BRIDGING THE INFORMATION DIVIDE
Office of HOUSING COUNSELING

THE BRIDGE

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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.

BREAKING NEWS!

The Office of Housing Counseling (OHC) is pleased to announce the release of **FY2013 Housing Counseling Program Notice of Funding Availability (NOFA).** Approximately $19.5 million is expected to be available for this NOFA.

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Housing Counseling Rocks with State AGs!

Attorneys General Endeavor to Make a Difference

Funds from the $25 billion National Mortgage Settlement continue to provide relief for homeowners through aggressive efforts of Attorneys General (AGs) across the country. According to a report by Enterprise Community Partners, of the states that have decided to allocate funds for housing, the top five distributions are going to:

Top 5 State Housing Allocations

Here are some of the innovative ways states are using the settlement funds to ultimately benefit homeowners.

Nevada Provides Relief with Home Again

On January 7, 2013, Nevada State Attorney General Catherine Cortez Masto and a consortium of HUD agencies led by Financial Guidance Center announced the official roll out of the *Home Again: Nevada Homeowner Relief Program*, to help homeowners who have been hit hardest by the housing crisis. The *Home Again* program created a one-stop shop, central resource to assist homeowners in finding and accessing state and federal programs for which they may be eligible. During the first week of the program, 2,050 callers were assisted.

The *Home Again* program is the result of planning and collaboration between the office of the Attorney General, Financial Guidance Center, Nevada Legal Services, and Legal Aid Center of Southern Nevada.

The program is open to any Nevadan and is designed to help homeowners seeking a loan modification, those who currently owe more for their home than its current market value, those who have lost their home to foreclosure, and those working toward homeownership.

Home Again
NEVADA HOMEOWNER RELIEF PROGRAM
OFFICE of the NEVADA ATTORNEY GENERAL

HUD-Approved Housing Counseling Agency Leads the Charge

Home Again is led by Financial Guidance Center, a HUD- approved housing counseling agency with 41 years of experience providing a multitude of programs and services to assist Nevadans in meeting their financial goals. Together with the partnership of Nevada Legal Services, Legal Aid Center of Southern Nevada, and the statewide HUD housing counseling network, those who seek assistance through *Home Again* will receive any and all forms of assistance for which they are eligible.

"We are here to help the thousands of Nevadans who have been affected by one of the largest problems impacting our state," said Michele Johnson, President & CEO of Financial Guidance Center. "There remains a great deal of confusion about what state or federal programs are available and we are here to help those who call to navigate through the process. There are homeowners and borrowers in the state who are suffering financially and don't know where to turn. With a single phone call we can link them to multiple agencies and help alleviate the frustration and confusion that many homeowners, former homeowners and distressed borrowers experience in their quest for financial relief."

Restoring Credit After Foreclosure

A unique aspect of this program is the credit restoration process for borrowers who may have already lost their home through foreclosure or short sale. Assistance will include guidance on the steps a borrower may take to become creditworthy, enabling them to become homeowners again in what is a relatively short time, with assurance their next home purchase is affordable and, of most importance, sustainable.

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FROM THE DEPUTY ASSISTANT SECRETARY

Greetings,

I am so pleased to report that the comprehensive grant NOFA for Fiscal Year 2013 Housing Counseling Program has published! This is wonderful news, especially during this time of economic uncertainty and great need for housing counseling across the country. Under the continuing resolution, we are authorized to make grant awards up to $19.5 million. This year's NOFA grants process has been enhanced and streamlined to be more efficient and we look forward to your submissions and feedback. Be sure to visit www.grants.gov to submit an application before the deadline on **March 18, 2013.**

As we continue to make progress in the Office of Housing Counseling (OHC), our mission is to put customers first. That means we strive to make housing counseling accessible to all Americans in need, especially those underserved by the housing market, facing major housing needs, or in low income and disadvantaged households.

In this issue of "The Bridge," we feature an update on how funds from the AG National Mortgage Settlement agreement are providing substantial financial relief to homeowners. The $25 billion agreement with the nation's five largest mortgage servicers - Ally/GMAC, Bank of America, Citi Bank, JPMorgan Chase and Wells Fargo - provides restitution for unfair practices and foreclosure abuses. At the end of 2012, states had allocated more than $1 billion of state settlement funds for housing-related purposes, including nearly $250 million to housing counseling and another $50 million to legal aid. As the settlement funds are being disbursed by states, housing counseling agencies are key to ensure that consumers are connected to these benefits in their efforts to heal.

