

Vacant Properties Conference – Pittsburgh 9/25/07

- Strategies for addressing the growing problem of foreclosure
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Causes of problem

- Community specific
 - Predatory lending
 - Home Improvement Fraud
 - Economy
 - Flipping
 - Refusal on part of lenders to accept deeds in lieu
 - Workout issues
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Overall premises of program

- Borrowers don't realize the need to contact lender
 - Freddie Mac study
 - Practical reasons for ostrichization
 - Collectors v. loss mit
 - Practical help not avail until borrower seriously delinquent
 - Workoutability issues
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Overall Premises (2)

- Borrowers can be educated to make the proper decisions
 - Predatory lending exists
 - Gov't can be educated about their role in stopping Fraud
 - Follow up on building permits
 - Educate homeowners
 - Attack fraudulent actors
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Premises (3)

- Place for NP counselors
 - Lenders would rather talk to NPs
 - Intakes labor intensive
 - Counselors know lingo
 - Removes guilt
 - Lenders' loss-mit staff lacking in #s
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Cuyahoga County

- ❑ Provide one local phone number for borrower assistance (United Way)
 - ❑ Program capitalizes on existing network of experienced counseling agencies
 - ❑ Agencies own model
 - ❑ County pays agencies for increase in capacity caused by calls to 2-1-1
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Strengths of model

- ❑ One-on-one counseling necessary
 - Cannot do loss-mit over the phone
 - ❑ Ability to monitor effectiveness of program aspects
 - Data collection is a must
 - ❑ Streamline agency efforts
 - ❑ Agencies need job stability
 - ❑ Program only as effective as perception
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Financial needs (3/06 – 9/07)

- \$900,000 to agencies for increase in counseling staff
 - Increased staffing at County level
 - \$112,500 Marketing plan
 - \$12,500 mats purchase
 - Radio – 6 wks
 - TV – 6 wks
 - Billboards – 6 mos
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Financial Sources (3/06 – 9/07)

- ❑ CDBG - \$200,000
 - ❑ County Gen'l Fund - \$475,000
 - ❑ TANF - \$400,000
 - ❑ Private Foundations - \$115,000
 - ❑ Lenders - \$160,000
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Rescue Fund

- D-Tac (5% holdback from delinq taxes)
 - \$3,000 per borrower in sustainable loan
 - Rate MUST be fixed
 - Taxes MUST be escrowed
 - Income MUST justify payment
 - \$1.5 Million
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Callers to 2-1-1

- ❑ 6 calls per month, prior to program
 - ❑ Avg since 300/month
 - ❑ 18 month totals
 - 7,397 calls for mort f/c assistance
 - Aug. 07 - 1481 calls
 - ❑ 2-1-1 provides other necessary services for borrowers in need of help
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What happens to callers?

- 1/3 show up for first appointment
 - 1/2 of those who show get saved
 - 1,200 saved from foreclosure
 - Perspective
 - 66 borrowers per month keep homes
 - 1,200 borrowers per month enter F/C
 - 1,000 homes per month sold by sheriff
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Non-Financial Support For Agencies

- Loss-mit training
 - HUD, NCLC, FPP Office
 - Rescue Funds
 - Loss-mit contacts from F/C bar
 - Less need to raise funds
 - Agencies can specialize and share info
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Targeting borrowers

- ❑ Post cards to each house in F/C
 - 30,000 mailed in 18 mos
 - ❑ Message can be the same everywhere
 - ❑ Lenders CAN send pre-printed letters
 - ❑ Very few borrowers seeking pre-borrowing advice
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Legal Assistance

- ❑ Two legal firms involved
 - ❑ Agencies refer all borrowers with closing dox to Legal Aid
 - ❑ Foreclosures do NOT slow down, even while counseling ongoing
 - ❑ Over 100 borrowers have had sessions with attorney
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Cuyahoga County Webpage

- ❑ Standalone Website
 - <http://www.dontborrowtroublecc.org/>
 - ❑ Foreclosure timeline, FAQ's, sample forms, glossary, Ask the Expert.
 - ❑ Borrower questions answered through website
 - ❑ 34,000 separate visitors
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Prep work necessary for program

- Agency assessment
 - Site visits/self-appraisals
 - Funds available v. anticipated needs
 - Raise money
 - Knowledge of all players in community
 - Knowledge of Bad guys, Schemes, Problem products
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Prep Work (2)

- ❑ Financial partners/Non-financial partners
 - ❑ Gov't players must work together
 - ❑ Capitalize on gov'tal experience dealing w/counseling agencies
 - ❑ Put together marketing package
 - ❑ Credibility in public's eyes necessary
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Special Circs That Foster Success

- Cleveland counseling community
 - Experienced, primed, willing
 - Situation needed drastic action
 - Gov't ready to take on leadership role
 - Suburbs involved
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Special circs (2)

- Vacant homes costing money
 - One Cuy Cty municipality budgeting > \$750,000/yr to maintain vacant homes
 - Vision, insight and courage on behalf of gov't
 - “Predatory lending” not exactly popular term
 - Local lending community willing to take steps
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Barriers

- ❑ Foreclosure Rescue Scammers
 - \$ to hire “help to contact lender”
 - ❑ w/or w/out attorney
 - “We buy houses”
 - Copy cats
 - ❑ Still easier to get bad loan, than to face the music
 - ❑ Counseling costs money
 - ❑ Culture change takes decades
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