

# THE BRIDGE

VOLUME 1, ISSUE 4

SEPTEMBER 4, 2012

## WELCOME TO *"The Bridge"*



Welcome to "The Bridge" Newsletter, a publication to connect housing counseling information seekers with information providers throughout the Office of Housing, Department of HUD, and the Housing Counseling industry.

## Housing Counseling Rocks in California!



### California Housing Finance Agency

Keep Your Home California has added 14 housing counseling agencies statewide, giving distressed homeowners a personal connection to the \$2 billion mortgage payment assistance program.

The nonprofit agencies offer face-to-face intake sessions for financially strapped homeowners interested in Keep Your Home California. Housing counselors can detail the four programs, determine eligibility and help with the application process – all for free.

"We're always looking for ways to reach more homeowners, and our counseling agency partners are critical to the success of the program," said Claudia Cappio, executive director of the California Housing Finance Agency, the state agency administering the federally funded Keep Your Home California. "Some homeowners are more comfortable with in-person meetings, and our counseling agencies can offer this service in many communities in the state."

The 14 counseling agencies applied to become Keep Your Home California partners this spring and have undergone extensive training to learn about the program during the past several weeks. The counseling agencies join more than 25 other nonprofits already providing much-needed services to homeowners.

The following HUD-approved counseling agencies joined the Keep Your Home California team:

- Community Housing Development Corp. of North Richmond
- Fair Housing of Marin
- Fair Housing of Riverside County
- Housing Authority of the City of Fresno
- Korean Resource Center
- Neighborhood Housing Services of the Inland Empire
- Legal Aid Society of Orange County
- National Asian American Coalition

- Neighborhood Assistance Corporation of America
- NID Housing Counseling Agency
- Operation Hope
- Spanish Speaking Unity Council
- Tri-Valley Housing Opportunity Center
- West Los Angeles Community Development Corporation

Counseling agencies help homeowners while easing the number of calls at the Keep Your Home California processing center in Southern California, which handles thousands of calls every week. Keep Your Home California pays a fee to the counseling agencies for each homeowner helped.

It's also important to remember the counseling agencies can help homeowners learn more about other mortgage assistance options in case they don't qualify for Keep Your Home California.

Homeowners can check the complete list of counseling agencies including cities, addresses, phone numbers and homepages on the Keep Your Home California website at [www.KeepYourHomeCalifornia.org/counseling.htm](http://www.KeepYourHomeCalifornia.org/counseling.htm) on the Keep Your Home California website.

Keep Your Home California, established under the U.S. Treasury's Hardest Hit Fund, offers four mortgage assistance programs for low- to moderate-income homeowners.

- The Unemployment Mortgage Assistance Program offers as much as \$3,000 per month for up to nine months for homeowners receiving unemployment benefits from the state Employment Development Department.
- The Mortgage Reinstatement Assistance Program provides a maximum of \$25,000 to help homeowners catch up on their mortgage payments.
- The recently expanded Principal Reduction Program offers as much as \$100,000 in principal reduction, with Keep Your Home California funding the entire amount rather than the previous dollar-for-dollar match required from mortgage servicers.
- The Transition Assistance Program provides a maximum of \$5,000 in relocation costs for homeowners who are moving from their home through a mortgage servicer-approved short sale or deed-in-lieu of foreclosure.

Keep Your Home California has approved about 24,000 homeowners and more than \$500 million in funding since the program started in February 2011.

# THE OFFICE OF HOUSING COUNSELING REORGANIZATION – Update in Brief



## Union Negotiations

Negotiations have been completed with all unions and agreements have been reached.

## Manager Reassignments

Most managers have been reassigned and all manager positions to be advertised have now been posted.

The following persons have been reassigned to management positions:

- Cheryl Appline
- Marjorie George
- Carolyn Hogans
- Kristin Johnsen
- Emelda Kennerly
- Jerrold Mayer
- Rhonda Rivera
- Dennis Rogers
- Ruth Román
- Brian Siebenlist
- Johnnie Young

## Implementation Schedule

The following implementation schedule has been established to provide estimated timeframes when milestones will be accomplished. Dates are subject to change in response to unforeseen delays.

