

Foreclosure Prevention: Help for Homeowners Special Achievement

Home is Worth Keeping

The economic downturn, which set off national foreclosure and unemployment crises, has hit Rhode Islanders particularly hard. Rhode Island's foreclosure rate ranks second in the country, and the state has one of the highest unemployment rates in the nation (in fact, Rhode Island has been second in the nation for two months running). Advocates have seen first-hand how the unemployment and foreclosure crises have displaced homeowners and exacerbated the barriers low-income renters have encountered in their search for safe, quality, affordable homes. In response, Rhode Island Housing has developed a comprehensive, multi-pronged approach to foreclosure prevention. This HFA works to ensure that Rhode Island's 'at-risk' homeowners and tenants can keep a roof over their heads.

The Need

The nation's foreclosure crisis has had a devastating impact on Rhode Islanders – homeowners and renters alike – who are threatened with the loss of their home and have no one to turn to for help. A stagnant economy, lack of affordable housing options, deep cuts to social services and a growing state budget deficit mean that residents are feeling the squeeze from the high cost of living and lack of services available to offset the overwhelming need. Add to this the rising number of foreclosures throughout the state, and the result is more families being displaced and losing any sense of permanency in their lives.

While the housing crisis is being felt throughout the country, by the fall of 2007, Rhode Island began to take the lead among New England states in foreclosure initiations and subsequent loss of homes. Homeowners are not the only ones affected by this crisis. Renters, too, are finding themselves homeless with little notice and even less resources available to them.

Rhode Island Housing assists homeowners who are having trouble making mortgage payments. The agency works with struggling homeowners to develop reasonable plans to keep them in their home. The following programs allow us to help a wide array of homeowners who may be experiencing difficulties making their mortgage payments.

Three Options Available

- **Mediation:** Conciliation
- **HelpCenter:** Counseling
- **HHFRI:** Assistance with making a mortgage payment

Mediation: Conciliation

The three largest cities in Rhode Island (Providence, Cranston and Warwick) and the Town of Warren have passed ordinances that require loan servicers to engage a Conciliation Conference Coordinator at a HUD-approved counseling agency before filing a foreclosure deed. The Coordinator determines whether the loan servicer made a good-faith effort to reach an agreement with the homeowner. Servicers can forego a conference and pay a fine in two of the cities, Providence and Warwick. The third city, Cranston, does not impose a fine; it requires servicers to obtain a Certificate of Good Faith from the Coordinator before filing a foreclosure deed. To date, Rhode Island Housing is the primary local HUD-approved agency that has made these services available.

In addition to working with a Conciliation Coordinator, homeowners must be receiving foreclosure-prevention counseling with a HUD-approved counselor (such as the ones in Rhode Island Housing's HelpCenter). Housing counseling combined with a conciliation conference is one of the most effective ways to help homeowners avoid foreclosure. Of the homeowners who have completed the conciliation conference, typically close to three-quarters are able to remain in their homes. In all, 392 positive mediation outcomes as a result of a conference; 351 foreclosures have been canceled by the lender (prior to the conference being held) as a result of the program (*numbers as of Dec. 31, 2011*). Some 92% of the clients who work through the process appear on track to end up with a loan workout of some sort.

HelpCenter

Since opening the doors of our HelpCenter in November 2007, 13,187 Rhode Island homeowners have contacted our HelpCenter seeking assistance. Of this number, 7,300 homeowners, with a full range of financial challenges, have met face-to-face with our counseling staff. 6,550 homeowners have completed the counseling process and 750 homeowners are being reviewed by servicers. The majority of homeowners reside in our state's urban communities, and 40% of the homeowners counseled are households with annual incomes less than \$40,000. Of the 6,550 closed files, 2,565 families have achieved reinstatement, modification or refinancing. 599 homeowners are receiving HHFRI assistance (*as of May 31, 2012*).

The counselors in the Help Center assist homeowners working through their housing issues with their lender. This is a very complicated process for homeowners to navigate on their own, the HelpCenter works with them until there is a resolution of their case. In addition, the HelpCenter, and other HUD approved and HHFRI certified counselors have knowledge of all the tools, which might be available to a homeowner, including HHFRI as one of the options.

Madeline Walker Act

HelpCenter counselors have also been able to assist clients who have been helped by the Madeline Walker Act of 2006. The Madeline Walker Act gives Rhode Island Housing the right of first refusal to acquire the tax lien when a residential property becomes subject to tax sale. The law applies only to properties that are owner-occupied and contain three or fewer units. Rhode Island Housing works with the owners of these properties to set up a payment plan, but also connects them with other resources like the Hardest Hit Fund (HHFRI) and HelpCenter foreclosure prevention counselors.

The law stipulates that cities, towns and other taxing authorities are required to notify Rhode Island Housing of delinquent liens well in advance of tax sales. As a result of the bill's passage, Rhode Island Housing receives copies of notices from taxing authorities (municipalities, fire districts, sewer and water authorities) prior to any liens going to sale so that the agency may contact property owners and offer our assistance.

When liens are purchased by private investors, the homeowner has one year to pay the delinquent tax money plus interest in order to redeem his/her home. If the tax is not paid within one year, the investor may foreclose on the lien and take possession of the property. Additionally, the homeowner must come up with a lump sum payment. When Rhode Island Housing purchases a tax lien, we work with the homeowner, analyzing the homeowner's financial information to set up the homeowner with a repayment plan to redeem the property. Rather than only allowing one year to repay the tax amount, we can provide the homeowner with up to five years, with smaller monthly payments which meet their financial situation. Additionally, we may consider waiving the statutory interest if the homeowner is experiencing financial hardship.

