



Your Rescue Tool Kit:

How to Help Families Facing Foreclosure

Alliance for Stabilizing our Communities



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Preparation of this tool kit was a cooperative effort of the:

National Urban League

National Council of La Raza

National Coalition for Asian Pacific American Community Development

These three groups have joined forces to create the Alliance for Stabilizing our Communities (ASC), a new multicultural coalition sponsored by Bank of America. The ASC has been formed to help homeowners in ethnic and low-to-moderate-income communities, which are facing disproportionately high foreclosure rates. This resource guide is one way the ASC is reaching out to these communities. The goal of this tool kit is to provide support to community-based organizations looking to assist families at risk of foreclosure. This guide will help advocates determine what role they are best equipped to fill during the housing crisis. The tool kit then outlines three strategies for responding to the crisis: leveraging existing resources, organizing an outreach event to help families receive information, and creating a housing-counseling program.

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Alliance Partners



National Coalition for Asian Pacific American Community Development

The National Coalition for Asian Pacific American Community Development (National CAPACD) is the first national advocacy organization dedicated to addressing the housing, community, and economic development needs of diverse and growing Asian American and Pacific Islander (AAPI) communities.

National CAPACD was founded in 1999 by established community development practitioners to be a powerful voice for the unique needs of AAPI communities and to strengthen the capacity of community-based organizations to create neighborhoods of hope and opportunity. National CAPACD is focused on four broad issues that ground its programmatic and policy efforts: access to housing, data policy, economic justice, and community preservation and revitalization.

National CAPACD's member-based network consists of more than 100 community-based organizations and individuals, including community development corporations, preservation agencies, community-based social service providers and advocacy agencies, as well as national intermediaries and financial institutions. National CAPACD members are located in 17 states and are implementing innovative affordable housing, community development, and community-organizing strategies to improve the well-being of low-income AAPI communities.

National Urban League

Established in 1910, the National Urban League (NUL) is the nation's oldest and largest community-based movement devoted to empowering African Americans to enter the economic and social mainstream. Today, the NUL, headquartered in New York City, spearheads the nonpartisan efforts of its local affiliates. There are more than 100 local affiliates of the league in 35 states and the District of Columbia that are providing direct services to more than two million people nationwide through programs, advocacy, and research. The mission of the NUL is to enable African Americans to secure economic self-reliance, parity, power, and civil rights. To achieve its mission, the league employs a five-point strategy tailored to local needs, including education and youth empowerment, economic empowerment, health and quality-of-life empowerment, civil engagement and leadership empowerment, and civil rights and racial justice empowerment.



National Council of La Raza

Founded in 1968, the National Council of La Raza (NCLR) is the largest national Hispanic civil rights and advocacy organization in the United States. NCLR works to improve opportunities for Hispanic Americans. Through its network of nearly 300 affiliated community-based organizations, NCLR reaches millions of Hispanics each year in 41 states, Puerto Rico, and the District of Columbia. To achieve its mission, NCLR conducts applied research, policy analysis and advocacy, providing a Latino perspective in five key areas: assets/investments; civil rights/immigration; education, employment, and economic status; and health. In addition, NCLR provides capacity-building assistance to its Affiliates who work at the state and local level to increase opportunities for individuals and families.

In 1997, NCLR created the NCLR Homeownership Network (NHN) to increase homeownership and build wealth in low- and moderate-income Latino communities. What began as a homebuyer education and counseling pilot program with four Arizona-

based organizations has grown into a network of 52 sophisticated community-based counseling agencies in 23 states. Each year, NHN organizations serve more than 38,000 families, and has helped more than 28,000 families become homeowners. NHN organizations have added services such as tax preparation, individual development accounts (IDAs) guidance, and financial counseling.

In 2005, NCLR expanded into foreclosure prevention counseling in response to increased predatory lending targeting minority and Latino communities. These individualized services are critical to victims of unethical lending practices or families facing a financial emergency. Last year, NHN organizations provided foreclosure prevention counseling to more than 7,000 families. NHN counselors offer financial and homeownership counseling and assist families at risk of foreclosure in negotiating and securing an affordable monthly mortgage payment so they can remain in their homes and continue to build wealth.

This tool kit is designed to help community-based organizations, churches, elected officials, and others capitalize on these programs and respond effectively to foreclosure in their communities. In the following chapters, you will find a series of exercises, worksheets, examples, and tools that will help you leverage your existing programs and organizational strengths to help struggling families in your area.

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Background on the Foreclosure Crisis

Homeownership is more than achieving the American Dream; it is a path to financial security for most families. The equity accumulated in a home over time can provide for retirement, children's education, and financial stability in times of emergency, or can be leveraged to start a small business.

Minority homeownership hit an all-time high in 2006. While this is a good sign, rising foreclosure rates threaten those gains, putting a generation of wealth in jeopardy. Forecasters are predicting more than eight million foreclosures over the next four years,* and the height of the crisis for minorities will likely come in 2009–2010 when interest rates are scheduled to adjust on even more loans.

Sadly, this crisis was avoidable. Many families facing foreclosure were victims of predatory lenders. All too often, minority and immigrant homebuyers were steered into high-cost, risky mortgages, even when they had good credit. For example, Latinos are 30% more likely than Whites to receive a high-cost loan when purchasing their home.† According to the Center for Responsible Lending, more than 400,000 Latinos may lose their homes to foreclosure in 2009, and nearly 20% of African Americans may lose their homes by the time the housing crisis reaches its lowest point.‡ This loss of homeownership could translate into a total loss of wealth among Black and Hispanic households of between \$164 and \$200 billion.§

Though the aggregate rate of high-cost loans to Asian American and Pacific Islanders (AAPIs) (22%) was similar to Whites, if disaggregated, it is suspected that certain AAPI communities—Southeast Asian, South Asian, and other more recent immigrants—received high-cost loans at a rate comparable to Latino and Black families. Further, 33% of loans to Native Hawaiian and Pacific Islanders were high-cost loans.

That said, the burdens of foreclosure and economic decline are not confined to minority communities, and the consequences extend beyond those hardest hit. Nearly 70 million families will see their homes lose value, even if they make their mortgage payments on time.**

Cities and states will lose billions of dollars in local taxes, putting the squeeze on budgets that pay teachers, fire and police departments, and other community services.

The record number of low- and moderate-income minority, elderly, and immigrant families losing their financial safety net has dramatic consequences for our communities and our nation, not to mention the many affected families. However, it's not too late to help families throughout the nation save their homes.

The federal government and many mortgage-loan servicers have come together to introduce new programs that will help more families sustain homeownership and avoid foreclosure. In March of 2009, the U.S. Department of the Treasury announced the Making Home Affordable program, which extends new foreclosure prevention and refinancing options to eligible customers nationwide. The government estimates that between seven and nine million homeowners will be helped by this program.

* Credit Suisse, *Foreclosure Update: Over Eight Million Foreclosures Expected* (New York, NY: Credit Suisse, 2008).

† Debbie Gruenstein Bocian, Keith S. Ernst, and Wei Li, *Unfair Lending: The Effect of Race and Ethnicity on Price of Subprime Mortgages* (Durham, NC: Center for Responsible Lending, 2006).

‡ Ellen Schloemer et al., *Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners* (Washington, DC: Center for Responsible Lending, 2006).

§ Amaad Rivera et al., *Foreclosed: State of the Dream 2008* (Boston, MA: United for a Fair Economy, 2008).

** Center for Responsible Lending, *Soaring Spillover: Accelerating Foreclosures to Cost Neighbors \$502 billion in 2009 alone; 69.5 million homes lose \$7,200 on Average* (Durham, NC: Center for Responsible Lending, 2009).





1

section 1

GETTING STARTED

In this section, you will identify the key barriers facing your clients or constituents, the resources available, and the key steps you can take to get started. At the end of this section, we lay out three strategies for responding to your foreclosure crisis. Your decision on which strategy to adopt will depend on your time and resources, the extent of the problem, funding, and other concerns—all factors that this section will help you address. Regardless of the approach you ultimately choose, these steps will be critical as you develop your overall strategy.



Know Your Community

You may already have a strong sense of what issues your community faces with regard to the foreclosure crisis. If not, understanding the needs, strengths, and challenges of your community is an important step in determining how best to assist families in distress.

Step 1: Identify community leaders, service providers and existing community responses.

Find out who the community leaders and public officials taking the lead on this issue are. What are they advocating? Are they providing services to address rising foreclosures in their communities? Is there a communitywide initiative to provide or improve services to families? Get to know the service providers who are working with struggling homeowners.

Note what types of services they provide and what they say their clients still need. Try to fill in the first and second columns in Figure 1 (p. 6) to help map out existing programs, services, and resources for families facing foreclosure.

Step 2: Understand the experiences and needs of families facing foreclosure.

If you do not work directly with families, request that community groups share this information with you. Find out why families are having a difficult time making their monthly mortgage payments. Note what difficulties they had when trying to resolve this issue with their loan servicer.* Some questions you can ask families:

- Were you able to get assistance from your loan servicer that made it possible for you to make your monthly mortgage payments?
- Have you spoken to your servicer?
- What assistance did they offer you?
- When was the last time you communicated with them?

It is also important to identify your community's housing, health, and well-being needs, including emergency shelters, transitional housing, and

* The term "loan servicer" will be used throughout this document when referring to an individual's lender or mortgage-servicing company—the company that collects monthly mortgage payments. When an individual applies for a home mortgage, the lender may service the loan or sell the mortgage-servicing rights to another company.

mental health and family counseling. Section 4 provides more detailed information on possible solutions that loan servicers can offer to help families avoid foreclosure.

Step 3: Gather relevant data.

Find credible sources of current information, articles, studies, and research regarding housing and foreclosures. Here are some key data sources:

The National Urban League is the nation's oldest and largest community-based movement devoted to empowering African Americans to enter the economic and social mainstream. They provide resources on jobs and career training, homeownership, and foreclosure prevention counseling.
www.nul.org

The National Council of La Raza provides information on community and family wealth-building for Latinos.
www.nclr.org/wealthbuilding

The National Coalition for Asian Pacific American Community Development provides information on innovative affordable housing, community development, and organizing and planning strategies to improve the well-being of low-income AAPI communities.
www.nationalcapacd.org

Center for Responsible Lending is a nonprofit, nonpartisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices.
www.responsiblelending.org

Enterprise Community Partners has put together advocacy materials on the economic benefits of stabilizing neighborhoods affected by foreclosures.
www.enterprisecommunity.org/public_policy/foreclosure_prevention/advocacy_materials.asp

The Federal Financial Institutions Examination Council provides access to loan data by census tract.
www.ffiec.gov/hmda

The Federal Reserve Bank of New York provides an interactive map of the United States that includes data on subprime loans.
www.newyorkfed.org/mortgagemaps

Neighborhood Watch is a website sponsored by the U.S. Department of Housing and Urban Development that analyzes mortgage default data by loan servicer. In addition, the system can be used to identify loan programs, geographic areas, and lenders that are performing well.
https://entp.hud.gov/sfnw/public

RealtyTrac publishes a monthly U.S. Foreclosure Market Report, which is the most widely quoted foreclosure trend report in the country.
www.realtytrac.com

Step 4: Identify service providers and gaps in services.