While funds continue to benefit those who need it most, the OHC has several vital roles in support of the AG settlement to:

- Encourage states to expand HC programs;
- Conduct training for AGs and legal services on the nature of HUD's HC program;
- Offer technical assistance in program design; and
- Provide support for oversight of HUD-approved agencies.

Currently, we are tracking program design in each state to share best practices. We also are considering a research study to determine the difference in outcomes for states investing in HC vs. those that chose not to. Please share your observations from your respective states and any best practices that could benefit others.

I also want to bring your attention to the Protecting Tenants at Foreclosure Act (PTFA). The National Law Center on Homelessness and Poverty (NLCHP) and the National Low Income Housing Coalition (NLIHC) share reports that provide recommendations to better protect renters under the law. It is important that the housing counseling industry is aware of PTFA, as people continue to be affected by this circumstance.

As a listening and learning organization, we want to hear from our stakeholders and understand the ways that the Office of Housing Counseling can help you, as we endeavor to improve the quality and impact of our program. Don't hesitate to drop me an email at sarah.s.gerecke@hud.gov.

-Sarah

OUT AND ABOUT AROUND THE NATION

$60 Million of the National Settlement Funds Are Available for Additional Assistance to Floridians

Florida Attorney General Pam Bondi announced that $60 million of the national mortgage settlement with the nation's five largest mortgage servicers will now be available to provide additional assistance to Floridians. Attorney General Bondi's proposal to help Floridians, which was approved by the Legislative Budget Commission, includes the following:

- $35 million for down payment assistance;
- $10 million for housing counseling;
- $5 million provided to the State Courts to help with foreclosure-related issues;
- $5 million provided to the Attorney General's Office to help fund legal aid programs; and
- $5 million provided to the Attorney General's Office to reimburse the office and to continue its efforts to remedy abuses of the foreclosure process.

"Floridians will now benefit from millions in down payment assistance, housing counseling, legal aid and better funded courts for foreclosure-related issues. I am proud that by working with the Legislature, we have ensured that the settlement funds go to the people who need it most—Florida's homeowners," stated Attorney General Pam Bondi.

Maryland Attorney General Awards $7.6 Million to Provide Greater Legal Aid Services for Distressed Maryland Homeowners

Maryland Attorney General Douglas F. Gansler and the Department of Housing & Community Development (DHCD) recently awarded nine nonprofit legal aid and assistance organizations more than $7.6 million to expand programs that help homeowners and renters harmed by the nationwide housing crisis.

The nine legal aid and assistance organizations will expand legal representation and related services for homeowners facing foreclosure, trouble with their mortgage payments, foreclosure mediations, loan modifications, debt collection, eviction proceedings and to assist homeowners with their legal questions at foreclosure prevention workshops and educational programs.

(continued on pg. 4)

Settlement Success Story: Jocelyn Harris
Written by Ryan Hughley

Jocelyn Harris is a mortgage broker from Delray Beach, Florida. In 2006, during the housing boom, she purchased her first and only family home for $250,000. At the time, she had a steady income and she and her husband were able to easily pay the mortgage. In 2008, the economy took a turn for the worse. Her husband's hours at work were dramatically reduced and so was his income. Mrs. Harris' daughter was diagnosed with sickle cell anemia and needed surgery. As if that wasn't enough, Jocelyn was diagnosed with Crohn's disease.

Jocelyn found herself trying to pay for significant unforeseen medical expenses, as well as monthly mortgage payments, all with severely diminished resources. Facing a foreclosure, Jocelyn sought help from the bank that originated her loan. Because [the bank] is participating in the national mortgage servicing settlement, it brought the value of her home down to its market value of $123,000 through a principal reduction. Jocelyn's mortgage payments went from $1,200 a month to $700 allowing Jocelyn and her family to stay in their home.

Banks participating in the National Mortgage Settlement have provided over $10.5 billion in principal reduction that helps borrowers stay in their homes and lower their monthly payments according to the "Continued Progress" report issued by independent settlement monitor Joseph A. Smith, Office of Mortgage Settlement Oversight.

"Don't let anyone say that your situation cannot be helped. Always be up on the information of your particular circumstance," advises Harris. "There is a possibility that there is a program out there that will help your situation. We put our life savings into our home and I was not going to let it be taken from me without a fight."

Because Mrs. Harris stayed informed, she was able to take advantage of the national mortgage servicing settlement agreement.

To find out more information on the settlement or to find help please visit NationalMortgageSettlement.com.

INQUIRING MINDS WANT TO KNOW

What is Being Done to Help Renters of Foreclosed Properties?

