



2013 Annual Awards Entry Form
(Complete one for each entry.)

Entry Name Building a Smarter Foreclosure Prevention Network

HFA North Carolina Housing Finance Agency

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013**.

Use this header on the upper right corner of each page.

HFA: North Carolina Housing Finance Agency

Entry Name: Building a Smarter Foreclosure Prevention Network

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Federal Advocacy <input type="checkbox"/> State Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs	<input checked="" type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Overview

The North Carolina Housing Finance Agency operated a small, focused state program from 2005 to 2010 that helped 746 homeowners avoid foreclosure and provided housing counseling to 6,000 more. In the three years since, it has assembled and consolidated a broad array of state and federal resources into a comprehensive system that has prevented 22,000 foreclosures and provided counseling for an additional 30,000 homeowners.

The impact for the state's economy is irrefutable: nearly \$2 billion in property has been saved in 800 towns across all 100 counties, preserving the value of surrounding property by an additional \$660 million. For families who received help, the benefits are incalculable.

Best of all, the work creates a strong foundation for helping thousands more homeowners facing foreclosure over the next several years.

Building on the existing state program, we pulled together and linked new resources: seven foreclosure mitigation grants, Hardest Hit funds, a state program originally focused on predatory lending, and funds from the Attorneys General National Mortgage Settlement. We owe our success to several strategies:

- Establishing a single call center and a single website as access points for all homeowners seeking mortgage payment assistance, loan modification help and counseling
- Constructing a vital electronic data management and tracking system that supports simplified application and payment processes and real-time data review—creating enormous efficiencies
- Strengthening the state's existing network of counseling agencies by paying for results (loans closed and sessions held), creating opportunities for them to earn \$25.5 million over the last three years, providing extensive training, and fostering collaboration on best practices

The result? A robust foreclosure prevention system that has resulted in:

- One-stop shopping for homeowners
- Improved quantity and quality of service from counseling agencies
- Increased efficiency for the Agency and its counseling agency partners
- Our recognition as the state focal point for foreclosure prevention, which has drawn in new resources for North Carolina

How We Got Here

The roots of the current, high-performing foreclosure prevention system are in the N.C. Home Protection Program (HPP), which we designed for the N.C. General Assembly in 2004. The catalyst was several plant closings that left workers jobless and with limited skills to enter new industries. Modeled after Pennsylvania's Homeowners' Emergency Mortgage Assistance Program, HPP provided mortgage payments for displaced workers while they looked for work or completed job training. It began as a pilot in eight counties and was eventually offered statewide through 24 HUD-approved counseling agencies.

In 2008, as the recession began taking hold, we applied for our first National Foreclosure Mitigation Counseling (NFMC) grant on behalf of 20 counseling agencies. Our work with the HPP showed the need for more counseling funds, but although counseling agencies were eligible to apply, none felt able to do so. We filled the gap, won two grants totaling \$5 million, and doubled the state's available foreclosure funds. By spring 2013, we'd brought in seven NFMC grants totaling \$12.4 million.

The game changer, however, was North Carolina's selection by the U.S. Treasury in 2010 to receive \$482.8 million of Hardest Hit Funds (HHF) because of the state's high rate of unemployment. As our flagship program, we proposed mortgage payment loans based on our experience with the state program,

which bridged homeowners through job loss, retraining and re-employment. The approach was adopted by Treasury as a model for other high unemployment Hardest Hit states.

Our new HHF program, the N.C. Foreclosure Prevention Fund (NCFPF), used the state program as the pattern for an effort on a much larger scale. We set out to preserve strengths, such as our growing collaboration with local counseling agencies and our ability (granted by the General Assembly) to place a 120-day-stay of foreclosure. The state program helped us identify and remedy “potholes.” For example, we learned from HPP that requiring partial mortgage payments from homeowners created a large administrative burden, so we eliminated that requirement. And we extended eligibility to homeowners whose need for new employment resulted from temporary hardships such as divorce and serious illness. Our knowledge of our counseling partners—including their staffing constraints—led us to streamline and mechanize processes and invest heavily in training and hands-on coaching. Strengthening and expanding the existing network was vital to reach our target of assisting 21,000 homeowners by the end of 2017.

The Agency sought input on the program’s design from partners such as the N.C. Commissioner of Banks, Department of Commerce, Justice Center, mortgage servicers and insurers, and housing advocacy organizations. We enlisted these partners and new ones—the Employment Security Commission, clerks of court, county sheriffs, community colleges and the Governor’s Rapid Response teams—in a guerilla marketing approach to reach eligible homeowners. We hired two outreach specialists to do grassroots work, including educating local leaders.