There are many factors that will determine whether the programs offered in your area meet the needs of your families. Ask yourself the following questions:

- Are these programs easily accessible to the community?
- Are these programs well-promoted and used by the community?
- Do service providers have bilingual staff or translated materials?
- Are there organizations in the community that specialize in advocacy?
- What needs are currently going unaddressed?



FIGURE 1: DIRECT SERVICE PROVIDERS

<p>Housing Counseling Agencies Contact the local office of the U.S. Department of Housing and Urban Development (HUD) to request information on HUD-certified housing counseling agencies in your area, or visit www.hud.gov/counseling. Find out if these agencies provide foreclosure prevention counseling.</p> <p>Note: Some organizations may not be HUD-certified, but do provide foreclosure counseling services. Make sure you identify a credible organization that is trusted by the community, local elected officials, and community leaders.</p>	<p>Who are the direct service providers in your community?</p>	<p>What services do they currently provide?</p>	<p>What services do families in your community need that are not currently available to them?</p>
<p>Legal Aid Offices Contact your local elected officials, state attorney, and Bar Association for information on community legal aid offices. Ask if there are attorneys in the community offering pro bono legal assistance.</p>			
<p>Rental Assistance, Emergency Shelters, and Transitional Housing Request information from your local department of housing on rental assistance, emergency shelters, and transitional housing. Find out if there are emergency shelters available for families that have lost their homes.</p>			
<p>Mental Health Clinics Request information from your local department of health on community mental health clinics. Foreclosure can take an emotional toll on individuals and families. Inquire about community health clinics that offer mental health and family counseling services.</p>			

Build Community Awareness

By now, your community and local elected officials are well aware of the foreclosure crisis. They may also have a strong sense of the effects of foreclosure on families and the surrounding community. However, they may not know the whole story. It is important to build awareness by educating elected officials and the public on what is happening in your community. This will help your organization gain support, identify new partners and improve your chances of receiving funding for foreclosure prevention programs. Community buy-in is critical to public officials proposing legislation that assists communities facing the foreclosure crisis. It is also important to build community awareness about what programs are available to help families in distress. Here are some suggestions for ways to build community awareness:

Create a public service announcement.

A public service announcement (PSA) is a noncommercial advertisement broadcast on radio or television that can help build awareness about the foreclosure crisis and promote foreclosure prevention efforts within your community. The PSA can include information on how foreclosures are affecting the community and what services are available to families in distress. You can provide information on foreclosure prevention counseling, legal aid and other services for families. Ideally, you want your PSA to be aired during a time when your target audience is most likely to be listening. For additional PSA materials, visit the Foreclosure Help and Hope PSA campaign. www.foreclosurehelpandhope.org/campaign_psa.asp

Talk to your community leaders.

Inform leaders in your community about the issue. Request that they present information on the foreclosure crisis and prevention efforts at established community gatherings such as Parent Teacher Association, union employee, and church meetings. Ask your community leaders to organize a neighborhood meeting to discuss the crisis and foreclosure prevention efforts in the community. Work with your elected public officials to coordinate this meeting. After the event, set up meetings for

local elected officials to talk with families. It is important for public officials to hear firsthand from individuals who are facing the prospect of losing their homes, as well as from community-based organizations that are struggling to find assistance for them. Section 2 includes more information on how to work with other nonprofit organizations, community leaders, and local representatives and how you can contribute to a local task force.

Contact reporters from local media who cover housing or community programs.

Request that the reporter interview someone who is facing foreclosure. Having a family share their experience can help generate public support. Ask the reporter to include information about where families can get assistance, such as from local housing counseling agencies, community legal aid, community fairs on foreclosure prevention, and other foreclosure prevention programs and resources in your community. The media coverage can also point out what services are lacking in the community that families are in need of.

Write and publish an op-ed.

An op-ed, which appears opposite the editorial page of a publication, can be written about the effects of foreclosure on families, strains on the surrounding community, information on existing foreclosure prevention efforts, or gaps in services that families in distress are facing. It is best for the article to be written and signed by the highest-ranking individual in your organization, for instance, the executive director. See page 46 for a sample op-ed.

Write and publish a letter to the editor.

A letter to the editor is a reaction to a recent article or op-ed. Identify articles and op-eds regarding housing or foreclosures with which you agree or disagree, write your reaction, and send it to the editor promptly. Use this opportunity to include information on services available to families facing foreclosure and which services families are lacking. See page 47 for a sample letter to the editor.



Know Your Role

The next step is to determine your organization's capacity to meet the needs of families facing foreclosure and fill in the gaps in services that you identified in Figure 1 (p. 6). Determine how your organization can best assist families at risk of foreclosure by functioning as a first responder, community collaborator, or direct service provider, or even all three.

Who is a first responder?

A first responder is any community organization, local government agency, or public official's office that the community naturally turns to when seeking assistance. A first responder doesn't need to be engaged in housing or foreclosure assistance directly. A first responder can provide information and resources to families seeking assistance.

Who is a community collaborator?

A community collaborator is a community leader, community-based organization, local government agency, public official, or community partner that can organize outreach events for the community.

Who is a direct service provider?

A direct service provider works directly with families facing foreclosure. For example, housing counseling agencies work one on one with families to assess their financial situations, develop a budget, and negotiate with loan servicers for affordable monthly mortgage payments to help families save their homes.




FIGURE 2: WARN HOMEOWNERS ABOUT FORECLOSURE SCAMS

Common Foreclosure Rescue Scams

- 1** In the “lease-buyback arrangement,” a scammer offers to buy a home at risk of foreclosure from a family and rent it to them until they can afford to buy it back. The family surrenders the title to their home to the scammer, but the rent payment is set so high that they can’t afford it, and the family loses their home.
- 2** Another scam is a version of the old “bait and switch.” Homeowners believe they are signing documents for a new loan that will help them get back on track with their mortgage payments. Instead, homeowners are tricked into signing over the deed and surrendering possession of the property.
- 3** In a third common rescue scam, a scammer charges up-front fees for services he or she does not perform, that homeowners can do for themselves, or that nonprofit organizations offer. Such services might include negotiating with lenders for an affordable mortgage payment or taking steps to improve the homeowner’s credit score.

REPORT FRAUD

Urge victims of foreclosure rescue fraud to submit complaints to the Federal Trade Commission (FTC) via web at www.ftc.gov/complaint or www.ftc.gov/queja, or by phone at (877) FTC-HELP/(877) 382-4357. The FTC will not resolve individual cases, but the information will be used by law enforcement officials to stop fraudulent practices. Homeowners should also contact their state Attorney General and the local Better Business Bureau.





2

section 2

FIRST RESPONDER

If you represent a community organization, local government agency, or public official's office that the community naturally turns to when seeking assistance, then you could be a first responder. After evaluating the needs of your community and the resources available to families, you will be ready to determine how your organization can best assist families at risk of foreclosure. We will outline ways you can use your strengths and existing resources to assist families without having to build a new program.



Know Your Strengths

It is important to understand the needs of families in your community and the tools you can provide to serve them. Review the gaps you identified in Section 1 and consider how your organization can help fill them. Start with these two steps:

Step 1: Identify the needs of your clients.

List these needs and prioritize them. Revisit “Know Your Community” (p. 4) to review the needs of families in your community and the challenges they are facing. Make a list of services that are not currently available to the community. Prioritize these gaps in services by determining which need to be filled immediately and which can wait for additional resources to become available. If your organization does not provide direct services to families, request this information from other community-based organizations.

Here are some questions that will help you prioritize gaps in services:

- Are the best service providers accessible to your families and/or near public transportation?
- Do your families have any special needs?

- Do your clients need bilingual staff and translated materials?
- Are there any other barriers to receiving services that your families are facing?

Step 2: Determine what you can contribute.

Once you understand the needs of your families and the services they require, you have to decide what your organization can offer. Your level of funding and other organizational priorities may dictate how much staff time you are able to dedicate to families facing foreclosure.

- What services does your organization provide to the community?
- Do you have bilingual staff and/or someone who can translate materials?
- Does your organization provide outreach to the community effectively?
- Is your program easily accessible to the community, centrally located, or near public transportation?

- Does your agency have established relationships with the media?
- Do you have staff skilled in fundraising for programs or resources for families that are facing a financial emergency?

Does your board or advisory committee have strengths in fundraising, legal expertise, or established industry/government agency relationships?

Potential activities that do not require much time or many resources:

- Creating a referral list for your clients
- Lending your space to other organizations that provide foreclosure prevention services
- Advocating for more resources for bilingual services
- Distributing materials to clients on foreclosure prevention options

Potential activities that may require a greater time commitment:

- Leading the local coalition
- Conducting media and outreach work
- Providing language or translation services
- Fundraising for programs and resources for families

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Create Your Network

Now that you have a better sense of the needs of your community and what your organization can contribute, you are ready to plug into existing community efforts. It is critical for community-based organizations, public officials, and community leaders to work together to leverage services to the community. There may already be

local coalitions and task forces in your area working on the foreclosure crisis. If not, you should work together to create a local network of community partners that can fill gaps in services. The five steps in this section will help you determine how to get involved.

FIGURE 3: KNOW THE KEY PLAYERS

Advocacy Groups	Advocacy groups have expertise in influencing policy changes. Groups that focus on foreclosure, housing, homelessness, or mental health or family services can work to get public and elected officials involved in addressing the foreclosure crisis in your community.
Attorneys	Attorneys provide legal advice and representation to families facing foreclosure, especially borrowers who have been targeted with predatory loans. They can also negotiate loan terms with loan servicers on behalf of families. Their expertise in state and federal consumer protection gives them leverage when trying to negotiate an affordable monthly payment from a loan servicer. Attorneys can also work with individuals who have decided to claim Chapter 7 or Chapter 13 bankruptcy.
Community Caseworkers	Local government agencies have caseworkers who can identify resources, information, and services provided in the community. They can link families to emergency shelters, transitional housing, rental assistance, and mental health counseling.
Housing Counselors	Housing counselors play a pivotal role as independent third parties who offer nonbiased information, education, and advice to families at risk of foreclosure. Counselors will assess a family's financial situation, help them put together a monthly budget, and negotiate with loan servicers for an affordable monthly mortgage payment.
Loan Servicers	Loan servicers administer and collect mortgage payments from borrowers. Housing counselors, attorneys, and borrowers contact loan servicers, specifically their loss mitigation department, to negotiate loan terms.
Local Elected Officials	It is important that community-based organizations alert elected officials of the challenges that families and organizations are facing.
Local Government Agencies	Agencies such as the department of housing, the department of health, and the state attorney's office have information, resources, and programs that can assist families in distress. They also have access to federal and state funding that is needed to provide aid to families and communities.
Mortgage and Real Estate Professionals	Mortgage lenders, real estate professionals, home inspectors, appraisers, and title company attorneys can offer vital information about the challenges they face in serving minority and underserved communities.

