

NCSHA 2015 Annual Awards Entry Form

(Complete one form for each entry)

Deadline: Wednesday, June 10, 2015

Visit ncsha.org/awards to view the Annual Awards Call for Entries.

Instructions: Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact Matt Cunningham at mcunningham@ncsha.org or 202-624-5424.

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name:

HFA:

Submission Contact: (Must be HFA Staff Member)

 Email:

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

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

HFA:

Entry Name:

Select the appropriate subcategory of your entry and indicate if you are providing visual aids.

Communications	Homeownership	Legislative Advocacy	Management Innovation
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			

Foreclosure Mediation Software Management Innovation: Technology

The Need

In July 2013, the Rhode Island Governor signed into a law a bill that requires lenders or servicers and those in danger of being in foreclosure to come to the table in good faith. Sponsored on behalf of the Rhode Island Attorney General's Office, the bill was a legislative response to the high foreclosure rates in the state, which **had placed Rhode Island in the No. 6 spot in the nation for foreclosures** at the time. This meant more properties were being left vacant, inviting more vandalism and blighted neighborhoods into the mix. It also meant there were more people losing their homes during one of the toughest financial periods the state had ever seen. As part of this law, Rhode Island Housing would provide services as the Mediation Coordinator.

Evolving Tools for Mediation

Rhode Island Housing had to act fast and get organized in order to prepare for its role as Mediation Coordinator. Under the leadership of our CFO and Director of Technology, our IT team and Homeownership staff worked to develop a unique web-based application specific to the needs of the mediation process. The software, launched in February 2014, was called "**Mediation 2013.**"

Because the **web application was created in-house, this HFA incurred little expense** when it came to actually building the software. Training for the IT staff and the mediation coordinators was accomplished in a matter of hours because the software was programmed to automatically populate many of the fields with little input from the user. The **process could be easily replicated by other HFAs** upon the enactment of a similar foreclosure mediation law in other states.

As soon as our Mediation 2013 application was up-and-running, new changes were already on the horizon. When Rhode Island's legislative branch passed changes to the mediation law in the summer of 2014, the guidelines relatively remained the same with two exceptions: there were now penalties for non-compliance and the distribution of the required notices to homeowners needed to be done earlier in the process. This meant that this relatively new web-based application was going to have to rapidly evolve. Rhode Island Housing staff came together once again to discuss their options. In the end, only one made sense: to **create a whole new application from scratch** that borrowed some of the major elements of Mediation 2013 and incorporated a much **better way of tracking data** and **minimizing human error**.

There were a **number of challenges we needed to overcome, and quickly:**

- It was almost impossible to use other states as a model, as the regulations for foreclosure mediation vary widely across the nation. Many states, in fact, do not offer foreclosure mediation at all.
- So needed to design new software that could not only calculate payments, but that would provide better access to data down to the minute.
- The team was tasked with designing, troubleshooting and launching this application in just a few months – the changes would be enacted in October 2014.

The result was a system that enforced the law on all levels by preventing the coordinator from issuing a certificate to the servicer or lender until all fees and penalties had been paid. This is important because **servicers cannot foreclose non-judicially without the proper certificate from the mediation coordinator**. In other words, it holds the servicers accountable for refusing or stalling mediation; the **current penalty for non-compliance is \$1,000 per month**.

The new software, aptly referred to as “**Mediation 2014**,” keeps track of dates, payments and invoices. It performs the same tasks as Mediation 2013 – autopopulating deadlines, generating letters to the homeowner, and serving as a database for homeowner information – while tracking crucial data to keep all parties on task. Under the new changes to the law, the **first letter to the homeowner becomes a starting point for a 60-day timeline**. Therefore, **it was essential that the software allowed the mediation coordinator to stay on top of deadlines**.

The Results

The 2013 law was meant to ensure that every Rhode Island homeowner who was having trouble making their mortgage payments be given the opportunity to communicate with their lender or servicer through mediation so they could attempt to find a solution that would help them get back on track with their mortgage and remain in their home. **The implementation of our software has already shown signs of successfully implementing that goal**: in the **first year** of the foreclosure mediation program (September 2013 - October 2014), Rhode Island Housing was able to send notices to **6,165 homeowners**. We were able to reach out to an additional 3,776 homeowners after the new regulations went into effect in October.