Milestones	Dates
Issue Memorandum to Solicit Expressions of Interest from Managers	June 2012
Receive Expressions of Interest from Managers	June 2012
Managers Notified of Reassignments	July 2012
Issue Memorandum to Solicit Expressions of Interest from Staff	August 2012
Receive Expressions of Interest from Staff	September 2012
Staff Notified of Reassignments	September 2012
Target Effective Date of Reassignments	October 2012
Transition Period	October – December 2012
OHC Fully Operational	October 2012

# INQUIRING MINDS WANT TO KNOW

## RESEARCH ON HOUSING COUNSELING

A number of studies have been published recently on the effectiveness of housing counseling. In January 2012, the Urban Institute released a [major evaluation](#) of the National Foreclosure Mitigation Counseling program, demonstrating that counseled borrowers were more likely to receive a modification, on better terms, and remain in their homes when compared to borrowers who did not receive housing counseling. In May, HUD's Office of Policy Development and Research issued two studies, of [pre-purchase](#) and [post-purchase](#) homeowners counseled by HUD-approved agencies, showing positive outcomes associated with housing counseling. These studies add to our knowledge of who benefits from housing counseling and what works.

On August 27, 2012, prominent researchers gathered recently at the Urban Institute at a conference sponsored by HUD's Office of Policy Development & Research to explore the use of mortgage data in research. None of the research has been published yet and cannot be considered final. We will distribute citations through The Bridge when we receive them.

The presentations generally covered research of loan performance during 2008 – 2011, and used varying methodologies to measure impact. Some relied on data from one or two large housing counseling agencies and networks, while others used results from a regional network or mapping of housing counseling agency locations. Several of the presentations explored the role of housing counseling in successful homeownership. Most of those present noted the difficulty of obtaining data on mortgage performance, borrower characteristics, loan characteristics, and whether housing counseling had occurred.

One presentation reviewed the findings of studies by Michael Collins of the University of Wisconsin-Madison and Maximilian Schmeiser of the Federal Reserve Board of Governors. The authors matched counseling information from the Homeownership Preservation Foundation, sponsor of the HOPE hotline, with data regarding origination and loan characteristics of subprime loan borrowers. The authors found that default counseling had potential to prevent foreclosures, noting that the length of counseling did not seem to make a difference in the outcomes. They also noted that counseled borrowers were more likely to miss a payment following counseling, but less likely to lose their home.

Professor Vicki Been of the New York University Furman Center for Real Estate and Urban Policy presented findings from a study (authored by Ioan Voicu, Andrew Tschirhart, Vicki Been and Mary Weselcouch) matching OCC loan performance data with borrower and property characteristics for defaulted borrowers owning property in New York City, seeking indicators that might predict the performance of loan modifications they received. Modifications under the HAMP program, modifications that involved principal reduction, or mods that involved lower payment amounts, had much better chances of performing. The study found that borrowers receiving counseling were more likely to get a loan modification, but counseling did not have an impact on the likelihood of re-default under the modification.

Jacob Rugh of Brigham Young University presented information about why Latinos were hit the hardest during the housing crisis. He found that Latinos have lost their homes more often for at least three reasons: (1) concentration in the hard hit states of Arizona, California, Florida, and Nevada; (2) a relative late entry into the housing boom that exposed them to riskier loans and larger home price declines; (3) residence in places with an outsized share of economic activity in real estate and construction and the ensuing effects of declines in employment. Finally, he documents that Latinos are less likely than expected to receive loan modifications and have reduced access to local housing counseling agencies.

HUD is beginning a multiyear, experimental study of the effect of pre-purchase counseling that features a randomized design, a number of study locations and various types of housing counseling. The study is just beginning, and will take several years to complete. It too will add to our knowledge of housing counseling.

The Office of Housing Counseling is collecting research, studies and information relating to housing counseling to put on our new website. Please send us links or studies that we should add.

### **Suggested Resources (partial list):**

<http://www.huduser.org/portal/>

<http://urban.org/housing/index.cfm>

<http://www.ccc.unc.edu/publications.php>

<http://neighborworks.issuelab.org/research>

<http://nhc.org/resources.html>

# HELP FOR HOMEOWNERS

## \$25 Billion Attorney General Settlement Beginning to Make a Difference to Distressed Homeowners

Distressed homeowners in Connecticut, Nevada and Colorado are among the nations borrowers who now have access to long awaited relief as a result to the \$25 billion settlement with five of the nation's largest banks.

The State of Connecticut's share of the \$25 billion mortgage foreclosure servicing settlement will be spent to bolster and expand programs assisting Connecticut's distressed homeowners. The New York Times reported in a recent article, [Relief for Distressed Borrowers](#), the challenges of the Phillips family. Robert Phillips lost his job in publishing eight years ago, and ever since, he and his wife, Kristine, a paralegal, have struggled to keep up with the mortgage payments on their home in Stratford... "We did all the right things," Ms. Phillips said. But they only wound up more deeply underwater.