Step 1: Get involved.

Connect with a local coalition, working group, or task force that focuses on housing and foreclosures in your community. This network includes community members, leaders, and organizations whose services can be leveraged to provide assistance to families. If the community has not developed a network, then consider pulling together the key players to form a working group or coalition.

Step 2: Ensure that the local network meets your clients' needs.

Once you join the local network or create one, you will become the voice for families in your community that are trying to save their homes from foreclosure. Be sure to share the experiences of families at risk of foreclosure and describe the challenges they face in trying to save their homes. Make sure the network understands and responds to the needs of the immigrant and minority communities, including the need for bilingual services, translated materials, accessible meeting places, and an outreach strategy specific to your community.

Step 3: Offer your services.

Based on the decisions you made in the “Know Your Strengths” section (p. 12), your organization can offer to fill gaps in services. Be concrete and realistic when committing your time and other resources to your new community partners. In fact, it may be a good idea to start small and build your participation up slowly. This way, you can avoid overwhelming yourself and your team.

Step 4: Identify what is missing.

Revisit your prioritized list of gaps in services. Are there certain services that are still not available to the community? What is needed to fill the gaps that remain? Are there other community-based organizations, local government agencies, advocacy groups, or mortgage and real estate professionals that can help? Refer to Figure 3 (p. 14) for key players who can be recruited to participate in the local network.

TIP: If you have completed steps 3 and 4 but there are items on your priority list that still have not been met, revisit “Build Community Awareness” (p. 7). You’ll discover ways to generate public support and advocate for funding, foreclosure prevention services and campaigns to fill gaps in services available to families in distress.



Step 5: Develop a referral network.

By now you should have a good understanding of who is offering services that families in your community can rely on. The next step is to create two referral lists. The first list is for your clients and should include key players who can provide resources or services to families at risk of foreclosure. The second list is for internal purposes and will be used by staff as your formal referral network.

These lists should include the following information:

- Name of organization
- Staff contacts
- Operating hours
- Services provided (including language capacity)
- Any restrictions in referral (such as limits in volume)
- Method of follow-up (who is going to keep track of the family's progress)

You should also develop a client authorization form (p.48). This form will allow you to share your clients' information with other agencies that may be able to provide complementary services.

TIP: Referral networks can be informal (just sharing information with your clients about the services provided by other organizations) or formal (you have an agreement with another organization that they will provide certain services for your clients). A formal network will help ensure your clients receive certain services and that your staff understands the other agencies' capabilities. If a formal arrangement is what you need, consider using a memorandum of understanding to outline you and your partners' roles and responsibilities. This will clarify the ground rules for working together.

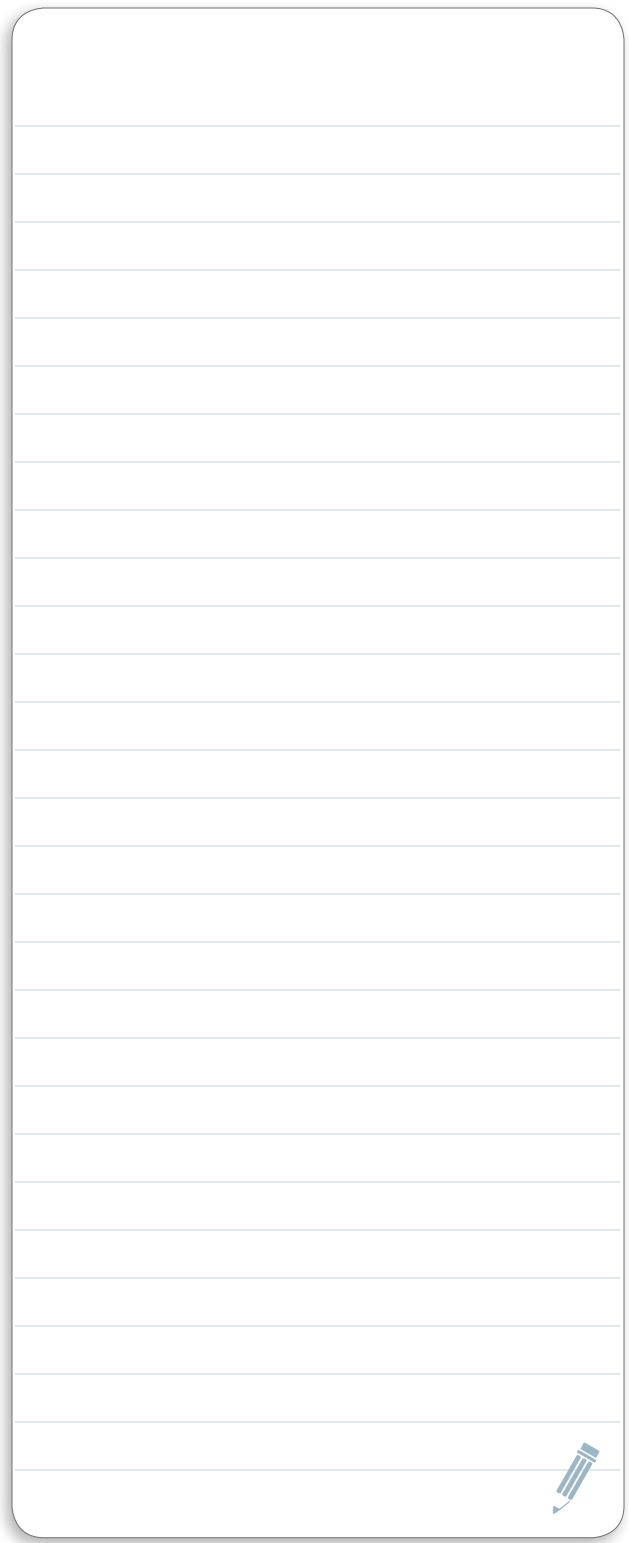


FIGURE 4: CASE STUDY

Ohio Foreclosure Prevention Task Force

Community organizations; local, state, and federal governments; and lenders participated in a sophisticated task force that helped Ohio develop and enhance its foreclosure prevention programs by:

- Demanding flexible underwriting criteria from the state housing finance authority so more families could qualify for state refinancing programs and avoid foreclosure
- Conducting Borrower Outreach Days to facilitate communication between borrowers and lenders
- Recruiting more than 1,000 attorneys to provide free legal assistance to families
- Establishing a state hotline that families can call to connect with pro bono attorneys
- Creating a new public awareness campaign, “Save the Dream,” to link Ohioans with local, state, and federal foreclosure prevention resources
- Encouraging borrowers to get help early
- Expanding housing counseling and intervention services
- Working with lenders and servicers to maximize alternatives to foreclosure
- Providing options for homeowners to refinance or restructure their mortgages
- Improving Ohio’s foreclosure process
- Strengthening protection for homeowners
- Helping communities recover from the aftermath of foreclosures



3

section 3

COMMUNITY COLLABORATOR

If you are a community leader, community-based organization, or local government agency that can organize an event to help families facing foreclosure, then you are a community collaborator. This section will outline how to organize a Home Rescue Fair. This one-day event offers families invaluable information and resources on foreclosure prevention options.



Preparing for a Home Rescue Fair

Ideally, this event brings together attorneys, housing counselors, loan servicers, and other community groups for a day-long event where families can receive free advice, information, and resources, as well as attend educational workshops. Families are given the opportunity to have professionals review their loan documents and are able to receive legal advice and information on foreclosure prevention options. Families may also be able to sit face to face with their loan servicer to negotiate a more affordable monthly mortgage payment.

Before you can begin planning your Home Rescue Fair, you must be clear on the goals you wish to accomplish. The success of your fair will depend on how well you meet the expectations of your partners and participants.

A Home Rescue Fair can connect families at risk of foreclosure with housing counselors and loan service providers; give struggling homeowners a plan of action to avoid losing their homes; and raise awareness among local elected officials and mortgage professionals of the extent of the foreclosure crisis. The fair will also give you the opportunity to gather data from survey forms distributed at the fairs to gauge the extent of the issues facing families in your community. You may have other goals, as well. Be sure these goals are clearly stated and all partners are aligned accordingly.

Before you start planning your Home Rescue Fair, consider the following:

What is your capacity?

Be realistic about the amount of staff time you can dedicate to the fair. Review the steps and timeline in this section and be sure you have the necessary resources.

Who is going to handle the follow-up?

By sitting down with an attorney, housing counselor, or loss mitigation team from a bank, participants will be set on the path to resolving problems with their mortgages. However, most families will still require follow-up assistance. The person or organization that is going to provide this service must be identified before you start planning the event. This person or organization should also collect information about how many families attended the event and received assistance. You can use this information when you are advocating for more foreclosure prevention resources.

How many families can you really accommodate?

Calculate how many families can receive assistance on the day of the fair and the ability of organizations to provide follow-up aid. Most groups providing housing counseling or legal representation on foreclosure cases are overwhelmed. Determine how many families you can guarantee follow-up service for, and do not commit to helping more.

To calculate how many families you can serve on the day of the fair, multiply the number of experienced housing counselors available by how many 45-minute counseling sessions can be completed during the fair. For example, if the fair is being held from 10:00 a.m. to 2:00 p.m., a counselor can conduct five 45-minute sessions. If 20 counselors have volunteered, you may be able to assist 100 families. You can try to have counselors conduct 30-minute sessions, but it is difficult for them to collect information and provide assistance in such a short amount of time.

TIP: Even if you can provide follow-up assistance for only a small number of families, you can still provide outreach and information to a larger number of people. Just be clear when advertising the event to potential partners, sponsors, and families about what they can expect; for example, “The first 50 families are guaranteed a visit with a housing counselor, but all attendees can attend a workshop session.”

Who will take the lead on coordinating the fair?

Designate a staff member to be the point person for coordinating the fair. This person will be responsible for identifying partners, assigning tasks, and making sure all tasks are completed.

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Planning a Home Rescue Fair

Below are nine steps to take when planning your fair, including a suggested timeline for each task. Review the steps for the fair and be sure to set a date for the fair that gives you enough time to complete these tasks.

Step 1: Identify partners and assign tasks. (60–75 days prior to the fair)

Reach out to your local network identified in Section 2. It is important to include local elected officials, reputable community organizations, and government agencies to add credibility to the event and gain the trust of the community. Identify tasks that you believe certain partners will be able to accomplish. For example, your local representative from HUD can recruit housing counselors. Create a timeline that lists all tasks, who they are assigned to, their schedules, and status updates.

TIP: When working with key partners, be sure there are no conflicts of interest. All participants working at the fair should sign a confidentiality agreement, and for-profit partners should follow a strict no-solicitation policy. See Attachment D for a sample volunteer agreement.