Tristia Baumen, National Law Center on Homelessness & Poverty

Millions of renters are suffering in the wake of the foreclosure crisis, yet many remain unaware of the federal law intended to protect them. The Protecting Tenants at Foreclosure Act (PTFA) is the federal response to the plight of renters in foreclosed properties, providing critical safeguards to innocent renters caught in the crossfire of a housing crisis they did not create.

The fundamental purpose of the PTFA is to protect renters from abrupt evictions following foreclosure and to give them adequate time to secure safe, alternative housing. To achieve its aim, the PTFA requires the new owner of a foreclosed property to allow renters with bona fide tenancies to reside in their homes for the duration of their lease agreements under the original terms of the contract. For renters with short-term leases or no leases at all, the PTFA requires that the new owner provide renters with at least 90 days' notice before requiring them to leave the property.

A tenancy is considered bona fide as long as: 1) the tenant is not the mortgagor or the child, spouse or parent of the mortgagor, 2) the lease is the result of an arms-length transaction, and 3) the rent is not substantially less than the fair market rent for the property. This definition is intended to be broad and to capture the majority of tenancies in foreclosed homes.

The number of renters in foreclosed properties is on the rise, involving millions of Americans, making PTFA awareness and enforcement more important than ever. The National Low Income Housing Coalition (NLIHC) estimates that the proportion of renters affected by foreclosures has remained at approximately 40 percent in recent years, however, the total numbers of affected renters has dramatically increased due to the upswing in foreclosure activity since 2008.

Prior to the passage of the PTFA, there was no federal protection for renters facing foreclosure. Most state laws provide minimal protections, and prior to the enactment of the PTFA, these tenants were often required to move with only a few days' notice – or, no notice at all. The PTFA, therefore, represents the best and surest protection available to renters nationwide.

Challenges remain in enforcing the PTFA because many tenants and new owners are unfamiliar with or misunderstand the law, resulting in frequent violations. According to a report by the National Law Center on Homelessness & Poverty (NLCHP), for example, 68% of tenant advocates identified illegal eviction notices as a major problem affecting renters across the country.

Despite the frequency of violations of the PTFA, the law still provides a minimum level of protection for renters whose homes have been foreclosed upon. Moreover, it has been an effective tool for legal service providers and housing counselors in advocating for clients and preventing evictions.

Members of Congress and national advocacy groups are working together to expand the PTFA's current sunset date of Dec. 31, 2014. For more information on PTFA:

- Access NLCHP's report: Eviction without Notice
- Access NLIHC's report: Renters in Foreclosure

(MD AG Awards, from pg. 4)

Executive Directors of the MD Legal Aid Organizations

More than 10,000 Maryland families are expected to benefit from the grants and an estimated 2,500 more families are expected to benefit from additional grants awarded to organizations in other regions of the state.

Under the National Mortgage Settlement, Marylanders will receive an estimated $900 million in direct benefits. As part of the settlement, Maryland also received nearly $60 million in funds which were allocated by Attorney General Gansler based on recommendations from the Attorney General's Mortgage Settlement Funds Workgroup. In accordance with the settlement, the money will go primarily to housing-related services and projects, including $6.2 million for legal aid and assistance. Maryland DHCD allocated an additional $2.8 million in state funds from the Maryland Housing Counseling Fund.

Marylanders harmed by mortgage lenders and the housing crisis they created frequently need a legal advocate to pursue justice for themselves and their families," said Attorney General Gansler. "With this effort, we're putting more mortgage settlement dollars to work helping Marylanders facing foreclosure and other housing-related struggles."

"The O'Malley-Brown Administration has worked since the beginning of the housing crisis to ensure that nonprofit legal services and housing counseling services are available to consumers in their communities," said Assistant Secretary Carol Gilbert, Maryland Department of Housing & Community Development. "This strong collaboration between the OAG's office and DHCD will greatly expand consumer access to such services."

For more information about Maryland's DHCD visit: http://www.dhcd.state.md.us/Website/Default.aspx.

CLIENT TESTIMONIAL

Entrepreneur Overcomes Financial Hardship
Written by Ryan Hughley

Maria is a responsible and hard working entrepreneur who heads her own business; a company called 10MinuteParenting. She purchased her home in 2009 for $246,000 with an FHA loan from Wells Fargo with monthly mortgage payments of around $1,778. She never missed a payment.

With the downturn in the economy, Maria's once lucrative full-time contract work decreased. In 2009 her earnings were in the low six-figures; however, by 2012 Maria's earnings had decreased to around $35,000 a year. Her mortgage payments, which she had made with ease, suddenly became an unmanageable burden. Equally significant, her home was also worth $70,000 less in 2012 than it was when she purchased it in 2009.