Now, she and her husband are finally getting the relief they believe is long overdue. In April Wells Fargo, prodded by the Phillips's lawyer at the Connecticut Fair Housing Center, agreed to reduce the principal due on their loan by \$159,000. The reduction, along with a lower interest rate, cuts the Phillips's monthly payment by \$1,500, and gives them what they wanted all along: the ability to stay in their home. "We have a family, this is where we live," Ms. Phillips said. "We're in it for the long haul."

Distressed homeowners will have access to a new hotline and additional housing counselors as part of a plan approved by the Nevada legislature. The \$11.7 million plan will be funded by a \$57 million payment from the national foreclosure settlement. The Attorney General of Colorado seems inclined to allocated funding to support a counseling hotline as well. In referring to numerous complaints regarding unscrupulous mortgage practices, he stated, "As my office worked through these complaints I came to learn the value of housing counseling provided by nonprofit HUD-approved housing counselors.

The Colorado Foreclosure Hotline has also been instrumental in getting distressed borrowers in contact with this free counseling service and raising awareness about this valuable service. My office has supported the Hotline with grants totaling \$1.1 Million since 2009."

Read State of Colorado Settlement document:

[http://www.coloradoattorneygeneral.gov/sites/default/files/press\\_releases/2012/03/16/ag\\_settlement\\_fund\\_uses\\_decision\\_memo.pdf](http://www.coloradoattorneygeneral.gov/sites/default/files/press_releases/2012/03/16/ag_settlement_fund_uses_decision_memo.pdf)

Read State of Connecticut Settlement document:

<http://www.ct.gov/ag/cwp/view.asp?a=2341&q=498968>

Read State of Nevada Settlement document:

<http://ag.state.nv.us/newsroom/multistate/settlement.html>

Joseph A. Smith, Monitor of the [National Mortgage Servicing Settlement](#), issued a progress report on Wednesday, August 29, 2012. While the amounts have not yet been confirmed, scored, or credited, **servicers have submitted documentation** for the following during the first quarter of the Settlement period.

- A total of \$10.56 billion in relief was provided to 137,846 borrowers; an average of \$76,615 per borrower.
- First lien modifications were completed for 7,093 borrowers and resulted in loan forgiveness of \$749.4 million or \$105,650 per borrower.
- An additional 5,500 borrowers received forgiveness of pre-March, 2012 forbearance in the amount of \$348.9 million.
- Second-lien modifications and extinguishments were provided to 4,213 borrowers; \$231.4 million in relief.
- Almost 23,000 home loans were refinanced with an average interest rate reduction of 2.1 percent.
- Short sales or deeds in lieu were authorized for 74,614 borrowers at an average of \$116,200 per borrower.
- Through various other consumer relief programs the servicers provided \$458.8 million in relief to 24,353 borrowers.
- First lien modification trials were extended to 21,104 borrowers and 28,047 borrowers were in an active trial.



**NATIONAL  
MORTGAGE  
SETTLEMENT**

# Mortgage Settlement Information and Assistance

[US Department of Housing and Urban Development Homeowner Help Page](#)