Step 2: Identify sponsors. (60–75 days prior to the fair)

There may be local restaurants or stores that can contribute food or water for volunteers and participants.

TIP: Offer to display companies' logos at the fair in exchange for sponsorship.

HOME RESCUE FAIR TIMELINE



Step 3: Recruit loan servicers. (60–75 days prior to the fair)

Reach out to loan servicers and request that representatives from their loss mitigation department attend the fair.

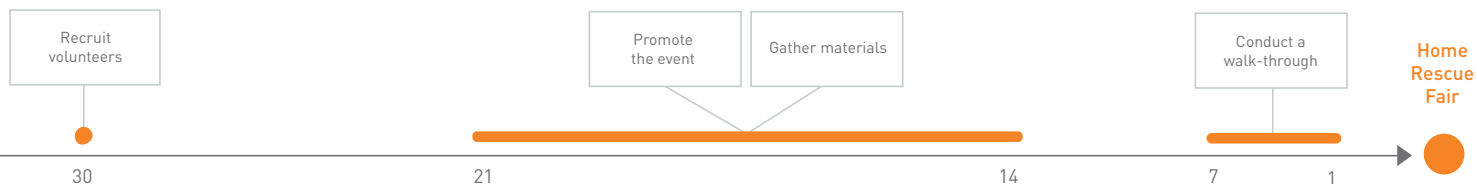
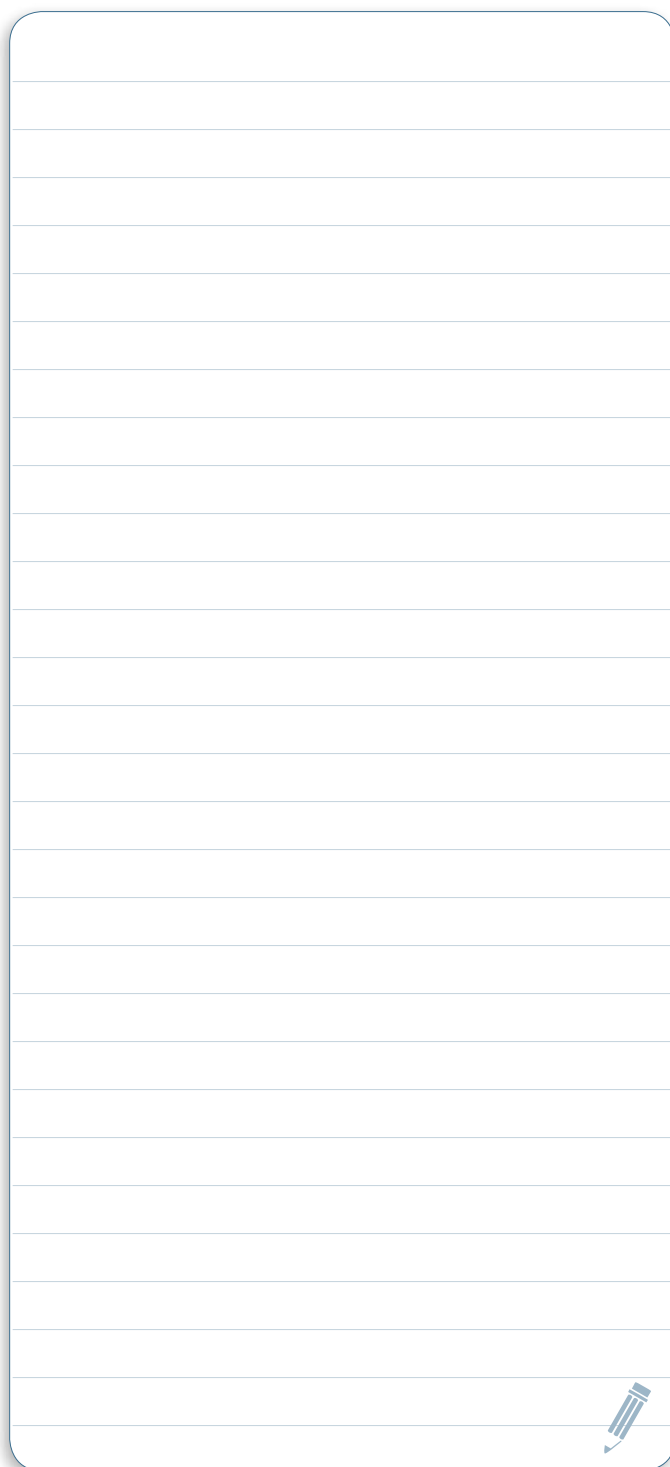
These are the professionals who can assess a borrower's financial situation and decide what they can do to secure a more affordable monthly mortgage payment. These departments receive multiple requests to volunteer at community outreach events, so please be sure to give them ample time to recruit staff and resources for your fair.

Step 4: Find a location. (60–75 days prior to the fair)

Schools, colleges, municipal buildings, churches, and community centers make ideal locations for this event. These types of locations usually offer low prices to nonprofit organizations or elected officials. You will need a large space to accommodate areas where the housing counselors, attorneys and loan servicers can conduct one-on-one counseling sessions with families. You will also need an area where workshops can be held.

Step 5: Create outreach materials. (45 days prior to the fair)

Check out the sample materials on page 44, including a flyer to distribute to the community. Identify ZIP codes in your community and surrounding areas, especially areas where there are high numbers of families at risk of foreclosure. Provide a list of ZIP codes and your flyer to the loan-servicing agencies that will be assisting families at the fair. Request that they send your flyer in a targeted mailing to borrowers who are late on their monthly mortgage payments.



Step 6: Recruit volunteers. (30 days prior to the fair)

Housing counselors: Counselors can assess families at the registration area and decide which professional they need to see: an attorney, a housing counselor, or their loan servicer. Housing counselors with experience in foreclosure prevention can offer one-on-one counseling sessions. They can also conduct educational workshops on foreclosure prevention options.

Attorneys: Attorneys who specialize in real estate, predatory lending, loan negotiation, or Chapter 7 and Chapter 13 bankruptcy can provide free legal advice and information.

Interpreters: Contact local community colleges, universities, and law firms to help recruit interpreters, including bilingual law students, paralegals, or interns at law firms. Provide your interpreters with a glossary of mortgage and legal terminology in English, Spanish, AAPI, and other languages.

Runners: You will need volunteers to help direct families from one place to another at the fair. This will be described in detail in the “Flow of the Home Rescue Fair” section (p. 28). Preferably, these volunteers should be bilingual and have some understanding of foreclosure issues.

HOME RESCUE FAIR TIMELINE



Roles and Responsibilities of Volunteers and Partners

There are five core stations necessary for a successful fair.

Registration station: Housing counselors review the client's intake form and decide, along with the participant, whether he or she needs to see a housing counselor, attorney, or loan servicer. Runners should be stationed here to help move clients from one area to the next.

TIP: Think about partnering with an organization that provides professional child care services. That way, families can leave their children at the child care area while they attend workshops and counseling. Remember that you may need to have insurance for this type of service as well as permission slips signed by parents.

Workshop station: Housing counselors, financial education instructors, attorneys, and mortgage and real estate professionals teach workshops on foreclosure prevention options, budgeting, rebuilding credit, and anything else that can help families get back on their feet. This also serves as a waiting area for participants before they move to another station.

Housing counseling station: Housing counselors conduct an introductory counseling session with participants. During this session, the counselor will assess the participant's situation and discuss foreclosure prevention options. Counselors help clients fill out all the proper documentation, including the client authorization form and budget. The counselor will then create an action plan and set up a follow-up appointment. He or she will also determine whether the participant should visit the attorney station.

Attorney station: Attorneys review the client's loan documents and intake form to determine whether the client received a predatory loan. They can provide the participant with legal advice as well as information on Chapter 7 and Chapter 13 bankruptcy.

Loan-servicing station: Loan servicers review the client's loan documents and intake form to determine whether the client has any foreclosure prevention options that will help him or her secure a more affordable monthly mortgage payment. A housing counselor should be part of this session. The counselor

can help the client fill out the budget, client authorization form, and action plan. If authorized, the counselor can then take this file to his or her agency to continue working with the client until the issues are resolved.

TIP: Not all loan servicers can make on-the-spot decisions about a borrower's loan. The participating housing counselors must be able to work with the client and the loan servicer after the home rescue fair. The housing counselor may also help the borrower in deciding whether he or she is getting a fair and affordable loan modification.

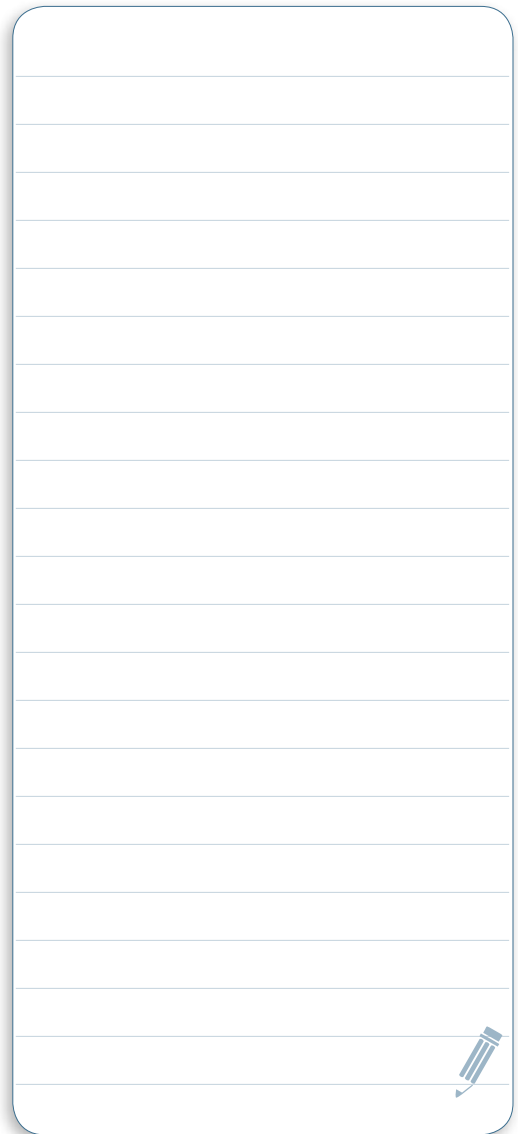


FIGURE 5: SAMPLE CHECKLIST

Supplies

Pens

Papers

Folders

Calculators

Whiteboards

Easels

Clipboards

Copy machines and paper

Signs/posters

Documents

Volunteer Agreement (p. 47)

Client Authorization Form (p. 48)

Counseling Intake Form (p. 51–52)

Budget Worksheet (p. 53–54)

Ticket Form (p. 55)

FIGURE 6: FLOW OF THE HOME RESCUE FAIR

Perhaps the trickiest part of hosting a fair is moving participants between stations. It is crucial to establish a flow so families can take advantage of free advice from all three available types of professionals: housing counselors, attorneys, and loan servicers.