Unless Maria was able to refinance or get a principal reduction she was not going to be able to stay in her home. Seeking help, Maria heard about HOPENOW and attended a housing counseling event near her home. There she met with a counselor who was able to get her both a principal reduction and allow her to refinance. Her mortgage, which was $246,000 in 2009, was reduced to around $174,000. Her new mortgage payments went from $1,778 per month to $1,220.

When asked one piece of advice she would give to homeowners who are struggling to stay in their homes, Maria said, "Please do not get discouraged." "There is help out there for you if you keep trying. Show up completely prepared with every piece of paper work you think you might need and keep going!"

Thanks in large part to the historic mortgage settlement agreement and the housing counselors at HOPENOW; Maria was given the assistance she needed to keep her home.

"Please do not get discouraged. There is help out there for you if you keep trying. Show up completely prepared with every piece of paper work you think you might need and keep going!"

Maria Marinakis

HOUSING COUNSELING ROCKS, cont.

(from pg. 1)

More Housing Counselors On the Way
In addition to providing this comprehensive resource to Nevada borrowers and homeowners, the HUD housing counseling network will be strengthened with the addition of up to 40 housing counselors.

One HUD-approved agency to benefit from the program is Community Services of Nevada (CSNV), also a local affiliate of *National Council of La Raza.* The agency recently celebrated the opening of its new office location in North Las Vegas, Nevada. The expansion and addition of two new bi-lingual housing counselors and a new triage support staff is a direct result of funding from the Nevada Attorney General Mortgage Settlement and support from other community partners. The agency primarily serves Hispanic families in the greater Las Vegas area and in FY2012 helped more than 600 families avoid foreclosure. Executive Director Margarita Rebollal expects the agency to serve 1,200 mortgage default clients in FY13 with continued support from settlement funds.

CSNV's Grand Opening Ceremony - December 7, 2012

For additional information, contact:

- Michele Johnson, Financial Guidance Center
  702-364-0341 or michele@financialguidancecenter.org
- Margarita Rebollal, Community Services of Nevada
  702-307- 1710 or mvreb@csnv.org

Colorado HCA's Propose Five Elements for AG Settlement
Attorney General John Suthers and Governor John Hickenlooper announced that Colorado received a $51.17 million settlement in custodial funds, as part of the multistate settlement with the five largest national banks over foreclosure abuses. While many states saw their cash go into their general fund coffers and get used for things like education and building new roads, Hickenlooper and Colorado's legislative leaders agreed that the settlement funds should be used for foreclosure prevention, housing-counseling services and additional legal services for distressed owners.

The housing counseling community in Colorado successfully presented a proposal to the Attorney General's office recommending five elements to include in the funding settlement:

(1) fee-for-service counseling;
(2) ramp-up costs to meet growth needs;
(3) expansion to rural areas;
(4) program administration; and
(5) outreach and support for the Colorado Hotline.

The HUD-approved nonprofit counseling agencies shall receive a fee for service payment of $400 per client totaling $4.4 million. It is anticipated that reimbursement at this amount will require a level of monitoring and counseling that results in resolution for the borrower. There will be $25,000 available as ramp-up costs to all 26 HUD-approved housing counseling agencies that are currently in the Colorado Hotline network. Rural housing counseling agencies will receive $275,000 in funding where foreclosure filings are increasing. This effort will be oriented towards mountain communities and expand five housing counseling agencies that will serve rural communities, which are currently underserved.

Hotline is Critical to Outreach and Public Awareness
The Colorado Attorney General believes increased outreach and public awareness will be the key to getting Colorado borrowers in line to receive these new benefits. The outreach and Colorado Hotline (1-877-601-HOPE) is receiving $1.1 million to redesign the hotline and ensure that borrowers who want help are well-informed as to the resources available.

The Hotline is the central point of contact among the 26 HUD-approved state agencies that offer housing counseling services, and is administered by Shannon Peer, Director of Housing Counseling, Brothers Redevelopment, a 501(c) 3 HUD-approved housing counseling agency. The Colorado Hotline is implementing a very progressive, fresh campaign throughout the state. The new advertisements focus on the fact that four out of five who meet with a HUD-approved Colorado Hotline housing counselor will avoid foreclosure. The Colorado Foreclosure Hotline is proud to partner with HUD-approved non-profit housing counseling agencies across the state. By creating one housing counseling network through their toll-free number they are able to put homeowners immediately in touch with the housing counseling agency nearest their property, ensuring the best service through face-to-face counseling.

The windfall of funding in Colorado will enable the Attorney General's office to escalate complaints and be in a position to direct the borrowers to new and expanded resources available under the settlement. They intend to reach more people in every part of the state to ensure they know help is only a phone call away. Visit www.brothersredevelopment.org for more information.