BY STATE: A-N

<b>Alabama Attorney General Luther Strange</b> For <b><u>additional help in Alabama</u></b>	<b>Kansas Attorney General Derek Schmidt</b> For <b><u>additional help in Kansas</u></b>
<b>Alaska Attorney General Michael Geraghty</b> For <b><u>additional help in Alaska</u></b>	<b>Kentucky Attorney General Jack Conway</b> For <b><u>additional help in Kentucky</u></b>
<b>Arizona Attorney General Tom Horne</b> For <b><u>additional help in Arizona</u></b>	<b>Louisiana Attorney General James D. Caldwell</b> For <b><u>additional help in Louisiana</u></b>
<b>Arkansas Attorney General Dustin McDaniel</b> For <b><u>additional help in Arkansas</u></b>	<b>Maine Attorney General William J. Schneider</b> For <b><u>additional help in Maine</u></b>
<b>California Attorney General Kamala Harris</b> For <b><u>additional help in California</u></b>	<b>Maryland Attorney General Douglas F. Gansler</b> For <b><u>additional help in Maryland</u></b>
<b>Colorado Attorney General John Suthers</b> For <b><u>additional help in Colorado</u></b>	<b>Massachusetts Attorney General Martha Coakley</b> For <b><u>additional help in Massachusetts</u></b>
<b>Connecticut Attorney General George Jepsen</b> For <b><u>additional help in Connecticut</u></b>	<b>Michigan Attorney General Bill Schuette</b> For <b><u>additional help in Michigan</u></b>
<b>Delaware Attorney General Joseph R. Biden, III</b> For <b><u>additional help in Delaware</u></b>	<b>Minnesota Attorney General Lori Swanson</b> For <b><u>additional help in Minnesota</u></b>
<b>District of Columbia Attorney General Irvin Nathan</b> For <b><u>additional help in District of Columbia</u></b>	<b>Mississippi Attorney General Jim Hood</b> For <b><u>additional help in Mississippi</u></b>
<b>Florida Attorney General Pam Bondi</b> For <b><u>additional help in Florida</u></b>	<b>Missouri Attorney General Chris Koster</b> For <b><u>additional help in Missouri</u></b>
<b>Georgia Attorney General Sam Olens</b> For <b><u>additional help in Georgia</u></b>	<b>Montana Attorney General Steve Bullock</b> For <b><u>additional help in Montana</u></b>
<b>Hawaii Attorney General David Louie</b> For <b><u>additional help in Hawaii</u></b>	<b>Nebraska Attorney General Jon Bruning</b> For <b><u>additional help in Nebraska</u></b>
<b>Idaho Attorney General Lawrence Wasden</b> For <b><u>additional help in Idaho</u></b>	<b>Nevada Attorney General Catherine Cortez Masto</b> For <b><u>additional help in Nevada</u></b>
<b>Illinois Attorney General Lisa Madigan</b> For <b><u>additional help in Illinois</u></b>	<b>New Hampshire Attorney General Michael Delaney</b> For <b><u>additional help in New Hampshire</u></b>
<b>Indiana Attorney General Greg Zoeller</b> For <b><u>additional help in Indiana</u></b>	<b>New Jersey Attorney General Jeffrey S. Chiesa</b> For <b><u>additional help in New Jersey</u></b>
<b>Iowa Attorney General Tom Miller</b> For <b><u>additional help in Iowa</u></b>	<b>New Mexico Attorney General Gary King</b> For <b><u>additional help in New Mexico</u></b>

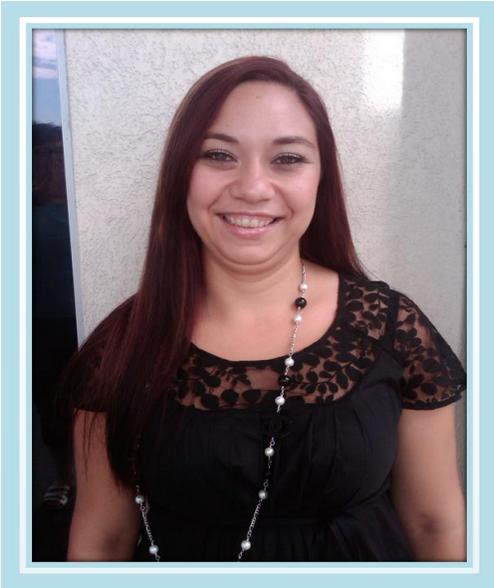
# Mortgage Settlement Information and Assistance

## BY STATE: O-W

<b>Ohio Attorney General Mike DeWine</b> For <u>additional help in Ohio</u>
<b>Oregon Attorney General John Kroger</b> For <u>additional help in Oregon</u>
<b>Pennsylvania Attorney General Linda L. Kelly</b> For <u>additional help in Pennsylvania</u>
<b>Rhode Island Attorney General Peter Kilmartin</b> For <u>additional help in Rhode Island</u>
<b>South Carolina Attorney General Alan Wilson</b> For <u>additional help in South Carolina</u>
<b>South Dakota Attorney General Marty J. Jackley</b> For <u>additional help in South Dakota</u>
<b>Tennessee Attorney General Robert E. Cooper, Jr.</b> For <u>additional help in Tennessee</u>
<b>Texas Attorney General Greg Abbott</b> For <u>additional help in Texas</u>
<b>Utah Attorney General Mark Shurtleff</b> For <u>additional help in Utah</u>
<b>Vermont Attorney General William H. Sorrell</b> For <u>additional help in Vermont</u>
<b>Virginia Attorney General Ken Cuccinelli</b> For <u>additional help in Virginia</u>
<b>Washington Attorney General Rob McKenna</b> For <u>additional help in Washington</u>
<b>West Virginia Attorney General Darrell V. McGraw, Jr.</b> For <u>additional help in West Virginia</u>
<b>Wisconsin Attorney General J.B. Van Hollen</b> For <u>additional help in Wisconsin</u>
<b>Wyoming Attorney General Greg Phillips</b> For <u>additional help in Wyoming</u>