An effective and just lien sale program must ensure the taxes or fees get to the entity that needs them while addressing the social issues behind the delinquency. Rhode Island Housing has first option to purchase residential tax delinquencies at the time that they go for sale, achieving several goals:

- The taxing entities receive the funds they are due;
- The private sector still performs the required legal and title work;
- We provide homeowners advice, financial assistance and education to keep them in their homes;
- And, if moving turns out to be the only viable option, we work to ensure the homeowner receives the max possible return from the sale of the home and the best relocation alternative.

As of June 2012, Rhode Island Housing has exercised its right of first refusal and acquired 2,515 tax liens in nearly every community in Rhode Island, at a total cost of more than \$11.8 million. We work closely with these homeowners to get them back on track with their payments, and as a result more than 60 percent (1,578) of the liens purchased by Rhode Island Housing have already been redeemed by the homeowners. Since the inception

of this important Act, Rhode Island Housing has provided outreach to more than 23,000 homeowners facing tax sale.

Hardest Hit Fund Rhode Island

In 2010, the U.S. Treasury allocated \$79 million in funds to our state to help prevent foreclosures and stabilize the housing market. Rhode Island Housing launched the Hardest Hit Fund Rhode Island (HHFRI) program in December 2010. The U.S. Treasury has made these funds available to help those struggling to make mortgage payments. All of this assistance is at no charge to the homeowner. The cost is covered by the federal government and Rhode Island Housing.

To ensure that struggling homeowners, especially the most vulnerable and underserved populations, have access to these critical funds we launched a multi-faceted outreach and promotional plan. The creation of HHFRI and the increasing number of Rhode Islanders seeking assistance are strongly due to our collaboration and partnerships with federal, State and local elected officials; community partners who help us spread the word; and input from the HHFRI Working Group. Valued partnerships also have been established with agencies that provide intake and counseling for HHFRI, and with local lenders that are connecting their borrowers with the program.

We have refined and enhanced our HHFRI programs to help more families avoid foreclosure and stabilize the housing market. Nearly 70% of applicants are unemployed or underemployed. More than half live in Providence, which is one of the hardest hit communities. After building program infrastructure, training staff and partners and refining programs and operations, Rhode Island's Hardest Hit Fund has seen steady growth both in dollars expended and people assisted over the last 12 months.

As a result of our comprehensive foreclosure-prevention efforts, HHFRI has been deemed by the U.S. Treasury as one of the most successful Hardest Hit Funds in the country. In June, the Under Secretary for Domestic Finance, Mary J. Miller, visited HHFRI to learn more about its successes. She met with HHFRI certified counselors and discussed the program with key staff members. Since launching HHFRI in December of 2010, we have helped 1,760 R.I. homeowners accounting for \$27.8 million. An additional 453 homeowners (\$6 million) have been approved and have started or soon will be receiving assistance. We are on target to distribute all of the \$79 million by 2015.

How the program responds to the judging criteria:

Innovative: we were ahead of the curve in responding to the emerging crisis when it began in 2007; by responding so quickly, we had resources in place/infrastructure when the greatest need hit

Replicable: outreach, education, partnerships and counseling model can be replicated in other states

Responds to an important state housing need: as a state hard hit by foreclosures, helping people stay in their homes will remain a critical need for our state

Demonstrates measurable benefits to HFA targeted customers: provides comprehensive prevention and intervention to all low and moderate-income homeowners

Has a proven track record of success in the marketplace: our programs have a proven track record of keeping people in their homes despite the challenges our state continues to face

Provides benefits that outweigh costs: keeping people in their homes while also keeping communities and neighborhoods intact

Demonstrates effective use of resources: the program utilizes effective use of resources with funding from grants through NeighborWorks and the United Way

Effectively employs partnerships: local partnerships with service providers, Congressional delegation, housing partners and statewide advocates for housing and homeless issues have been forged and strengthened

Achieves strategic objectives: our efforts are a key component to keeping people in their homes while also aiding neighborhoods from further erosion due to foreclosures

HOUSING

Saved from foreclosure

Law named for evicted woman keeps owners with liens in homes

By **CHRISTINE DUNN**
JOURNAL STAFF WRITER

PROVIDENCE

Six years ago, Madeline Walker, a frail 81-year-old woman, was evicted from her longtime home less than two weeks before Christmas because of an unpaid sewer bill that led to a foreclosure.

The outrage over her eviction turned into legal help that allowed Walker to return to her Chester Avenue home — and led to a law to prevent similar evictions.

In January 2006, when politicians and television crews heralded Walker's return, there was no hint of what was coming: a housing crisis and recession that has forced thousands of Rhode Islanders into unemployment and foreclosure.

"When this [law] was passed, we really didn't know we were going to get into times that were this tough," says **Richard Godfrey**, executive director of Rhode Island Housing.

But since the Madeline Walker Act was enacted, 2,221 tax liens have been purchased by Rhode Island Housing, at a cost of nearly \$10 million, to prevent investors from buying liens and possibly foreclosing on homeowners because of unpaid sewer, water and property-tax bills. More than 60 percent of the liens have already been repaid by the homeowners.

Walker had been evicted after an investor who had purchased a Narragansett Bay Commission lien on her home, Lincoln lawyer John E. Shekarchi, foreclosed. There were multiple liens on Walker's home, but Shekarchi's company was the first to win court approval to foreclose.