The outcome? **Of those that exercised their rights to mediation since the original law went into effect, 71% had a positive outcome and were afforded the opportunity to stay in their homes.**

We attribute a lot of this success to the evolution of our web-based application, which has allowed Rhode Island Housing’s mediation coordinators to take a comprehensive, effective approach to the foreclosure problem in Rhode Island. The ease of the **automated system allowed for the Mediation Coordinator to process a large number of notices over a short period of time**. Mediation 2014 also has the ability to provide up-to-date, accurate data about a number of different aspects of the foreclosure mediation process to the stakeholders, and even the United States Census Bureau, in the process. This data includes:

- **Invoices and calculates penalties owed by the servicer**
- **Invoices fees owed by the servicer**
- **Mediation penalties collected from the servicer**
- **Conference results per case**
- **Certificate type issued per case**
- **Past due conference results**
- **Reports to deter data input errors**

This is crucial to the future of the foreclosure mediation, giving stakeholders a clear view of statewide trends and best practices moving forward. **Since Mediation 2014 was tailored specifically for this process with the knowledge that there may be changes in the future, it is flexible to adapt to any adjustments.**

The state has seen a glimpse of improvement when it comes to foreclosures. In **December 2014, the loans in foreclosure rate was down to the 2007 level**. In addition to helping homeowners, the foreclosure mediation process – **supported by the software our agency was able to create** – provides real benefits to lenders and municipalities. Foreclosures are expensive and resource intensive for servicers. A mutually acceptable solution that results in the homeowner making payments, even at a lower level, is better for the lender than incurring the time and expense of the foreclosure process. From the

municipalities' perspective, foreclosed and abandoned properties have a blighting effect on the surrounding neighborhoods and bring down property values and tax revenues.

Attachments:

Timeline

Foreclosure Mediation Policy Update

Statewide Foreclosure Mediation Law Map

Daily vs. Non-Daily Reports

Pre-Foreclosure Mediation Process	Action Taken Through Web-based Application	Benefits
<i>Lender notifies us that a homeowner is about to become 120 days delinquent (See Appendix B)</i>	User enters homeowner data in Mediation 2014 database; Software auto-generates a letter to homeowner, notifying him or her of the individual's right to a pre-foreclosure mediation conference .	Sending out the notice prior to the 120-day delinquency checkpoint gives homeowners the counseling and advice they need early enough in the process to make a difference.
<i>Initial mediation notification fee of \$150 is charged to lender/servicer</i>	Software automatically generates invoice for fee.	Rhode Island Housing keeps that fee for its services as an approved mediation coordinator.
<i>First notification letter is sent to homeowner</i>	Software auto-populates fields containing dates for next steps in the process, including when to send second notification letter .	The mediation coordinator is required to reach out to consumers twice by mail to explain who we are and their right to mediation.
<i>If homeowner decides to exercise right to mediation, he/she is directed to meet with a HUD-approved counseling agency in Rhode Island</i>	HUD-approved counselor is charged with submitting a financial package to the mediation coordinator in order to set up a mediation conference. Once package is received, user can enter/confirm date for mediation conference in the system .	There is no cost to the homeowner for a mediation conference or the housing counseling they receive
<i>Pre-foreclosure mediation conference is held</i> <i>Note: Servicer and consumer do have option of working out agreement outside of mediation under strict guidelines. The mediation coordinator must still review the final agreement and issue a certificate.</i>	Servicer has 14-day deadline to provide answer in writing to the coordinator re: outcome of mediation conference unless servicer has been granted an extension . Software automatically enters deadline into database based on user input.	The strict documentation of this and other deadlines helps move the process along. If deadlines are missed, the software can automatically calculate penalties. It is helpful to the homeowner because it ensures the servicer's commitment to the process.
<i>Mediation conference fee of \$350 is charged</i>	Software automatically invoices the mediation conference fee .	A certificate cannot be issued until all penalties and/or fees, including this one, are paid in full. The software prevents certificates from being printed until the mediation coordinator has received payment. <i>Servicers cannot foreclose non-judicially without a certificate signed by the coordinator stating the outcome of mediation.</i>
<i>Certificates are issued based on outcome of mediation</i>	Software documents and prints certificate specified by mediation coordinator after all fees and/or penalties have been paid. The application was designed to issue a certificate for almost every possible outcome .	This certificate stays on record in the system. If the homeowner does not comply with mediation agreement, R.I. law states that the two parties do not come back to the table. Instead, the servicer or lender may proceed with foreclosure.