**THE BRIDGE** is pleased to recognize Champions of Service who have provided exemplary service in the Housing Counseling arena, inside and outside of HUD. Nominations of persons both inside and outside of HUD are welcomed. Please send your nominations by the 20<sup>th</sup> of each month to [thebridge@hud.gov](mailto:thebridge@hud.gov) .

## **CHAMPIONS OF SERVICE – KUDOS to Melissa Luna**



**Melissa Luna, Housing Counselor**  
**Legal Aid Society of Orange County, CA –**  
**Champion of Service**

Melissa has been a housing counselor for four years dealing primarily with foreclosure matters and has been at the Legal Aid Society of Orange County (LASOC) for approximately two years. Melissa is familiar with the HAMP Program and additional options, initiatives and workout plans offered through Fannie Mae, Freddie Mac, FHA, VA and Federal, State and industry-led programs. She is also very familiar with no doc loans, interest-only ARMs and payment option ARMs.

A homeowner recently came to LASOC for assistance at our unlawful detainer clinic. The homeowner had been foreclosed upon by Wells Fargo and was extremely frustrated as he felt he had been wrongly foreclosed upon. The homeowner was in the process of working on a loan modification at the time of the foreclosure and had no idea his house was going to sale. The attorneys at the Unlawful Detainer clinic brought him over to the Foreclosure Mitigation Unit to see if Melissa could assist him.

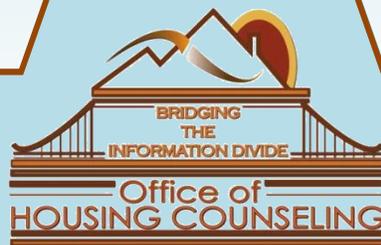
Melissa explained to the homeowner that he was the victim of Wells Fargo's dual tracking process, and that he was not alone, hundreds of thousands of homeowners had lost their homes due to the dual tracking process. At the interview Melissa determined that the homeowner had a Fannie Mae loan, and further, that the homeowner earned enough income to support a loan modification.

Melissa quickly got in touch with Fannie Mae and sent them a proposal asking them to rescind the sale setting forth the reasons why the property was wrongfully foreclosed upon. Melissa waited several weeks for Fannie Mae to make a decision and during that time the homeowner was forced to deal with realtors, an unlawful detainer action, and the Sheriff asking him to vacate the premises.

Ultimately Fannie Mae decided to rescind the sale and Melissa put together a request for modification and submitted it to Wells Fargo. Melissa continued to monitor the status on the application always sending in updates and continually making phone calls to the Sheriff's Department, Fannie Mae attorneys, and the realtor. Melissa coordinated the process so all parties were aware of the status of the loan modification and to ensure that everyone was on the same page.

Neither Fannie Mae nor Wells Fargo would call off the Sheriff so the homeowner was required to remove all his belongings to the front yard as the Sheriff threatened to change the locks on the house. Three weeks later, Wells Fargo approved the homeowner for a trial mod and the homeowner happily brought the trial mod to Melissa for review. After three payments the homeowner's trial mod was approved permanently. The homeowner and his wife and children moved all their belonging back in the house and thanked Melissa for her help, knowledge and coordination of the entire process.

# OHC Talent Search



Consider a Career with the  
Office of Housing Counseling

**APPLY TODAY!**

**[MP Vacancy \(Open to Government Employees\)](#)**

<http://www.usajobs.gov/GetJob/ViewDetails/323940700>

**[DE Vacancy \(Open to all US Citizens\)](#)**

<http://www.usajobs.gov/GetJob/ViewDetails/323933900>

## ON THE HORIZON



**Training Workshop: September 20, 2012 - Santa Ana, CA. “The Effect of Regulatory Changes in Assisting Your Housing Counseling Clients” sponsored by Rural Community Assistance Corporation (RCAC).**

This workshop is recommended for program managers and counselors interested in the impact on counseling work from recent regulatory changes. Registration is required. There is no fee. This training is open to nonprofit housing counseling agencies only. More info at: <http://www.rcac.org/doc.aspx?994>