The law still allows investors like Shekarchi to petition the Superior Court to foreclose when the liens they have purchased at tax sales go "unredeemed" — unpaid by the homeowners — for one year.

As recently as Sept. 27, Shekarchi foreclosed on a house in North Providence that had been owned by mortgage giant Fannie

Mae. An unpaid \$504.35 water bill led to the lien sold by the Providence Water Supply Board. Shekarchi quickly resold the house at 3 Angell Ave. for \$48,000, and the house was recently featured on a real-estate website with a price of \$89,900.

But today, thanks to the Madeline Walker Act, state law also gives Rhode Island Housing the first right to purchase tax, water or sewer liens for delinquent bills on owner-occupied one- to three-family properties, before they go to tax sales.

The agency then works with the owners

SEE **LIENS, A17**

to set up a repayment plan, giving owners up to five years to repay. Rhode Island Housing said it has the legal right to charge owners interest, and decisions are made on a case-by-case basis.

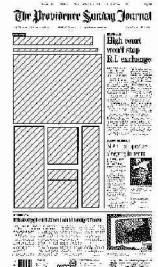
Because the owners can be facing more complicated financial problems, the agency also connects qualifying owners with other sources of help, if needed, including the Hardest Hit Fund and HelpCenter foreclosure prevention counselors.

Rhode Island Housing says it has reached out to more than 20,000 homeowners faced with a tax sale. Homeowners in nearly every city and town in Rhode Island have been assisted, the agency says.

Stephanie Lachance of North Smithfield is one of those homeowners. She and her husband, Joseph, live in a house that her grandfather built for her mother at the end of a long driveway off Eddie Dowling Highway.

LaChance, now 48, was "born and raised" in the house, and she moved back in when her mother fell ill with cancer several years ago. She took care of both her parents in the house before they died.

More hard times came to the Lachances in 2007, when Joseph suffered a massive heart attack, forcing



them to sell their restaurant business. They have four children, and two are still at home. She said that at one point, they owed close to \$19,000 in back taxes, and the assistance from Rhode Island Housing has been a "miracle" that has helped her family continue to live in their home. Lachance said they are still paying back the debt.

"I would hate, hate, hate to lose my house," she said. "It means more than anything to me."

A Johnston resident, Frederick J. "Freddie" Pontarelli, 66, is another beneficiary of the Madeline Walker Act.

Pontarelli, a self-employed merchandiser, said his income has been reduced by two-thirds since the soured economy forced many of his former clients to cut back on costs. He said he has sought help from Rhode Island Housing twice with his property taxes, and the agency has never charged him interest on the debt.

Pontarelli, a Vietnam War veteran, said he has been struggling to get by for several years, and he currently owes \$4,605 in property-tax bills for his three-bedroom raised ranch on Betsey Williams Court. Pontarelli has lived in his home for 32 years.

He admits that he "lost it" one day in 2009 at Johnston Town Hall, after a clerk in the tax office said there was nothing that could be done to waive or reduce the mounting interest and fees on his unpaid property-

tax bill.

Pontarelli said he was upset that the town had tacked on a legal fee of several hundred dollars to his debt.

"I've been working since I was 10. I turned 21 in Vietnam," he said. "It's not right."

But Pontarelli denies that he made threats to any town officials, as the tax clerk alleged. He was arrested and charged with threatening public officials, but after a five-day trial in Providence Superior Court in July 2010, the jury took just half an hour to acquit him.

At the time, Pontarelli's public defender noted that he has lived in Rhode Island his entire life and had never once been in trouble with the law.

Today, Pontarelli said, money is still tight, but he no longer worries about losing his home because he is behind on his taxes.

Tax liens may be sold at auctions by taxing authorities, including cities, towns, water and sewer districts, and independent fire districts, when taxes remain unpaid for a period of time.

The Madeline Walker Act now requires these authorities to notify Rhode Island Housing before a scheduled tax auction. The agency may then contact homeowners and offer assistance well before they are in danger of losing their property.

When private investors buy tax liens, they have to wait a year before they can begin legal action to take possession of a property. When Rhode Island Housing buys a lien, the waiting period is five years.

Godfrey and Leslie McKnight, director of loan servicing at Rhode Island Housing, said that many people who are behind in their tax payments are also having trouble paying their mortgages. Of the 850 households that still have outstanding liens that were paid by Rhode Island Housing because of the Walker law, 24 also have active applications for the Hardest Hit Fund Rhode Island. Hardest Hit Fund is a foreclosure prevention effort also operated by Rhode Island Housing. It can help people who are unemployed contin-

ue to make mortgage payments until they get back on their feet.

Rhode Island Housing is a privately funded public purpose corporation created by the General Assembly in 1973. It provides low-interest loans, grants, education and assistance to help Rhode Islanders with their housing needs.

As for Madeline Walker, she is living today at Greenfield Skilled Nursing and Rehabilitation, a nursing home on Putnam Pike in Smithfield. She had to leave her home because she was unable to continue living independently. Her house was sold in September 2007 for \$60,000 by her court-appointed guardian, with the approval of the Providence Probate Court.

For more information or help related to tax liens and the Madeline Walker Act, call Rhode Island Housing at (401) 457-1180 or 1-800-854-1180. For information on mortgage foreclosure prevention programs, contact the agency's Help Center at (401) 457-1130.

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(401) 277-7913

Rhode Island Housing says it has reached out to more than 20,000 homeowners faced with a tax sale. Homeowners in nearly every city and town in Rhode Island have been assisted.