CHAMPIONS OF SERVICE – J. Scott Hutchison

J. Scott Hutchison is a certified bilingual housing counselor at Housing Initiative Partnership (HIP) in Hyattsville, Maryland. HIP is an innovative, green nonprofit developer based in Prince George's County, Maryland dedicated to revitalizing neighborhoods and removing blight. HIP creates housing and economic opportunities for persons of low- and moderate-income and provides services that improve the quality of life in the communities they serve.

With more than 14 years of experience within the housing and mortgage finance industry, J. Scott specializes in foreclosure prevention. He meets daily with homeowners and families in danger of losing their home and assists them in effectively communicating with their lenders to resolve their situation through loan modification and other suitable workout strategies.

When asked what he likes best about his role as a housing counselor, J.Scott said, "The possibility of helping homeowners to not only retain their home but to come out with a better payment arrangement." "I also like the fact that in housing counseling, you can have a pretty varied set of experiences. I was a retail mortgage lender for 12 years, which gives me insight about the loans, nuances, payment terms and transparency. I have a master's degree in education and a background in working with families while providing empathy, care, and understanding."

One of the more memorable homeowners that J.Scott has counseled was a client who experienced a loan modification scam. She was disillusioned at the process and actually moved out of her home because she thought that any day now, she would be evicted. After a month or so, she decided to try to save her home and moved back in. After contacting the bank and being transferred from contact to contact, she was swept into the short sale process.

The bank told her that she didn't have a chance for a modification, so she put her house on the market. Once her home was listed, she felt that vultures were descending onto her property.

The homeowner experienced an invasion of privacy by people coming and going to view her property, taking photos, and driving by during all hours of the day and night.

While her house was in the short sale process, she contacted HIP and J.Scott began to review her files. He determined that she qualified for a loan modification due to lost wages. "First, we had to get her out of the short sale process in order to request a modification. Second, we had to escalate her file to get time and consideration from the bank because the foreclosure clock was still ticking," said J.Scott. "Once we put her file together and submitted it for review, the client was finally approved for a loan modification after approximately 6 – 7 months from coming into our office and two years after she was scammed." "I tell homeowners that they don't have to lose their home if they have not exhausted all of their available options. When we come into the picture as housing counselors, sometimes we see a pathway for homeowners, where they cannot."

Advice that J.Scott gives to homeowners experiencing financial hardship includes:

- **Secure income** If you're experiencing a job loss, get unemployment assistance and contact a housing counselor or lender to request a forebearance immediately.
- **Start the workout request** with your lender. Keep your information and contacts current and updated.
- **If at first you don't succeed, try and try again** Where you are falling short, stay on top of the file, and give the housing counselors updates on all lender communication.

For his commitment and success in helping homeowners prevent foreclosure with compassion, understanding, and care, J.Scott is a true **Champion of Service.**

CONTACT:
J. Scott Hutchison
jscott@hiphomes.org
(301) 985-5122

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 20th of each month to thebridge@hud.gov.**

ON THE HORIZON

FY2013 Housing Counseling Program Notice of Funding Availability (NOFA)

The Office of Housing Counseling (OHC) posted the FY2013 Housing Counseling Program Notice of Funding Availability (NOFA) on January 24, 2013. Partial funding for FY2013 has been provided by Continuing Appropriations Resolution, 2013, which became Public Law 112-175 on September 28, 2012, but is subject to change based upon receipt of final appropriations from Congress. Approximately $19.5 million is expected to be available for this NOFA through the Continuing Appropriations Resolution. HUD reserves the right to award more or less than this amount, **in one or more phases,** depending upon final appropriations and other factors. This NOFA will be the only application used for all funding appropriated or available for HUD FY 2013 housing counseling activities. Agencies are encouraged to apply under this NOFA in order to be eligible for any future FY13 funding that may be appropriated by Congress.

To streamline program requirements and reduce administrative burdens to applicants, HUD has made a number of procedural changes to the application process for this NOFA. These changes include increased support for grantees, such as Intermediaries and State Housing Finance Agencies (SHFAs) that manage networks of housing counseling agencies, realigned the scoring and funding methodology to better enable grantees to meet the program goal of building agency capacity to provide a flexible range of services, and a reduced emphasis on narrative responses through increase in quantitative responses.

The due date for application submission through www.grants.gov is **March 18, 2013**. Any questions on the NOFA should be directed to housing.counseling@hud.gov. OHC also plans to post frequently asked questions in the near future at www.hud.gov/housingcounseling.

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