Entrance Registration Station

- Participants should sign in, receive an intake form on a clipboard, and begin filling out their forms while they wait. Call individuals in order from your list to the registration area. This will ensure that those who arrived first will be able to see a counselor, attorney, or loan servicer.

Registration Station Workshop Station

- Counselors at the registration station will decide which professional the client will see first. Each client should be assigned a number, which will be recorded on a ticket and attached to the client's intake form. Participants should take advantage of the educational workshops while they wait for their number to be called.

TIP: Those working the registration station must develop a system for referring clients to the appropriate station while also keeping the flow of clients moving. For example, create three boxes for folders: attorneys, housing counselors, and loan servicers. Add the newest file to the bottom and have runners take the folders from the top of the box as stations become available.

Workshop Station Housing Counseling, Attorney, or Loan Servicer Station

- As stations become available, runners will go to the registration area, pick up the next client's folder and ticket, and escort them to the next station.

TIP: Write the ticket number on a whiteboard that your runner can hold up in the workshop instead of calling out individuals or ticket numbers, which can disrupt the workshop.

Housing Counseling, Attorney or Loan Servicer Station Workshop Station

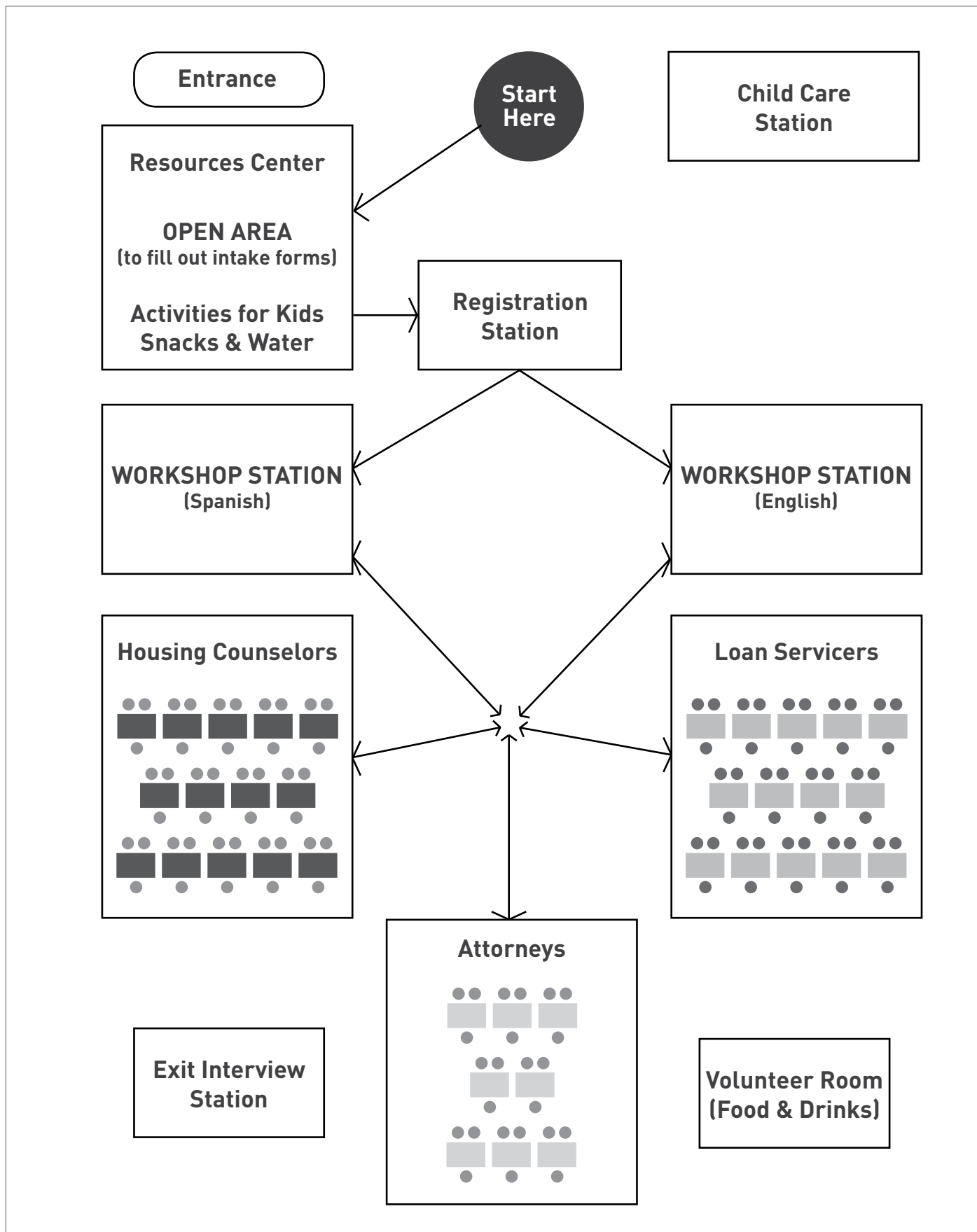
- When the participant's counseling session is over, a runner will escort the client to his or her next station or the workshop area. A summary of the client's next steps should be recorded on the ticket. If the client is referred to another professional, then he or she will be sent back to the workshop area to wait to be called again. The participant's ticket and folder will go back to the registration desk and be placed in the appropriate box.

TIP: Have volunteers make copies of clients' loan documents. It will be easier for counselors and attorneys to start working on cases before the family comes to the office for a follow-up appointment.

Workshop Station Exit Evaluation

- As clients leave the service area, have volunteers stationed to capture their experience at the fair. See Attachment M for a sample exit evaluation. This will help chronicle key elements of the client's experience.

FIGURE 7: SAMPLE HOME RESCUE FAIR LAYOUT





4

section 4

DIRECT SERVICE PROVIDER

This section outlines a powerful model for providing direct services to families: the housing counseling program. Housing counselors work with families to prepare them for homeownership and assist families at risk of foreclosure. A study found that borrowers who received one-on-one counseling prior to purchasing a home were 41% less likely to default on their mortgage payments.*

With one-on-one counseling, the family is able to have their personal questions answered, and the counselor is able to evaluate the family's situation and develop solutions for their personal finances.

* Abdighani Hiram and Peter M. Zorn, *A Little Knowledge Is a Good Thing: Empirical Evidence of the Effectiveness of Pre-Purchase Homeownership Counseling* (Cambridge, MA: Joint Center for Housing Studies, Harvard University, 2001).



Building a Housing Counseling Program

NCLR Homeownership Network Model

This section outlines the NCLR Homeownership Network (NHN) program model that is designed to be a framework flexible enough to adapt to the needs of different communities. The NHN model is based on both research and field experience, which demonstrates that minority families fare best with one-on-one counseling. The personal connection and time spent between a housing counselor and a family in a one-on-one setting helps the family feel more comfortable, allows them to have their private questions answered, and gives the counselor the time needed to evaluate their situation and develop solutions for their personal finances. Educational seminars provided in a group setting function as supporting programs in the NHN model.

Building a successful housing counseling program is a long-term investment and commitment. It takes an average of three years to develop a fully operational program from scratch. Organizations should only take on a housing counseling program if it is part of their strategic plan or meets their organizational goals and objectives. Below are four steps for putting a housing counseling program in place.

Step 1: Design a plan and secure funding.

Design a three-year plan that includes hiring, staff training, marketing services, and funding for your program. You can request funding from foundations, financial institutions, and national and regional housing counseling HUD intermediaries. You can also apply directly to HUD once your program has been approved (see Step 4).

Note: The instructions detailed in this section follow the standards laid out in the *HUD Housing Counseling Handbook* or best practices that go beyond HUD requirements. The *HUD Housing Counseling Handbook* is available at <http://www.hud.gov/offices/hsg/sfh/hcc/hccprof7.cfm>.

A rounded rectangular box with a thin black border, containing several horizontal lines for writing. In the bottom right corner, there is a small, stylized icon of a pencil pointing downwards and to the right.

Step 2: Hire and train staff.

It takes about one year for a new counselor to receive training, build experience, and become certified to provide counseling.* You should also consider the office space available—counselors are required to have a private office to provide one-on-one counseling sessions.

TIP: Make sure your new housing counselors shadow experienced counselors at other HUD-approved housing counseling agencies.

Step 3: Set up a client tracking system.

There are two major software applications available for tracking client information: Home Counselor Online (HCO)† and CounselorMax.§ It is critical for housing counselors to understand and use this technology. The software and hard copy files will help keep track of clients who have been served by documenting information such as demographics, income levels, the types of services received, and outcomes. This information is often required by HUD. You can use this information to determine the number of families seeking assistance and demonstrate the need for more resources and funding.

Step 4: Become a HUD-approved housing counseling agency.

To become a HUD-approved housing agency, you will need to provide counseling for one year. By the second year of the program, 50% of the housing counselors are required to have received their housing counseling training and certification. If your program is approved by HUD, your agency's contact information will be placed on the HUD Web site; you will be eligible to apply for funding from HUD; your program will be evaluated by HUD staff; and families will know that they are receiving services from a credible organization. Review the *HUD Housing Counseling Handbook* for more information on how to become a HUD-approved housing counseling agency.



* Training, exams, and certification for housing counselors are provided by the NHN Learning Alliance. For more information on how to register, visit www.nhnla.org. NeighborWorks America also provides similar services and can be found at www.nw.org/network/training/training.asp.

† Home Counselor Online is a Fannie Mae web-based tool for counseling and reporting. For more information, visit www.efanniemae.com/sf/technology/counseling/hco/index.jsp.

§ CounselorMax is a web application used for tracking, education and counseling. For more information, visit www.counselormax.com.



Foreclosure Prevention Counseling

Foreclosure prevention counseling is offered to families at risk of foreclosure in order to assess their financial situations and provide them with options to avoid foreclosure. If they cannot save their homes from foreclosure, families are directed to other resources. Below are the seven steps involved in foreclosure prevention counseling:

Step 1: Request client information.

Have clients fill out an intake form with contact, demographic, and financial information. They also need to sign a client authorization form, which allows the housing counselor to communicate with the loan servicer regarding the client's mortgage.

Step 2: Review financial information.

The counselor will review the client's loan documents, current monthly mortgage bills, and credit report to assess the client's overall financial situation. The counselor will inquire about what caused the family to have difficulty paying their mortgage bills.

Step 3: Discuss foreclosure prevention options.

After assessing the family's situation, the counselor will discuss the options available and create a written action plan. The counselor may determine that the family needs to seek legal advice and will refer them to an attorney. The counselor can also recommend that the client begin negotiations with his or her loan servicer to request a workout or a loan modification. Some families may not have sufficient income to retain the home, and the counselor can help them identify options with their loan servicer.

Currently, there are two major federal foreclosure prevention programs, the Making Home Affordable (MHA) program and the Hope for Homeowners (H4H) program. Counselors should start by checking to see if their client is eligible for either of these programs before moving on to other options.