BY THE NUMBERS

City of Providence tax liens

The City of Providence's annual tax-lien sale is currently held in June. Here's a look at the lien sales since 2005.

554
2011

434
2010

400
2009

506
2008

486
2007

363
2006

458
2005



THE PROVIDENCE JOURNAL / **FRIEDA SQUIRES**

Arlett Ferreira, left, of the Urban League of Rhode Island, talks with her client **Madeline Walker**, just before a news conference in 2006 announcing a bill to help save homes from tax sales.



THE PROVIDENCE JOURNAL / CONNIE GROSCH

“I’ve been working since I was 10. I turned 21 in Vietnam. It’s not right.”

Frederick J. Pontarelli, above, a Johnston homeowner, nearly lost his home due to tax liens. He was ultimately saved from foreclosure by the state’s 2006 Madeline Walker Act.



THE PROVIDENCE JOURNAL / **BOB THAYER**

Stefanie Lachance holds Chester as Sadie looks on from inside of her North Smithfield home. Thanks to the Walker law, she was able to keep her house.



THE PROVIDENCE JOURNAL FILES / **BOB THAYER**

Madeline Walker heads into her Providence home in January 2006. She had been evicted for failure to pay a sewer bill of several hundred dollars. Members of her family, the Urban League and media follow.



THE PROVIDENCE JOURNAL / **CONNIE GROSCH**

Frederick J. Pontarelli, of Johnston, no longer worries about losing his home of 32 years because he owes taxes.

HARDEST HIT FUND RHODE ISLAND

At One Year

In this Report:

Criteria and Qualifications

Outcomes

Successes and Ongoing Challenges

HHFRI Helps a Pawtucket Resident

Outreach and Education Efforts

State and Local Officials Help Coordinate
HHFRI Meetings

Local Foreclosure Mediation and
Counseling Assistance



AS WE MARK the end of HHFRI's first full year of operation, we celebrate approving more than \$15 million of assistance to nearly 1,400 Rhode Island families and individuals who were at risk of foreclosure. 2011 was the fourth year of the disastrous real estate recession. By year's end foreclosures were continuing at a record high pace across our State and country. However, we now have HHFRI to provide cash assistance to families who are struggling to make mortgage payments due to a significant loss in income, usually attributable to job losses and cutbacks.

It has not been easy to create a new government assistance program that requires the cooperation of lenders – large and small – and their agents from all across the country. Rhode Island Housing has established working relationships and secure electronic communications with 54 lenders (40 national lenders and 14 local lenders). We process, report and reconcile payments through 22 electronic portals (SFTP sites) and 32 secure email relationships. More work needs to be done by the nationwide lending industry to give assistance to their struggling customers. We have seen significant progress during the past year. We are proud that Rhode Island Housing has been a nationwide leader in bridging that gap between lender and borrower.

As many families silently struggle to responsibly uphold their debt obligations, it has been a challenge to communicate the potential benefits of HHFRI. Many households are reluctant to ask for help and amidst the blizzard of offers for help it is hard to know who to trust. Rhode Island Housing is extremely thankful to members of our Congressional delegation without whom this program would not have been possible, and the General Assembly for lending their reputations to the program and inviting constituents to information sessions. Mayors of our largest cities have also helped. We look forward to continuing to work with these critical partners.

Rhode Island Housing has learned a lot during its first year and enhanced the program terms four times by welcoming input from its community Working Group. As we learn more about the details and complexities of family finances in our State, we will continue to re-engineer our programs to reach more R.I. families. Every family who gets either help or a denial before the program is amended has their file reviewed for an extension or potential new eligibility.

HHFRI offers help in the form of a loan or grant. If the homeowner stays in the property for 5 years, the loan does not have to be repaid. If the homeowner moves or the property changes ownership during the five years, the loan is forgiven at 20 percent per year. So, most people will not have to repay HHFRI. However, most people will still have to make a fair payment toward their outstanding mortgage obligation.

Helping nearly 1,400 Rhode Island families keep their homes in 2011 means that it was a very good year. We thank all of our partners for making it happen, and we have lots more assistance to provide in 2012 and beyond.

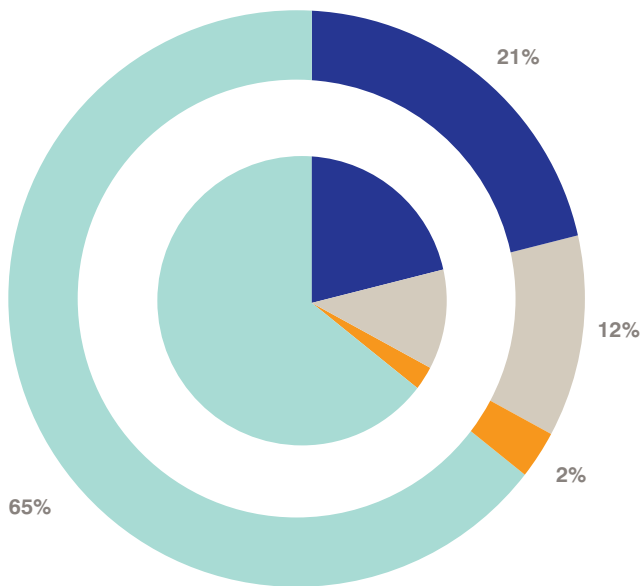
CRITERIA AND QUALIFICATIONS

The Hardest Hit Fund Rhode Island is available to Rhode Island homeowners who have a documented financial hardship and have exhausted all options to maintain mortgage payments. Homeowners may qualify for these funds if: they own a 1- to 4- family home or a condominium and live in the building; their gross annual income is less than \$87,800 for 1 or 2 persons in the household or less than \$102,400 for three or more; their monthly mortgage payments, including taxes and insurance are greater than 31 percent of gross monthly income; and they have no financial resources (except for \$15,000 or less in savings and not including retirement savings). Homeowners can receive HHFRI assistance regardless of the amount in a retirement account such as a 401(k) or an IRA.

