

Entry Description

Iowa, like many states, has been severely impacted by a growing number of homeowners who are at risk of losing their home to foreclosure. According to some studies, the rate of foreclosure in Iowa is among the top 10 in the nation. Understanding that the problem wouldn't disappear, and knowing that desperate homeowners often don't know what to do, the Iowa Finance Authority realized its need to step in and help out.

A small foreclosure prevention effort has been underway in Iowa for nearly a year. In September 2007 the Iowa Attorney General's Office launched a hotline staffed at Iowa Mediation Service. During the farm crisis of the 1980s the Attorney General's Office had formed a successful and similar relationship with Iowa Mediation Service. Now, like then, Iowa Mediation Service staff could step in and work with a homeowner's lender in an effort to find a feasible loan modification plan. Named the Attorney General's Foreclosure Hotline, the initiative existed without a dedicated funding source.

When NeighborWorks America announced in early 2008 that it would make grants to states and organizations to fund foreclosure prevention efforts, IFA saw an instant opportunity. Instead of making plans to create a duplicative foreclosure prevention effort, we offered the Attorney General's Office the opportunity to work in partnership with us on a grant application that would enhance their existing efforts and create a more robust initiative capable of helping thousands of financially troubled Iowans.

In February, IFA was thrilled to be awarded \$1.5 million from NeighborWorks America, the eighth-highest award among HFAs. With a larger budget and increased staff, the Attorney General's Foreclosure Hotline was rebranded and launched as Iowa Mortgage Help. The new name removed the stigma of "foreclosure" in an effort to persuade any Iowan to seek help regardless of whether they are or may have trouble paying the mortgage. We didn't want people to think they had to wait until they were in foreclosure to ask for assistance.

The new Iowa Mortgage Help included several major players:

- Iowa Finance Authority (grant administrator/co-program administrator)
- Iowa Attorney General's Office (co-program administrator)
- Iowa Home Ownership Education Project (local counseling agency administrator)
- Iowa Mediation Service (hotline answering and mediation)
- Iowa Legal Aid (free legal services)
- Strategic America (advertising agency)

In addition, 11 organizations around Iowa joined the initiative as local counseling agencies.

The IMH Process

Iowa's foreclosure prevention hotline process is unique. The IMH hotline is answered at Iowa Mediation Service in West Des Moines. There, a trained counselor does basic "intake," gathering general data to learn more about the caller's situation. That data is entered into a custom Web-

based computer application, and an IFA staff member refers the call to one of the 11 local counseling agencies. A representative from the counseling agency contacts the homeowner and sets up a time to meet either in person or by phone. Depending on the caller's situation, the local counseling agency may retain him or her and provide only the necessary basic services such as credit counseling, personal budgeting, etc. If the caller's situation is more serious and immediate, the local counseling agency will provide basic services and then quickly transfer the case back to Iowa Mediation Service where the more in-depth mediation process can begin. Throughout this process, each person's case is tracked via the on-line tool, making it easier for staff to determine the success of the program. It also helps the counselors find people who become unresponsive at any point or quit showing up for scheduled counseling sessions.

While many states have created partnerships with the national Hope Now initiative, we believe that a more localized effort is beneficial. We are quick to remind potential callers that IMH is an effort unique to Iowa. Iowans answer the hotline and Iowans provide the free counseling. This is just another way to ease the minds of nervous homeowners.

Marketing component

A tremendous marketing effort accompanied the launch and ongoing efforts of Iowa Mortgage Help. Communications staff from the Iowa Finance Authority and the Attorney General's Office worked in partnership with Strategic America to create a plan that most effectively allocated the \$300,000 marketing budget. Marketing and communication initiatives that have been utilized so far include:

- Creation of www.IowaMortgageHelp.com
- 30-second radio ads
- 10-second radio drive-time announcements
- Quarter-page ads in major daily newspapers
- Smaller ads in 179 weekly newspapers
- Direct mail of IMH brochure and reproducible newsletter article to food pantries, free medical/dental clinics, churches and neighborhood associations around the state
- Partnership with a local grocery store to include IMH flyer in grocery sacks
- Presentations to various lender, real estate, neighborhood and nonprofit groups
- Appearances on local cable programming
- Information on local access cable channels
- Day-long media blitzes in targeted markets
- Partnership with local walking clubs to distribute information door-to-door in targeted neighborhoods
- Articles in targeted publications produced by the Iowa League of Cities, Iowa Association of Realtors, Iowa Bankers Association, etc.
- Direct mail to borrowers with adjustable rate mortgages

Before the campaign started, we performed phone interviews with a cross-section of homeowners who had previously called the Attorney General's Foreclosure Hotline for

assistance. From them we learned that troubled borrowers are frequently confused and embarrassed, unaware of where to go for assistance and uneasy asking for help. We kept that feedback in mind as we created messaging for the initiative and all outreach and marketing efforts.

IMH Success

The success of the Iowa Mortgage Help initiative is undeniable. Since March 1, more than 2,800 people have called the hotline. Of those, more than 1,600 people have proactively chosen to enter the process and benefit from counseling and/or mediation services. While not every person who calls the hotline is able to keep their home, we believe IMH treats each circumstance individually and helps each client “make the softest landing possible.” But we also know that IMH has helped some borrowers work out a loan modification just one day before a scheduled Sheriff’s Sale. And we know that our marketing message encouraging homeowners to call early – even before they are behind on payments – is working. More than 26 percent of our callers are not yet delinquent on their home loan. Of those who are delinquent, more than 36 percent are only one month behind.

Summary

Several states and communities have launched various initiatives to help Americans who are at risk of foreclosure. While each effort is admirable, we believe IMH is a unique partnership of several organizations, each sharing the goal of helping any Iowan in financial distress. With clear organization, a strategic and measurable marketing plan and the support of local counseling agencies around the state, Iowa Mortgage Help is a broad and comprehensive initiative that is providing a priceless service to thousands of otherwise disillusioned Iowans.