We worked to integrate a second state foreclosure prevention project into our Agency six months after the launch of the NCFPF. The State Home Foreclosure Prevention Project (SHFPP) originated in 2008 under the Commissioner of Banks (COB) to address foreclosures caused by predatory lending, and was expanded in 2010 to assist anyone facing foreclosure on a primary residence. Under state law, servicers must notify homeowners and file with our Agency 45 days before beginning foreclosure proceedings. They pay a \$75 fee that provides homeowners access to counseling services, including loan mitigation help and legal services—resources that are not funded by the Hardest Hit Fund. Since SHFPP and NCFPF partner with many of the same counseling agencies, moving both programs under one management reduced confusion for homeowners and counseling partners. Paralegals that joined us from the COB staff brought legal expertise and strong relationships with servicers that benefit NCFPF clients.

National Mortgage Settlement funds are the most recent consolidation. Our Agency was selected by the state Attorney General in 2012 to administer counseling agency funds under the settlement. Over the next two years, the \$13.8 million in grants will help 47 local counseling agencies hire staff, purchase essential equipment, and otherwise build their capacity to serve homeowners through the remainder of the foreclosure crisis and beyond with pre-purchase and other homeownership counseling.

Simplified Systems, Access and Outreach Make for a Powerful Combination

For the first time, all the foreclosure prevention resources in the state are being operated under one umbrella, a move that has had a far-reaching impact on our ability—and that of the counseling agencies—to meet consumer needs. Key strategies to creating such an effective system include:

An electronic document and records management system that allows counselors and homeowners to submit all NCFPF documents via a password-protected portal. With one push of a button, our staff can generate an entire loan closing package; another push converts closing documents to PDF and publishes them to the web portal for download by the counseling agency. This automated process saves our staff at least 1,400 hours per month, reduces paper and mailing costs, and improves efficiency for the counseling agencies as well. Counselors also report NFMC and AG settlement activities through the portal. The database supports automated payments to agencies for closed loans and counseling sessions.

We also use the data management system to gather and analyze production data for the three programs. Although the SHFPP database, created at the COB, remains separate, it is managed in house, and our IT staff easily incorporates SHFPP data into reports that analyze data across all programs. This instant access allows us to pinpoint and address problems. For example, patterns of denial for mortgage payment assistance led us to remove a loan-to-value standard, so that we can help people with underwater mortgages. The ability to pull real-time reports across programs helps us identify people in a counseling program who may also qualify for a mortgage payment loan. We can easily spot which counseling agencies are struggling and deploy staff trainers to work one-on-one with them.

One-stop shopping for homeowners. Once SHFPP was moved to our Agency, we combined its call center with the existing N.C. Foreclosure Prevention Fund call center, managed by a counseling agency that previously offered both programs. SHFPP is included on the NCFPP website, and Google searches on “North Carolina foreclosure” regularly list pages from this website among the first several links.

Enhanced training and networking for counselors. We offer periodic webinars, multi-day workshops, onsite trainings, an annual meeting and a housing counselor track at the state housing conference. The result is that counselors are talking more to us and their peers, providing suggestions and sharing best practices, such as using group information sessions to speed up intake.

Unified outreach. We use each program to market assistance provided by the others. For example, the 30,000 letters SHFPP sends to delinquent homeowners every month now include information about mortgage payment loans. Press outreach routinely mentions all resources.

Effective Help for Homeowners – Now and In the Future

As of June 2013, we have assisted 50,000 North Carolinians, including more than 20,000 who had foreclosures prevented through loans or counseling. The programs are averaging 500 loan closings and 700 counseling sessions a month. So far, fewer than two percent of homeowners who have completed mortgage payment assistance have gone on to foreclosure.

More than 200 counselors have been trained in our programs, giving homeowners unprecedented access to expertise across the state. Our one-stop shop approach provides quicker access to assistance—an advantage that makes it easier to seek help at a confusing and stressful time, and can make the difference between saving and losing a home. The Agency and its counseling partners are well positioned to continue successful foreclosure prevention work through the end of the Hardest Hit Fund in 2017.

The most powerful legacy is the creation of an effective, dynamic network of counseling agencies that has attained a level of professionalism, focus, and cohesiveness not present before. We now have 50 agencies statewide offering our assistance, with 24 providing all of our programs. Their participation so far has earned them \$25.5 million in resources that would not otherwise have been available to them, enhanced the overall image of housing counseling and built their credibility in their communities—all benefits that will yield returns long after the formal programs end. As foreclosure prevention efforts decrease, these agencies will be better able to focus on helping homeowners who have been through foreclosure to recover—assistance with finding new living arrangements, credit restoration, budgeting and credit education. They also will be able to offer services to prepare new home buyers for successful homeownership—and to prevent foreclosures before they start.

A temporary hardship does not have to mean a permanent loss.