The criteria to receive assistance from HHFRI generally include a documented financial hardship such as a loss of a job, underemployment, unforeseen medical expenses or disability of a family's key wage-earner.

In addition, R.I. homeowners may receive special assistance if they:

- Are older than 62-years-old.
- Have a deed restricted property and have received federal or State subsidies.
- Own a multi-family property and have had a loss of rental income, which has compromised their ability to afford their mortgage payment.
- Have received FEMA or other natural disaster assistance and still need assistance due to extensive property damage.
- Are deployed members of the U.S. Armed Forces or those discharged within the last 12 months who have experienced a drop in income. (This applies to all personnel in regular and reserve components of the Army, Navy, Air Force, Marines and Coast Guard.)



HHFRI TOTAL APPROVED ASSISTANCE BY PROGRAM \$ AS OF DECEMBER 31, 2011

- MORTGAGE PAYMENT ASSISTANCE-UNEMPLOYMENT PROGRAM (MPA UP)
- TEMPORARY AND IMMEDIATE HOMEOWNER ASSISTANCE (TIHA)
- LOAN MODIFICATION ASSISTANCE (LMA)
- MOVING FORWARD ASSISTANCE (MFA)

HHFRI assistance generally breaks down into the following categories: Loan Modification Assistance (LMA) – help to obtain a loan modification from your lender; TIHA – help to make an immediate payment to save your home, such as unpaid property taxes; MPA UP – help to make mortgage payments while unemployed or under-employed; and MFA – help to assist homeowners who are in a severe financial crisis to relocate.

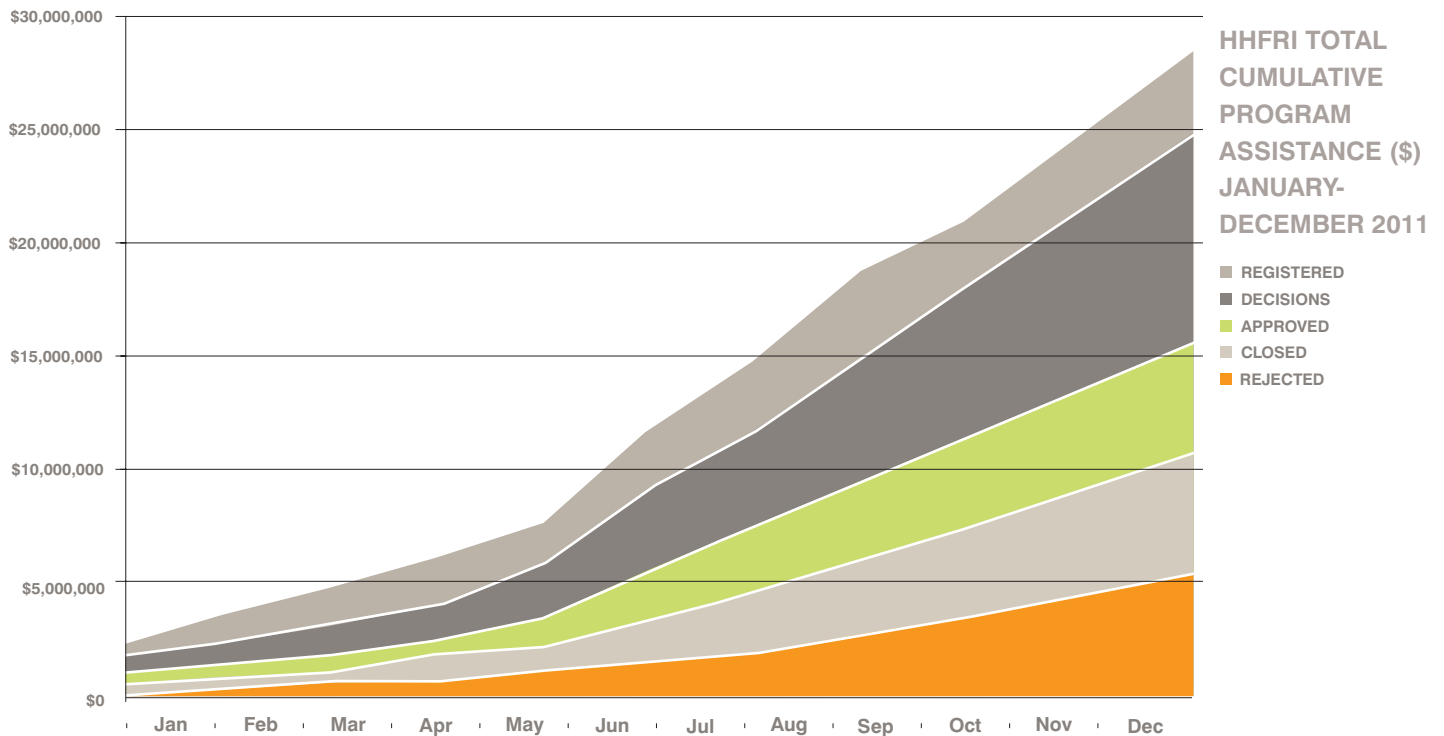
Those who are unemployed and believe they may qualify should call 401-277-1500. Any Rhode Islander struggling to make mortgage payments can apply through a HUD approved and HHFRI certified counselor including the HelpCenter at Rhode Island Housing. Or, Rhode Islanders can apply for HHFRI through a local lender.