Making Home Affordable

The MHA program has two components. One allows eligible borrowers with a Freddie Mac or Fannie Mae loan to refinance their loan and take advantage of low interest rates. For those who qualify, this option could offer significant monthly savings. To be eligible, the borrower must meet six criteria:

- Be an owner-occupant of a one- to four-unit home
- Have a first mortgage owned by Fannie Mae or Freddie Mac
- Be current on the mortgage and not have been more than 30 days late in the past 12 months
- Have a high loan-to-value ratio
- Have enough income to support the mortgage payments
- Demonstrate that the refinance improves the long-term affordability of the loan

The second component creates incentives for mortgage servicers to offer attractive loan modifications to borrowers. This program is voluntary. Counselors should check to see whether their client's loan servicer is participating. To be eligible, borrowers must meet five criteria:

- Be an owner-occupant of a one- to four-unit home
- Owe less than \$729,250 (higher limits may be available for two- to four-unit homes)
- Have a loan that originated before January 1, 2009
- Have a mortgage payment, including taxes, insurance, and homeowners' association dues, equal to greater than 31% of their gross monthly income
- Have a mortgage that is unaffordable

Counselors and community leaders should be aware that elements of this program are constantly being updated. For example, new mortgage servicers are expected to sign contracts, and new benefits may be added to the program. Visit www.makinghomeaffordable.gov for the latest program updates, criteria, and modification details.

Hope for Homeowners

The H4H program allows at-risk borrowers to refinance through FHA. Traditional FHA requirements have been softened to make the loan more accessible. Participation in this program is voluntary, so counselors and borrowers must check with the loan servicer to determine whether they will accept this option. FHA does not accept mortgage applications. The counselor and borrower must identify a lender willing to extend an FHA loan under this program to the client.



To be eligible for the program, borrowers must meet five criteria:

- Be an owner-occupant and own no other homes, such as a second vacation home
- Have a mortgage that originated on or before January 1, 2008, and have made at least six payments
- Be unable to make payments on the existing mortgage without help
- As of March 2008, have monthly mortgage payments of greater than 31% of their gross monthly income

Counselors and community leaders should be aware that elements of this program are constantly being updated. For example, new mortgage servicers are expected to sign contracts, and new benefits may be added to the program.

Visit www.hud.gov/hopeforhomeowners for the latest program updates, criteria, and modification details.

Foreclosure Prevention Options*

Loan modification: The loan servicer may change the terms of the loan to make it more affordable for the borrower. This might include a reduction in the interest rate, an extension on the term of the loan or a reduction in the principal amount of the mortgage.

Special forbearance: This is a repayment plan based on the financial situation of the individual and may even provide for a temporary reduction or suspension of payments.

Partial claim: If the client has a loan insured by the Federal Housing Administration (FHA), the loan servicer may be able to work with the individual to obtain an advanced payment from the FHA insurance fund to bring the mortgage payments up to date. This one-time payment will be payable to HUD at 0% interest and will not be due until the borrower either pays off the first mortgage or no longer owns the property.

Pre-foreclosure sale: This will allow the individual to avoid foreclosure by selling the property for an amount less than the amount necessary to pay off the mortgage loan.

Deed-in-lieu of foreclosure: As a last resort, the individual can voluntarily “give back” the property to the lender. This won’t save the house, but it is not as damaging to the individual’s credit rating as foreclosure. The lender must approve this request.

Step 4: Write a hardship letter and budget.

Once the counselor and the client have decided which option to request, they will need to write a hardship letter. This letter explains to the loan servicer why the client could not make his or her mortgage payments and how the client has resolved this issue. The letter should include a request for a workout or loan modification in order to help the client get back on track with his or her mortgage. The counselor will also work with the client to develop a budget outlining his or her monthly expenses and income.

Step 5: Submit the workout package or loan modification request.

The counselor will request a workout package from the loan servicer. This package outlines exactly what documents are needed from the client in order to submit a request. The counselor will help the client gather the necessary materials, including a hardship letter, budget, pay stubs, client authorization form, and any other information that the loan servicer requests. This package is sent to the loan servicer’s loss mitigation department.

Step 6: Follow up with loan servicer and client.

The counselor will regularly check in with the loan servicer to see whether the package has been approved or denied and provide updated information to client.

Step 7: Track information.

All the information that the counselor has gathered from the client should be inputted into HCO or CounselorMax, including the intake information, budget, financials, and detailed notes on the case. The counselor will need a hard copy file with copies of the collected documents and the action plan that was set up for the client.

* U.S. Department of Housing and Urban Development, “Help for Homeowners Facing the Loss of Their Home,” www.hud.gov/offices/hsg/sfh/econ/econ.cfm#4 [accessed August 2008].

Suggestions for Loan Negotiation

- Try to reach families that are in the early stages of delinquency. They will have a better chance of resolving their situation if they contact their loan servicer right away.
- Request that all foreclosure proceedings freeze until a decision has been made by the loss mitigation department. Make sure that the collections department is aware that you have submitted a request to the loss mitigation department. Otherwise, high legal fees can pile up due to foreclosure proceedings.

Be persistent. Loan servicers receive a high volume of requests for workouts and loan modifications. Housing counselors need to be persistent in following up and checking on the status of their requests. At times, they may even need to escalate the case to the attention of a supervisor.

FIGURE 8: PHONE COUNSELING SESSIONS

Whenever possible, individuals should be referred to local counseling organizations. Few call centers are able to provide the in-depth service that most families require; however, phone counseling sessions can still prove helpful.

- Individuals who are disabled or temporarily disabled may not be able to travel to a housing counseling agency and should have the option of phone counseling sessions.
- Families that live in rural areas or localities that do not have a housing counseling agency nearby may benefit from counseling via telephone.
- Families that are limited English proficient (LEP) and do not have access to services in their preferred language may also benefit from phone counseling.
- Housing counseling agencies may be overwhelmed by the increased volume of borrowers at risk of foreclosure. There are hotlines available that offer phone counseling sessions.





5

section 5

ADVOCATES

Whether you realize it or not, you are already an advocate. You are advocating on behalf of families to help them save their homes. You may also be an advocate for your community if you are reaching out to the public and elected officials about the foreclosure crisis. When advocating for your community, be sure to highlight the experiences of your community through both anecdotes and statistics. This can be facilitated by keeping records and data on services provided to families.



Types of Advocacy

Administrative

Community-based organizations work closely with families at risk of foreclosure. They understand the needs of these families and the challenges of trying to provide assistance. As an advocate for families in distress, your organization can contact agencies that are administering services to individuals and advocate for additional programs or support. For example, you can contact the local department of housing to discuss rental opportunities for victims of foreclosure.

Service

Housing counselors, attorneys, caseworkers, and other direct service providers help families understand foreclosure prevention options and advocate on their behalf to negotiate loan terms with their loan servicers. If your organization and others are having trouble working with certain loan servicers, work collectively to advocate for change. You can request a meeting or conference call with certain loan servicers to discuss difficulties that you and other organizations are facing when trying to work with their department.

Legislative

The foreclosure crisis is affecting communities across the nation. As a result, there are many state and federal legislative proposals aimed at helping families at risk of foreclosure. Community-based organizations like yours understand the strengths and challenges of your community as well as the needs of families in distress. If you would like to take your advocacy to the next level, make elected officials aware of the needs of families, your work, the work of other community-based organizations, and the gaps in services available. A collaborative effort is a highly effective method of advocating to elected officials.

Examples of Advocacy Activities

- Contact elected officials
- Testify at public hearings
- Write a letter to the editor
- Write an op-ed piece
- Hold a press conference
- Host an issue forum

FIGURE 9: CASE STUDY

The Lao Assistance Center of Minnesota

- **Event:** National CAPACD held a briefing for staff of members of Congress to push for more funding and resources for local community-based organizations to provide foreclosure counseling services to AAPI families.
- **Premise:** Below is a summary of testimony from Sunny Chanthanouvong, the Executive Director of the Lao Assistance Center of Minnesota, regarding Lao families facing foreclosure. Often overlooked, the following story demonstrated that AAPI families too are facing foreclosure.
- **Outcome:** The briefing and testimony from Mr. Chanthanouvong opened the doors to conversations with national agencies that oversee federal foreclosure prevention programs.
- **Story:** The Lao Assistance Center of Minnesota (LACM) is a community-based organization that provides services to recent Southeast Asian refugees in the Minneapolis and St. Paul area. The organization is well-known in the Lao community and often the first that families turn to when in need. In just one year, the organization saw over 170 families who were delinquent in paying their mortgages or had received eviction notices.

Sunny Chanthanouvong, the Executive Director of LACM shared the story of a Lao family who had come to him seeking aid to keep their home. A family of four, they had sought to own a home to provide a safe and stable environment for their two children. Despite their limited credit history, their mortgage broker promised them a home—at the expense of an 11.5% interest rate. Limited in their financial knowledge and trusting of the mortgage broker, they accepted the high-cost loan and moved into their very first home. Not long after they bought the home, the father lost his job and was unable to secure another job. The mother worked full time, but despite their efforts they were unable to afford their mortgage and other costs of living. It was at this time, that the very same mortgage broker came to them offering to refinance their home loan, providing extra cash on hand to cover costs. Once again trusting the mortgage broker, they accepted the refinanced loan but were faced with a mortgage that increased 37%. They exhausted their options taking cash from their savings and retirement to pay their mortgage, but ultimately were unable to maintain their payments. With nowhere else to turn, the family came to LACM seeking help, but they were too far into the foreclosure process and were forced to leave their home.

As demonstrated in this story, many AAPI families are unaware of the options and services available to help them keep their homes until it is too late. Oftentimes, trusted organizations such as LACM are the first that families turn to, but such organizations have little to no resources to provide the services needed. There is also little outreach done to ensure that minority communities, such as AAPI communities, are aware of services and resources that are available to them. Community-based organizations, such as the LACM, are considered “first responders” because they are the trusted entities to which families in need will come for assistance. However, these organizations are often lacking enough resources to meet foreclosure counseling needs and adequately intervene to assist families. Resources could greatly enhance the work that community based-organizations are already doing, and more importantly, are poised to educate and assist communities on foreclosure issues. Additional resources would also assist community-based organizations in building capacity to provide expertise and solutions for families that remain out of reach for many mainstream housing counseling organizations.





6

section 6

CONCLUSION

Local organizations play an increasingly important role in helping families save their homes from foreclosure. Many of you have been or will be called into action, regardless of whether you have expertise in the area. This tool kit was designed to help you develop a strategy that is as unique as your organization and the community you serve. It is our hope that your organization will use the tools, ideas, and exercises in this tool kit to assist your community.



Resources and Sample Materials

Resources for Advocates and Homeowners

In the following pages you will find a list of resources and sample documents that will help you along the way. The resources include website links with housing data as well as information about programs that will help families avoid foreclosure. The sample documents included in this section can be used to help you create your own Home Rescue Fair and marketing material. Additional information will be posted here: www.nclr.org/credit.

