Maryland Department of Housing and Community Development
NCSHA 2009 Awards

Category: **Special Achievement**
Entry Name: **Maryland's HOPE Initiative**

"Mortgage Late? Don't Wait!"

BACKGROUND

When the national foreclosure and subprime lending crisis began to affect households in Maryland, State officials responded with what the Washington Post described as "some of the most sweeping reforms in the country."

Governor Martin O'Malley's creation of the Homeownership Preservation Task Force in 2007 launched Maryland's development of a response to the foreclosure crisis. With the Maryland Departments of Housing and Community Development (DHCD) and Labor, Licensing and Regulation (DLLR) spearheading the Administration's response, the *Maryland Homeowners Preserving Equity Initiative (MDHOPE)* was created. MDHOPE is a multi-pronged initiative aimed at implementing strategies that help promote and preserve homeownership.

Maryland's comprehensive plan began with the following:

LEGAL AND REGULATORY REFORMS: Emergency regulations extended the amount of time available to homeowners to seek counseling and find alternatives to foreclosure.

REFINANCE AND SHORT TERM LOAN PRODUCTS: DHCD created the Lifeline, Homesaver and the Bridge to Hope programs to help homeowners who are stuck with exotic, expensive and, in some cases, fraudulent loans.

HOUSING COUNSELING AND LEGAL ASSISTANCE NETWORKS: DHCD invested significant resources into a statewide network of counseling agencies, giving homeowners access to free, reliable information about alternatives to foreclosure and resources to help them avoid it. Also, the Maryland Judiciary helped create a pro-bono attorney network that initially enlisted approximately 700 volunteer lawyers to aid at-risk homeowners. In addition, DHCD created the MDHOPE website, www.mdhope.org and toll free hotline, 877-462-7555, to route consumers to these helpful networks.

PARTNERSHIP WITH COUNTY GOVERNMENT: In May 2008, DHCD signed a Memorandum of Understanding (MOU) with Montgomery County, a jurisdiction ranking in the top three of Maryland counties with the highest foreclosure rate. The partnership would allow Montgomery County to match program money for foreclosure loan programs being made available to county homeowners.

EXPANDING THE MDHOPE PORTFOLIO

In Fiscal Year 2009, the O'Malley-Brown Administration expanded its efforts within the MDHOPE initiative.

In July 2008, DHCD signed another MOU, this time with Prince George's County, a jurisdiction that has the highest foreclosure rate among Maryland counties. The purpose of this agreement is to leverage County and State resources, in partnership with local and regional banks, to provide alternative refinancing options for distressed homeowners.

In the Fall of 2008, Governor O'Malley announced the establishment of a framework of operations with six servicers to ensure the highest quality of service to homeowners seeking loan modifications or alternatives to foreclosure. The aim of the agreement with these companies, which hold 23 percent of home loans in Maryland, was to create a streamlined and transparent loss mitigation process.

During this Fiscal Year, DHCD continued its support of the 30 nonprofit housing counseling agencies and two nonprofit legal services providers within the MDHOPE network with funding of almost $605,000. Overall, the State has distributed more than $5.5 million in assistance since the summer of 2007. Maryland's efforts were rewarded in June when NeighborWorks recognized Maryland as being in the top five states in serving the most clients through the National Foreclosure Mitigation Counseling (NFMC) program.

In a related effort, the State is coordinating with Montgomery County to build the capacity of local housing counseling agencies.

The State was awarded $22,457,928 from the U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program. In March 2009, DHCD announced the distribution of $18.9 million in grants, which was awarded under the Maryland's Neighborhood Conservation Initiative (NCI), to 17 municipal and county governments and to housing authorities. These grantees will use funds for a variety of eligible activities designed to stabilize communities most impacted by foreclosures and subprime lending.

SUMMARY

With the help of an aggressive marketing and outreach campaign "Mortgage Late? Don't Wait!" many programs and services under the MDHOPE umbrella were able to benefit thousands of families in Fiscal Year 2009.

- **Refinance and Short Term Loan Programs**
  - 21 loans made through the Lifeline refinance program, totaling $4,991,126.
  - 19 loans made through the HomeSaver program, totaling $5,493,881.
  - 46 zero-interest loans made through Bridge to Hope program, totaling $469,630.

- **MDHOPE Housing Counseling Network**
  - From the beginning of July 2008 to the end of June 2009, assistance providers aided more than 13,000 homeowners.
  - Of this number, more than 4,500 have achieved a "positive outcome," including forbearance agreements, loan modifications, or short-sales

- **Legal Assistance**
  - The number of volunteer attorneys increased this year as almost 870 lawyers were recruited and trained to provide pro bono legal advice to homeowners and counseling agencies through a partnership between DHCD, DLLR, Civil Justice Network and the Pro Bono Resource Center (PBRC).

- The PBRC organized 600 lawyers at 44workshops that assisted 1,013 consumers with foreclosure prevention.

- **MDHOPE Website**
  - In Fiscal Year 2009, the MDHOPE website logged more than 128,000 hits, with more than 94,000 of those categorized as first time hits.

- **MDHOPE Hotline**
  - From the beginning of July 2008 to the end of June 2009, the hotline fielded more than 17,000 calls.

The *Maryland Homeowners Preserving Equity Initiative (MDHOPE)* was created to help promote and preserve homeownership, and it has made great progress toward that goal. The multi-pronged strategy provides assistance at every level of the foreclosure process, and continues to give homeowners hope during a time when they are facing one of life's most challenging problems – the loss of the family home to foreclosure. MD HOPE may not be able to save every home from foreclosure, but it can, and does, provide guidance, good information, coordination with lenders, legal advice and investigative services. This initiative continues to provide a lifeline to those who are facing foreclosure. Maryland is committed to continuing to provide these services until the wave of foreclosures facing this nation begins to recede.