“Rhode Island Housing is one of 18 State Housing Finance Agencies to receive this program designed in partnership with the U.S. Treasury to help homeowners make mortgage payments. We continue to work closely with lenders, servicers, counselors and community groups to prevent foreclosures and stabilize the housing market.”

– Richard Godfrey, Executive Director of Rhode Island Housing

HHFRI WORKING GROUP MEMBERS

Bank of America	Federal Home Loan Bank of Boston	Progreso Latino
Citizens Bank	Federal Reserve Bank of Boston	Rhode Island Bankers Association
City of Cranston	Housing Action Rhode Island	Rhode Island Board of REALTORS
City of Providence Department of Planning and Development	Housing Network	Rhode Island Legal Services
City of Providence Office of Neighborhood Services	Housing Resources Commission	Rhode Island Mortgage Bankers Association
City of Warwick	HUD	State Office of Housing and Community Development
Credit Union Association of Rhode Island	The Martone Group	SWAP
Department of Business Regulation	Money Management International Inc.	Urban League of Rhode Island
Department of Labor and Training	National Consumer Law Center	West Elmwood Housing Development Corporation
Fannie Mae	NeighborWorks America	
	NeighborWorks Blackstone River Valley	



OUTCOMES

More than 2,600 Rhode Island homeowners have registered for HHFRI through December 31, 2011. For those who have completed the application and review process, more than 60 percent have been approved for funding. In total, nearly 1,400 families have been approved for more than \$15 million in foreclosure-prevention funds. HHFRI has assisted Rhode Islanders in every county, but not surprisingly, the majority of program participants to date come from Providence and Kent counties. The number of registrants is indicative of the impact the economic downturn is having on Rhode Island homeowners – with the hardship of unemployment claimed by nearly 65 percent of those seeking assistance through HHFRI.

Rhode Island Housing often hears about Rhode Islanders who do not think they are eligible for HHFRI because they are not delinquent on their mortgage. Not only are these homeowners eligible but the best time to seek assistance is before a homeowner starts to fall behind on mortgage payments. Additionally, about half of HHFRI participants are actually current on their mortgage.

SUCCESSSES AND ONGOING CHALLENGES

As HHFRI reaches the one-year mark, Rhode Island Housing continues to refine and improve this effort to help Rhode Islanders stay in their home. The most successful element of the program has been the Mortgage Payment Assistance for unemployed and underemployed Rhode Islanders. Sixty-five percent of approved HHFRI applications have been for assistance through this program. (The agency has successfully partnered with most local and national lenders to accept payments under this program and established a streamlined system to process applications.)

The creation of HHFRI and the increasing number of Rhode Islanders seeking assistance are strongly due to: partnerships with federal, State and local elected officials; community partners who spread the word; and input of the Working Group. Valued partnerships also have been established with agencies that provide intake and counseling for HHFRI, and with local banks that are connecting their borrowers with the program.

The greatest challenge to the program, as with national efforts to address the foreclosure crisis, has been the participation

of national lender/servicers in loan modification assistance programs. While local lenders have more flexibility to modify portfolio loans, the national ones are constrained by investors' varied guidelines and processes. With new HHFRI modification program terms approved for 2012, we anticipate expanded participation on a national level.

To date, we have been successful in establishing secure communications and developing working business relationships with the top five lender/servicers and numerous regional ones. While these lender/servicers accept our HHFRI unemployment and reinstatement assistance, the process of setting up, reporting and monitoring monthly payments issued by the Automated Clearing House, wire transfer or check for homeowners is time consuming but well worth the effort. During 2011, we set up more than 15,500 mortgage assistance and/or reinstatement payments on behalf of HHFRI eligible-homeowners to some 90 different lender/servicers and 30 cities or towns.

HHFRI HELPS KEEP MIRTA HERNANDEZ IN HER PAWTUCKET HOME

Mirta turned to Hardest Hit Fund Rhode Island for help after her lender deemed her ineligible for a loan modification

Owning a home in Pawtucket has meant "everything" to Mirta V. Hernandez, who spent 20 years working at a jewelry company and moonlighting part time at a discount department store.

Mirta made enough money from both of her jobs to cover her mortgage and living expenses as well as send money to help her daughter and ailing mother. Then, the jewelry company where she worked closed its doors, and Mirta's only income was from her part-time job.

"One thing happens and then another and then another," she said. "It was scary because I knew I was about to start falling behind on my mortgage."

A friend, who had been successfully counseled on similar mortgage issues by a HUD approved counselor at the Rhode Island Housing HelpCenter, recommended Hernandez set up an appointment with one of the Center's counselors. With the help of a counselor, Mirta embarked on preparing the paperwork for a loan modification.



Mirta V. Hernandez - Photo by Gretchen Ertl

After her lender had determined that she was ineligible for a loan modification because of her employment situation, the HelpCenter counselor immediately started working with Mirta to submit an application for the Hardest Hit Fund Rhode Island.

"I was grateful to hear about Hardest Hit Fund Rhode Island," Mirta notes. "I was getting frustrated and frightened that I would lose my home. Having a home means everything to me."