National Coalition for Asian Pacific American Community Development is a membership-based network of more than 100 organizations in 17 states that serves Asian American and Pacific Islander (AAPI) communities. Members use innovative affordable housing, community development, organizing, and planning strategies to improve the well-being of low-income AAPI communities. www.nationalcapacd.org

National Council of La Raza, the largest national Hispanic civil rights and advocacy organization in the United States, provides information on community and family wealth-building for Latinos. www.nclr.org/wealthbuilding

National Urban League is the nation's oldest and largest community-based movement devoted to empowering African Americans to enter the economic and social mainstream. www.nul.org

Bank of America Home Loans provides guidance to families who are having trouble making their home-loan payments. www.bankofamerica.com/homeloans

Consumer Action serves consumers nationwide by advancing consumer rights, referring consumers to complaint-handling agencies, publishing educational materials in Chinese, English, Korean, Spanish, Vietnamese, and other languages, and advocating for consumers. www.consumer-action.org

Fannie Mae created Keys to Recovery initiatives that include steps to keep struggling borrowers in their homes and stabilize communities affected by foreclosures. www.fanniemae.com/aboutfm/keys_to_recovery.pdf

Freddie Mac provides information to help troubled borrowers avoid foreclosure and supports industry efforts to help prevent foreclosures. www.freddiemac.com/corporate/buyown/english/avoiding_foreclosure

Homeownership Preservation Foundation (HPF)

is a nonprofit that creates partnerships with local governments, nonprofit organizations, borrowers, and lenders to help families overcome obstacles that could result in the loss of their homes. HPF created the Homeowner's HOPE™ Hotline, (888) 995-HOPE, to help individuals and families at risk of foreclosure.

www.995hope.org

Hope for Homeowners was established by Congress and allows homeowners at risk of foreclosure new refinance opportunities through the Federal Housing Administration (FHA). The program will expire September 20, 2011. Eligibility information can be found on the program's website. www.hud.gov/hopeforhomeowners.

HOPE NOW is an alliance of counselors, servicers, investors, and other mortgage market participants. www.hopenow.com

HousingPolicy.org, a project of the Center for Housing Policy, provides information on successful policies that states and localities have adopted to expand the availability of homes to working families.

www.housingpolicy.org

LoanPerformance created and maintains the largest mortgage securities and servicing databases.

www.loanperformance.com

Local Initiatives Support Corporation is dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity. www.lisc.org/section/resources

Making Home Affordable was established by the U.S. Department of the Treasury to provide loan modification and refinance opportunities to eligible borrowers. Several major loan-servicing companies are participating in the initiative, as well as Fannie Mae and Freddie Mac. Eligibility information can be found on the program's website. www.makinghomeaffordable.gov.

National Association of Consumer Advocates

is a nationwide organization of more than 1,000 attorneys who represent and have represented hundreds of thousands of consumers victimized by fraudulent, abusive, and predatory business practices.

www.naca.net

National Consumer Law Center works to defend the rights of low-income consumers and advance economic justice.

www.consumerlaw.org

National Council of La Raza's Homeownership Network Learning Alliance (NHNLA)

is a training program for housing counselors seeking certification in homeownership and foreclosure prevention counseling.

www.nhnla.org

NeighborWorks America is a national nonprofit organization created by Congress to provide financial support, technical assistance, and training for community-based revitalization efforts. www.nw.org/foreclosuresolutions

U.S. Department of Housing and Urban Development provides information to help homeowners facing the loss of their homes. www.hud.gov/foreclosure

Sample Op-Ed

Freddy Alvarez does not take no for an answer. When a family of four could no longer afford to make mortgage payments on their home, he insisted that something could be done to save the house from a possible foreclosure. The family had an adjustable rate mortgage (ARM), which means that although the loan was initially fixed at a low rate, it soon adjusted to a much higher one, increasing their monthly payments by almost \$1,000. Alvarez, a housing counselor at the Cuban American National Council in Miami, Florida, also discovered that the family's lender neglected to account for property taxes for two years, leaving them with a \$10,000 bill.

Alvarez helped the family by negotiating a lower, more affordable, fixed interest rate, securing approval of a new repayment plan, and obtaining forbearance on the unpaid property taxes. While this family's story ended on a positive note, many Americans this year will be less fortunate, losing their homes, and in turn, their opportunity to enjoy a better future.

Forecasters are predicting more than eight million foreclosures in the next four years. These foreclosures will not only strip Americans of their homes, but also their financial security. Without a home—the largest investment that most Americans have—many will lose the ability to send their children to college, weather a financial emergency, and, ultimately, achieve the American Dream.

Rising foreclosure rates are largely due to unscrupulous practices such as predatory lending, which has systematically flawed financial products and set them up for failure. Latinos are primary targets of predatory lending. Many are enticed into purchasing high-cost loan products with exorbitant interest rates or fees. A recent survey reveals that Latinos are twice as likely as Whites to be victims of fraud.

Predatory lending widens the wealth gap between non-Hispanic Whites and Latinos in the United States. According to a recent study, non-Hispanic Whites are nine times as wealthy as Hispanics in the U.S. This ratio will increase if timely and relevant information is not immediately made available to Latino families.

Through our work as a funder and developer of housing counseling programs, the National Council of La Raza (NCLR)—the largest national Hispanic civil rights and advocacy organization in the United States—has learned that one-on-one counseling for low-income families is an effective tool for building financial knowledge and sustainable wealth. The NCLR Homeownership Network is composed of 50 community-based housing counseling providers in 23 states and works with more than 30,000 families annually.

The demand for counseling has recently increased exponentially. Our agencies went from receiving one or two calls a week to fielding a dozen daily. However, housing counselors have limited resources and can often find working with families emotionally draining. The average foreclosure client requires about 20 hours of counseling. Fortunately, as the need for these services has increased, lawmakers have stepped up to meet the demand.

NeighborWorks America—a nonprofit organization created by Congress to support community-based revitalization efforts—received \$180 million in federal funding for foreclosure mitigation counseling. Next year, housing counseling programs will receive \$200 million. NCLR applauds U.S. Senators Patty Murray (D-WA), Charles E. Schumer (D-NY), Sherrod Brown (D-OH), and Bob Casey (D-PA) for championing this legislation.

NCLR has also increased efforts in response to the growing need for foreclosure counseling by launching the Home Rescue Campaign. This summer, NCLR will host free Home Rescue Fairs throughout the country. Attendees will receive free legal advice, housing counseling, and loss mitigation services. Participants will also receive information about other resources that are available to prevent or mitigate foreclosure. Disseminating vital information and making financial counseling available to Latino families are important steps in closing the wealth gap and increasing homeownership among Latinos. With investments by our champions in Congress and initiatives like the NCLR Home Rescue Campaign, highly trained counselors like Freddy Alvarez can continue to make a difference in our communities.

Sample Letter to the Editor

Dear Editor:

As [reference newspaper's article title, with date] described, the housing crisis has been devastating in [state]. With eight million home foreclosures predicted nationwide over the next four years—[insert number of foreclosures in state] in our state—millions of families are losing more than their homes. They are losing their financial security and ability to pay for college, weather emergencies, and save for retirement. Hispanic families have been especially hit hard. Many Latinos have been enticed into loans with exorbitant interest rates or fees; they are twice as likely as Whites to be victims of fraud.

Programs that offer information and housing counseling are vital to helping families become financially sound again. Our organization works with the National Council of La Raza's Home Rescue Campaign to offer homeowners free legal advice, housing counseling, and loss mitigation services. Families should know that there are programs like these as they struggle to keep their homes and greatest financial investment.

Sincerely,

Name

Role in Community

Sample Volunteer Agreement

[GROUP NAME] Home Rescue Fair

Date _____

Time _____

Location _____

Volunteer Confidentiality and No-Solicitation Agreement

As a [volunteer, community member, student, attorney, paralegal or translator] for the [group's name] Home Rescue Fair, (date), I understand the importance of maintaining confidentiality.

I pledge to not disclose confidential or personal information to third parties about anyone seeking assistance at the Home Rescue Fair without the consent of the individual. If I have any questions regarding confidentiality, I will consult the volunteer coordinator at my location before divulging information to any other person.

By signing this document, I am bound to keep all information confidential both during and after the actual Home Rescue Fair.

I agree to not solicit or distribute materials either during or after the actual Home Rescue Fair.

Volunteer Printed Name

Volunteer Signature

Date

Sample Client Authorization Form

Client Name _____

Housing Counseling Agency Name _____

Counselor Name _____

I understand that _____ (agency name) will provide me with foreclosure prevention counseling, after which I will receive a written action plan that will include recommendations for managing my finances. My case may be referred to other housing services or to other organizations or agencies so that I may receive assistance in resolving particular issues.

Additionally, I give authorization to (agency name) to provide follow-up on my case.

A housing counselor may answer my questions and provide information, but may not give legal advice. If I need legal advice, I will be referred to an appropriate agency.

Client Signature _____ Date _____

Client Signature _____ Date _____

Address _____

Sample Client Authorization Form (Spanish)

Nombre de Cliente _____

Nombre de Agencia de Asesoría de Vivienda _____

Nombre de Consejero _____

Entiendo que (nombre de la agencia) va a proveerme con asesoría para prevenir no perder mi casa. Recibiré un plan de acción por escrito en el cual estarán todas las recomendaciones para el manejo de mis finanzas y la posibilidad de ser referido a otras agencias si es apropiado.

Existe la posibilidad que mi caso sea referido a otros servicios relativos a la vivienda, o a otras organizaciones, si el caso lo amerita, será posible ser asistido para resolver problemas particulares.

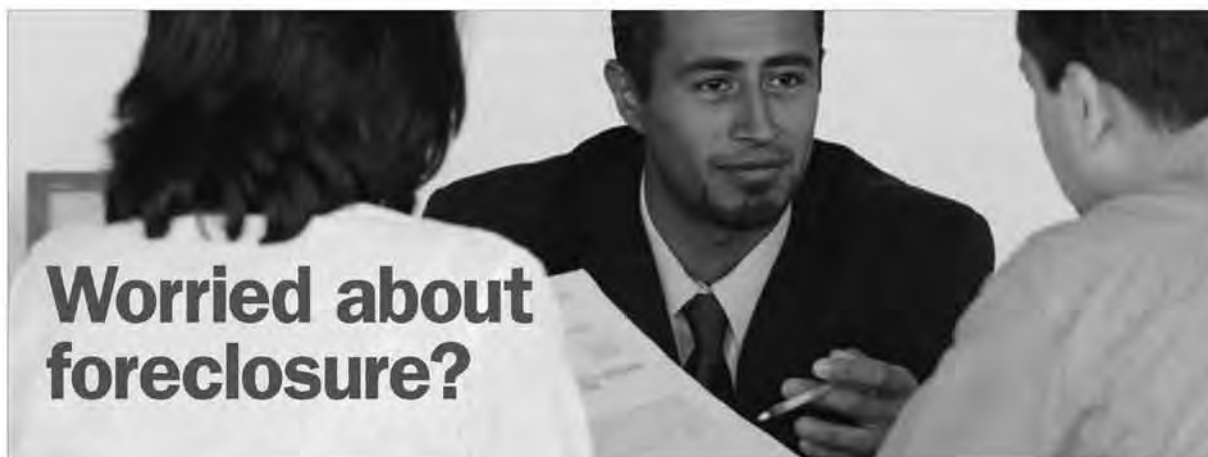
Además, doy autorización para hacer seguimiento a mi caso. Un consejero de vivienda puede contestar mis preguntas y proveer información, pero no dar consejo legal. Si necesito un consejo legal, seré referido a la agencia apropiada.

