, or demolish them in order to protect the



Ice covers an inside doorknob of the house at 1691 Paul Ave. in Glendale Heights that is being targeted for rehab under a new federal program.

value of the community.

The program was created under the Housing and Economic Recovery Act of 2008 and will distribute nearly \$4 billion nationwide, with more than \$170 million sprinkled throughout Illinois. The money has not been distributed, but officials in DuPage already have decided how they'll carve up their share.

Roughly \$1.3 million will go to the Community Housing Association of

DuPage so that it can buy and renovate houses for rental purposes, while another million will go to Habitat for Humanity to help provide housing to those with low incomes.

The remainder will be used by officials in DuPage to buy houses like the one on Paul Avenue. "It's unlikely to get fixed through the private market because it has issues that may be overwhelming to a typical homeowner," Keating said. "The deterioration could continue, and it would become a real eyesore in the community."

There are about 1,390 foreclosed homes in DuPage County. Officials say they hope to buy and rehabilitate between 25 and 50 with the HUD program funding.

Dru Bergman, executive director of the DuPage Homeownership Center, said it's crucial to save these properties because unoccupied houses are vulnerable to vandalism, theft of materials and criminal activity.

Some are falling apart. "We've heard of cases where the electricity is turned off and the

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New life for problem houses

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sewer sump pump doesn't run," Bergman said. "Properties become flooded and have issues with water damage and mold."

County officials said they'll fix the damage before the property is sold.

They say they hope to start buying bank-owned houses in the next couple of months, with new occupants moving in shortly after. There's good reason for their haste. The federal funding has to be spent in 18 months, according to federal regulations.

Officials say that while HUD has supplied money for similar projects in the past, this is the first time such a large amount of funding was earmarked specifically to address the foreclosure crisis.

"Typically, DuPage would get about \$6 million to \$7 million a year from HUD," said Phil Smith, director of the county Department of Community Services. "The money for the [stabilization pro-

gram] is on top of that and is for the special purpose ... of bringing foreclosed properties back on the market."

Keating said DuPage County, which is eyeing houses in Glendale Heights, West Chicago, Addison and Bensenville, will reach out to community groups and other organizations to spread the word about the stabilization program. They invite would-be buyers to call the county to inquire about the program.

Qualified home buyers will be required to complete a homeowner education course in advance of the purchase. The DuPage Homeownership Center offers the classes for free.

Keating and other officials praise the program for its flexibility. The program allows homeowners to qualify even if they earn as much as 120 percent of the area median income.

And if buyers can't secure a mortgage for the full amount of the home they



A kitchen sink is marked to warn that the plumbing has been winterized at a house at 536 E. Fullerton Ave. in Glendale Heights, one of the towns where DuPage officials want to use federal funding to rehab bank-owned houses. **CHUCK BERMAN/ TRIBUNE PHOTO**

wish to purchase, they might be eligible for a second, "soft" mortgage meant to make up the difference. They won't pay interest or monthly payments on the second mortgage, but will repay the money when they sell the property.

Kelly Molinari, a broker and owner of Trade Mark Realty Group in Wheaton, specializes in selling foreclosed, bank-owned and short-sale properties. She said she supports the stabilization program, but warns buyers to beware of hidden problems

and recommends paying for a certified home inspection.

"With traditional real estate—when there is a seller and buyer involved—the seller has to disclose any defects," she said.

Not so when the previous owner is long gone.

"Even if the state or county rehabs the property, they still have to buy with caution," she said.

Above all, she said, buyers should only purchase what they can afford.

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