The counselor, with Mirta's help, was able to gather the right paperwork and fill out Mirta's application so she could receive needed HHFRI assistance. For the next six months, HHFRI funds will be paying a portion of Mirta's mortgage, and Mirta will be paying the rest.

"You work hard so you can get a home and then I was working to keep my home," she says. "I have been a hard worker all of my life. I'm a working person."

OUTREACH AND EDUCATION EFFORTS

Rhode Island Housing, in partnership with community organizations, public officials, State agencies and faith-based organizations has launched a major outreach effort to spread the word about HHFRI.

To reach as many Rhode Islanders with the HHFRI message of helping homeowners to make mortgage payments, marketing materials have been translated into Spanish, Portuguese, Laotian, Hmong, Vietnamese and Cambodian. English and Spanish websites, www.HHFRI.org, have been created, and the sites include key information on how to access assistance and provide details on upcoming free HHFRI community meetings. The websites continue to receive more than 1,000 hits per month; listings of the community meetings are published in the media and on community calendars; and to date the media have published nearly 70 news stories and broadcast some 15 TV and radio reports on this foreclosure-prevention program.

In addition, Rhode Island Housing initiated a grassroots effort to reach out to Rhode Islanders about HHFRI. The agency has partnered with the Department of Labor and Training (DLT) to notify those whose unemployment benefits are about to expire, and those who are applying for unemployment.

Late this fall, DLT staff members started sending about 600 letters per week to unemployed Rhode Islanders. In addition, some 4,500 HHFRI flyers were placed in water bills and sent to Providence Water customers in the Olneyville and Hartford Avenue neighborhoods.

Members of Rhode Island's Congressional delegation and the General Assembly, mayors and city and town councils continue to play an integral role in getting the word out about HHFRI. Rhode Island Housing, in coordination with local law makers, has hosted nearly 70 free informational meetings throughout Rhode Island in libraries, community centers, churches and schools. Elected officials have volunteered their time to record robo-calls in their districts to encourage constituents to attend free HHFRI community meetings. Many attendees have cited a call from a public official as their reason for attending a meeting.

The assistance of Rhode Island's State Senators, Representatives, Mayors and local officials continues to be exemplary. Their support helps us spread the message that HHFRI is a safe, respected program that truly helps the people in our communities. Due to the connections that elected officials have in the neighborhoods in which they serve, our cooperative efforts enable us to increase awareness and reach more people.

HHFRI meetings have been coordinated with the help of many State and local officials including:

Mayor Avedisian
Mayor Fung
Mayor Rogers
Mayor Taveras

Senator Algieri
Senator Bates
Senator Crowley
Senator DaPonte
Senator DeVall
Senator Doyle
Senator Felag
Senator Fogarty
Senator Jabour
Senator Lanzi
Senator Nesselbush
Senator Ottiano
Senator Tassoni
Senator Walaska

Representative Azzinaro
Representative Blazejewski
Representative Chippendale
Representative Coderre
Representative DaSilva
Representative Gallison
Representative Guthrie
Representative Keable
Representative Kennedy
Representative Lima
Representative MacBeth
Representative Morgan
Representative Morrison
Representative Nunes
Representative O'Grady
Representative O'Neill
Representative Serpa
Representative Silva
Representative Tarro
Representative Tomasso
Representative Walsh
Representative Williams

Those interested in hosting a meeting should contact:
Jessica Buhler
401-457-1285
jbuhler@rhodeislandhousing.org

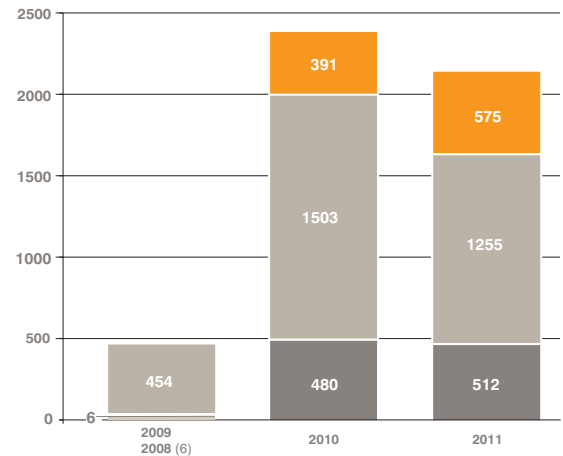
HHFRI materials can be found in tax collectors offices, city halls, libraries, churches, community centers and on government and related nonprofits' websites. Local lenders have been receptive to HHFRI allowing Rhode Island Housing to use their names and phone numbers as a resource, all of which are posted on the lender page at HHFRI.org.

MEDIATION AND CONCILIATION

Three of Rhode Island's largest cities (Providence, Cranston and Warwick) have passed ordinances that require loan servicers to engage a Conciliation Conference Coordinator at a HUD-approved counseling agency before filing a foreclosure deed. The Coordinator determines whether the loan servicer made a good-faith effort to reach an agreement with the homeowner. Servicers can forego a conference and pay a fine in two of the cities, Providence and Warwick. The third city, Cranston, does not impose a fine; it requires servicers to obtain a Certificate of Good Faith from the Coordinator before filing a foreclosure deed. To date, Rhode Island Housing is the primary local HUD-approved agency that has made these services available. In addition to working with a Conciliation Coordinator, homeowners must be receiving foreclosure-prevention counseling with a HUD-approved counselor (such as the ones in Rhode Island Housing's HelpCenter).