Firma del Cliente _____ Fecha _____

Firma del Cliente _____ Fecha _____

Dirección _____

Sample Flyer



COME TO THE HOME RESCUE FAIR FOR HELP.

The Alliance for Stabilizing our Communities has organized this event to help provide you with the tools and resources you need to make informed decisions about the options available to you. Bring your loan documents and other financial information to get advice from industry experts. **Together we'll work to give you valuable information and hope during this difficult time.**

TAKE ADVANTAGE OF THESE FREE SERVICES:

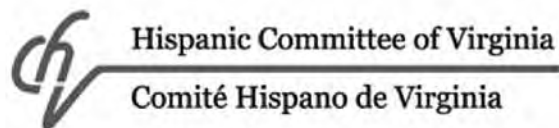
- One-on-one sessions with loan specialists, HUD-approved housing counselors, and attorneys
- Foreclosure-prevention workshops
- Translators

For more information, call 1.866.842.3391.

ALLIANCE FOR STABILIZING OUR COMMUNITIES



This event is brought to you by the Hispanic Committee of Virginia.



EVENT INFO

Saturday, July 11, 2009

10 a.m. to 2 p.m.

Wakefield High School

4901 S. Chesterfield Rd.

Arlington, VA 22206

PLEASE BRING THE FOLLOWING DOCUMENTS SO WE CAN BETTER ASSIST YOU:

- Current pay stubs (within the last 30 days)
- 2007 and 2008 income-tax returns
- Three months of bank statements
- Household expense budget
- Copy of closing documents and most recent correspondence from your mortgage company
- Most recent property-insurance and mortgage statements

Sample Flyer (Spanish)



VEN A LA FERIA PARA RESCATAR LA VIVIENDA PARA QUE TE AYUDEMOS.

La Alianza Para la Estabilización de Nuestras Comunidades ha organizado este evento para proporcionarte las herramientas y recursos necesarios para tomar decisiones bien informadas acerca de las opciones a tu disposición. Trae los documentos de tu préstamo y otra información financiera para obtener asesoramiento de expertos en la industria. **Vamos a trabajar juntos para darte información valiosa y esperanzas en estos momentos difíciles.**

APROVECHA ESTOS SERVICIOS GRATUITOS:

- Sesiones individuales con especialistas en préstamos, con asesores en asuntos de la vivienda aprobados por HUD (Departamento de Vivienda y Desarrollo Urbano de EE.UU.) y con abogados
- Talleres para evitar la ejecución hipotecaria
- Intérpretes bilingües

Para obtener más información, llama al 1.866.842.3391.

LA ALIANZA PARA LA ESTABILIZACIÓN DE NUESTRAS COMUNIDADES



National
Urban League

NCLR
NATIONAL COUNCIL OF LA RAZA



National CAPACD
Involving Together from the Ground Up

Bank of America 

Si bien esta información se le proporciona en español, las solicitudes, divulgaciones y otros materiales estarán disponibles solamente en inglés.

Este evento es presentado por Comité Hispano de Virginia.



Hispanic Committee of Virginia

Comité Hispano de Virginia

INFORMACIÓN ACERCA DEL EVENTO

Sábado 11 de julio de 2009

De las 10 a.m. a las 2 p.m.

Wakefield High School

4901 S. Chesterfield Rd.

Arlington, VA 22206

**PARA QUE PODAMOS AYUDARTE MEJOR,
TRAJE LOS SIGUIENTES DOCUMENTOS:**

- Talones de pago actuales (cubriendo los últimos 30 días)
- Declaración federal de impuestos sobre los ingresos del 2007 y 2008
- Tres meses de estados de cuenta bancarios
- Presupuesto de los gastos del hogar
- Copia de los documentos de cierre y la correspondencia más reciente de la compañía de tu préstamo hipotecario
- La póliza de seguro sobre la propiedad y los estados de cuenta de la hipoteca más recientes

Sample Counseling Intake Form

NAME OF COUNSELING AGENCY _____

Counselor Intake Form

Client Information

Name _____

Property Address _____

Home Phone _____

Cell Phone _____

Work Phone _____

Email _____

Race

White
 Black
 Asian
 American Indian or Alaska Native
 Native Hawaiian and other Pacific Islander
 Multiple Races

Ethnicity

Hispanic
 Non-Hispanic
 Other _____

Family Size _____

Female Head of Household

Yes
 No

Mortgage Information

Name of Lender/Service _____

Loan No (s)

1. _____

2. _____

Purchase Date _____

Refinance Date _____

How many months behind _____

Total amount due (including past due amounts)

\$ _____

Has lender initiated foreclosure proceedings?

Yes
 No

Sale date if foreclosure is scheduled _____

Is bankruptcy being considered?

Yes
 No

Reason for falling behind. Reason for hardship.

Sample Counseling Intake Form (Spanish)

NOMBRE DE LA AGENCIA DE ASESORÍA _____

Forma de admisión para el asesor

Información del cliente

Nombre _____

Dirección de la propiedad _____

Teléfono de casa	Teléfono celular	Teléfono de trabajo	Correo electrónico
------------------	------------------	---------------------	--------------------

Raza

Blanco
 Negro
 Asiático
 Indio americano o nativo de Alaska
 Hawaiano nativo y otros isleños del Pacífico

Origen étnico <input type="checkbox"/> Hispano <input type="checkbox"/> No hispano <input type="checkbox"/> Otro _____	Número de personas en la familia	Mujer como cabeza de familia <input type="checkbox"/> Si <input type="checkbox"/> No
------------------------------------------------------------------------------------------------------------------------------	----------------------------------	-----------------------------------------------------------------------------------------

Información de la hipoteca

Nombre del prestamista/recaudador 1. _____ 2. _____	Préstamo No. (s) # _____ # _____
---------------------------------------------------------------	----------------------------------------

Fecha de compra	Fecha de refinanciamiento	¿Cuántos meses de atraso?	Importe total a pagar (incluyendo la cantidad vencida) \$ _____
-----------------	---------------------------	---------------------------	--------------------------------------------------------------------

¿Ha iniciado el prestamista la ejecución hipotecaria? <input type="checkbox"/> Sí <input type="checkbox"/> No	Fecha de venta si está prevista la ejecución hipotecaria	¿Se considera la bancarrota? <input type="checkbox"/> Sí <input type="checkbox"/> No
------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------	-----------------------------------------------------------------------------------------

Razón de la morosidad. Razón de los problemas económicos.

Sample Budget Worksheet

Budget

Please enter how much you pay for the items below each month, and total them in the last row

Expense	Borrower	Co-Borrower
Other Home Loans, Rent & Liens	\$	\$
Auto Loan(s)	\$	\$
Auto Insurance & Other Expenses	\$	\$
Credit cards & Installment Loans	\$	\$
Health Insurance	\$	\$
Medical Expenses	\$	\$
Child Care, Child Support & Alimony	\$	\$
Food & Miscellaneous Spending Money	\$	\$
Utilities	\$	\$
Other	\$	\$
Other	\$	\$
Total	\$	\$

Please enter your income details below and total them in the last row.

Income	Borrower	Co-Borrower
Gross Wages	\$	\$
Other Income (unemployment, child support, etc.)	\$	\$
Other	\$	\$
Other	\$	\$
Total	\$	\$

Please enter how much money you have in the assets below, and total them in the last row

Asset	Borrower	Co-Borrower
Checking Account(s)	\$	\$
Saving & Money Market Account(s)	\$	\$
Stocks, Bonds & CDs	\$	\$
Retirement Account(s)	\$	\$
Home Equity	\$	\$
Other Real Estate Equity	\$	\$
Cars (with no loan payments)	\$	\$
Other	\$	\$
Total	\$	\$

Notes:

Sample Budget Worksheet (Spanish)

Presupuesto

Por favor escriba todos los gastos mensuales y súmelos

Gastos	Prestatario	Co-Prestatario
Pago de casa	\$	\$
Pago de automóvil	\$	\$
Seguro de automóvil	\$	\$
Tarjetas de préstamos	\$	\$
Seguro de salud	\$	\$
Cuidado de niños, manutención de niños	\$	\$
Comida y otros gastos	\$	\$
Utilidades	\$	\$
Otros	\$	\$
Otros	\$	\$
Total	\$	\$

Por favor escriba con detalle sus ingresos y súmelos

Ingresos	Prestatario	Co-Prestatario
Otros ingresos, mantenimiento de niños, etc.	\$	\$
Otros	\$	\$
Otros	\$	\$
Total	\$	\$

Por favor escriba cuanto dinero tiene en bienes y súmelos

Bienes	Prestatario	Co-Prestatario
Cuenta de cheques	\$	\$
Cuenta de ahorros del mercado monetario	\$	\$
acciones, bonos, certificado de depósito	\$	\$
cuenta de retiro	\$	\$
Plus valia	\$	\$
Otra plus valia de casa	\$	\$
Carros (que ya no deba)	\$	\$
Otros	\$	\$
Total	\$	\$

Notas:

Sample Ticket Form

Ticket Form

(Write # here)

Housing Counselor _____

Legal Advice _____

Loan Negotiation _____

Done _____

Circle One: English / Spanish

Acknowledgments

Preparation of this tool kit was a cooperative effort of the National Coalition for Asian Pacific American Community Development, National Council of La Raza (NCLR), and the National Urban League to provide support to community-based organizations striving to assist families at risk of foreclosure. The tool kit was authored by Graciela Aponte, Legislative Analyst, Wealth-Building Policy Project, in the Office of Research, Advocacy and Legislation, NCLR. Janis Bowdler, Associate Director, Wealth-Building Policy Project, NCLR, provided substantive oversight and guidance. Jennifer Kadis, Director of Quality Control, NCLR and Kari Nye, Assistant Editor, NCLR provided overall technical support and editing guidance in preparing this tool kit for dissemination.

The author also wishes to thank each of the following individuals for their contributions to this tool kit: Mosi Harrington, Housing Initiative Partnership; Edna McLaughlin, NCLR; Eric Rodriguez, NCLR; and Catherine Singley, NCLR.

Notes

A large rectangular area with rounded corners, containing horizontal blue lines for writing. A small pencil icon is located in the bottom right corner of this area.