Housing counseling combined with a conciliation conference is one of the most effective ways to help homeowners avoid foreclosure. Of the homeowners who have completed the conciliation conference, typically nearly three-quarters are able to remain in their homes. In all, 392 positive mediation outcomes as a result of a conference; nearly 351 foreclosures have been canceled by the lender (prior to the conference being held) as a result of the program.

The greatest challenge with the current program is its limited scope (the process can only be accessed by homeowners in the three participating municipalities), and the fact that the mandated conciliation procedures begin so late in the process. While the program has been very successful at assisting those homeowners who participate, the vast majority of homeowners have already given up by the time housing counselors reach out to them. Because the process is triggered after the foreclosure process has been initiated, only about 20 percent of the notices reach the actual homeowners despite outreach efforts.



RHODE ISLAND HOUSING CONCILIATION COORDINATOR ACTIVITY

Dates Ordinances began:

Providence - 9/3/09 Cranston - 12/23/09 Warwick - 5/25/10

■ PROVIDENCE ■ CRANSTON ■ WARWICK

THE FOUNDING OF THE HELPCENTER AT RHODE ISLAND HOUSING

In 2007, just as the foreclosure crisis was building in Rhode Island, Rhode Island Housing opened the HelpCenter to educate, counsel and assist Rhode Islanders who are at risk of either losing or coping with the loss of a home. Rhode Island Housing's HelpCenter has received support from several partners including NeighborWorks America through the National Foreclosure Mitigation Counseling Program and United Way of Rhode Island. At the official opening of the HelpCenter, Rhode Island Housing's Executive Director Richard Godfrey said: "One of our goals in creating the Center is to encourage people to seek help at the first sign that they might be in trouble. The sooner people come to us for help, the more options they will have."

Since opening its doors at the end of 2007, some 12,000 Rhode Island homeowners have contacted our HelpCenter seeking assistance. Of this number, 6,653 homeowners, with a full range of financial challenges, have met face-to-face with our counseling staff. Nearly 5,915 homeowners have completed the counseling process and more than 740 homeowners are being reviewed by servicers. Of those who have completed counseling, about half are able to remain in their home successfully or have been referred to legal or other services such as credit counseling.

Since HHFRI was launched, the counselors at Rhode Island Housing's HelpCenter have also been able to secure HHFRI

funds for clients who have exhausted all other means of assistance. The HelpCenter counsels, educates and works with struggling homeowners, to obtain an affordable solution that could include HHFRI.

HelpCenter counselors have also been able to assist clients who have been helped by the Madeline Walker Act of 2006. The law gives Rhode Island Housing the ability to purchase delinquent tax, water or sewer liens before they go to tax sale. Rhode Island Housing works with the owners of these properties to set up a payment plan, but also connects them with other resources like the Hardest Hit Fund and HelpCenter foreclosure-prevention counselors.

As of December 31, 2011, Rhode Island Housing has exercised its right of first refusal and acquired 2,300 tax liens in nearly every community in Rhode Island, at a total cost of more than \$10 million. The agency works closely with these homeowners to get them back on track with their payments, and as a result more than 63 percent (1,451) of the liens purchased by Rhode Island Housing have already been redeemed by the homeowners. Since the inception of this important Act, Rhode Island Housing has provided outreach to more than 20,000 homeowners facing tax sale.

Rhode Island Housing

HelpCenter



RhodeIslandHousing.org



A Safe Place for Home Help

For more than 35 years, Rhode Island Housing has been making it easier for Rhode Islanders to have healthy, attractive homes and keep them for as long as they want. The Rhode Island Housing HelpCenter is dedicated to providing professional support and education to help more Rhode Islanders protect themselves from losing their homes and make safe, informed decisions for their futures.

Call us now at 401-457-1130, or visit www.rhodeislandhousing.org. We can help.

The Rhode Island Housing HelpCenter's trusted, trained counselors will assess your situation and provide advice and education to help you:

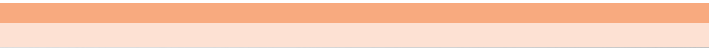
- Work with your lender.
- Make sense of your existing mortgage.
- Avoid losing your home – explore your options, including the Hardest Hit Fund Rhode Island (HHFRI).
- Cope with the loss of your home.

We can help you understand your options and provide helpful resources and referrals. We know that every situation is different. That is why we take a customized approach to each individual's needs.

Call 401-457-1130 to speak with a trained, HUD-approved counselor. The sooner you call, the more options you will have.

The Rhode Island Housing HelpCenter is an independent, HUD-approved counseling agency.

Para Español llame 401-457-1122.



Rhode Island Housing strives to ensure that all people who live or work in Rhode Island can afford a healthy, attractive home that meets their needs. A good home provides the foundation upon which individuals and families thrive, children learn and grow, and communities prosper.

To achieve our mission we:

- Offer fair, affordable and innovative lending programs.
- Provide housing related education to consumers and others.
- Promote and finance sensible development that builds healthy, vibrant communities.
- Provide housing grants and subsidies to Rhode Islanders with the greatest need.
- Team up with partners to improve everything we do.

Rhode Island Housing uses all of its resources to provide low-interest loans, grants, education and assistance to help Rhode Islanders find, rent, buy, build and keep a good home. Created by the General Assembly in 1973, Rhode Island Housing is a privately funded public purpose corporation.



RhodeIslandHousing
working together to bring you home

44 Washington Street, Providence, RI 02903-1721
401-457-1130 • www.rhodeislandhousing.org