Rhode Island's Statewide Foreclosure Mediation Law

Year One Update

One year ago, the Rhode Island General Assembly passed and the Governor signed into law legislation which provided new protections to help struggling homeowners avoid foreclosure and remain in their homes. This legislation, which was spearheaded by Attorney General Kilmartin and sponsored by Senators Nesselbush, Crowley, Cool Rumsey, Goldin and Conley in the Senate and Representatives Gallison, Marshall, O'Brien, Edwards and Silva in the House, is already showing positive results. Modeled after a foreclosure mediation process already in place in five Rhode Island municipalities – Providence, Warwick, East Providence, Warren and Cranston – the statewide law has expanded the mediation process to all Rhode Island cities and towns. The new law is important as it establishes a consistent, statewide process for helping Rhode Island homeowners avoid foreclosure.

The new law, R.I.G.L. §34-27-3.2, went into effect September 13, 2013 and requires that lenders notify homeowners before they become 120 days delinquent on their mortgage that they have the right to a foreclosure mediation conference. The statewide law starts the outreach process earlier, providing homeowners with the resources they need early enough in the foreclosure process to make a difference. The law ensures that every Rhode Island homeowner who is having trouble making their mortgage payments be given the opportunity to communicate directly with their lender to try and find a solution that will help them get back on track with their mortgage and remain in their home.

Rhode Island Housing provides mediation services under the new law, as it had for the initial five communities since they adopted their ordinances. There is no cost to the homeowner for the mediation conference or the housing counseling they receive. Many of those that work with the mediation coordinator find the mediation process facilitates a conversation with their lender that often results in a mortgage modification to allow them to keep their home, or to come up with some other alternative to foreclosure. Since September 13, when the new law went into effect, Rhode Island Housing has sent outreach letters offering mediation services to about 3,100 homeowners across the state. While only about nine months have passed since the law went into effect, the success rate of homeowners under the new foreclosure mediation process is encouraging.

- 82% of homeowners who have completed the mediation process have been able to enter into a workout agreement with their lender.
- Another 19 of the homeowners who were notified of their right to mediation were able to achieve a workout agreement with their lender even before the mediation conference occurred.

In addition to helping homeowners, the legislation also provides real benefits to lenders and municipalities. Foreclosures are also expensive and resource intensive for lenders. A mutually acceptable resolution that results in the homeowner making payments, even at a lower level, is better for the lender than incurring the time and expense of the foreclosure process. From the municipalities' perspective, foreclosed and abandoned properties have a blighting effect on the surrounding neighborhoods and bring down property values and tax revenues. Everyone wins when homeowners are able to remain in their homes. This new law is helping to achieve that goal for more and more struggling Rhode Island homeowners.

Faces Behind the Numbers

PAULO

Like so many in Rhode Island and across the country, the past few years have been challenging for Paulo Fontes. When the company he worked for shut down, he found himself unemployed for close to a year and falling behind on the mortgage for the East Providence home he shares with his three children. Paulo received a letter informing him of his right to a foreclosure mediation conference. With the help of Rhode Island Housing, Fontes was able to catch up on his mortgage and then negotiate a decrease in his interest rate, thereby lowering his monthly mortgage payments to a sustainable level. Now working part time and hoping to soon find full-time work, Fontes went from feeling like he was at the end of his rope to feeling hopeful about his future.

"I honestly look at Rhode Island Housing as angels sent down from heaven. They helped me through the most stressful time of my life. Now I can afford my house and focus on getting my life back on track."

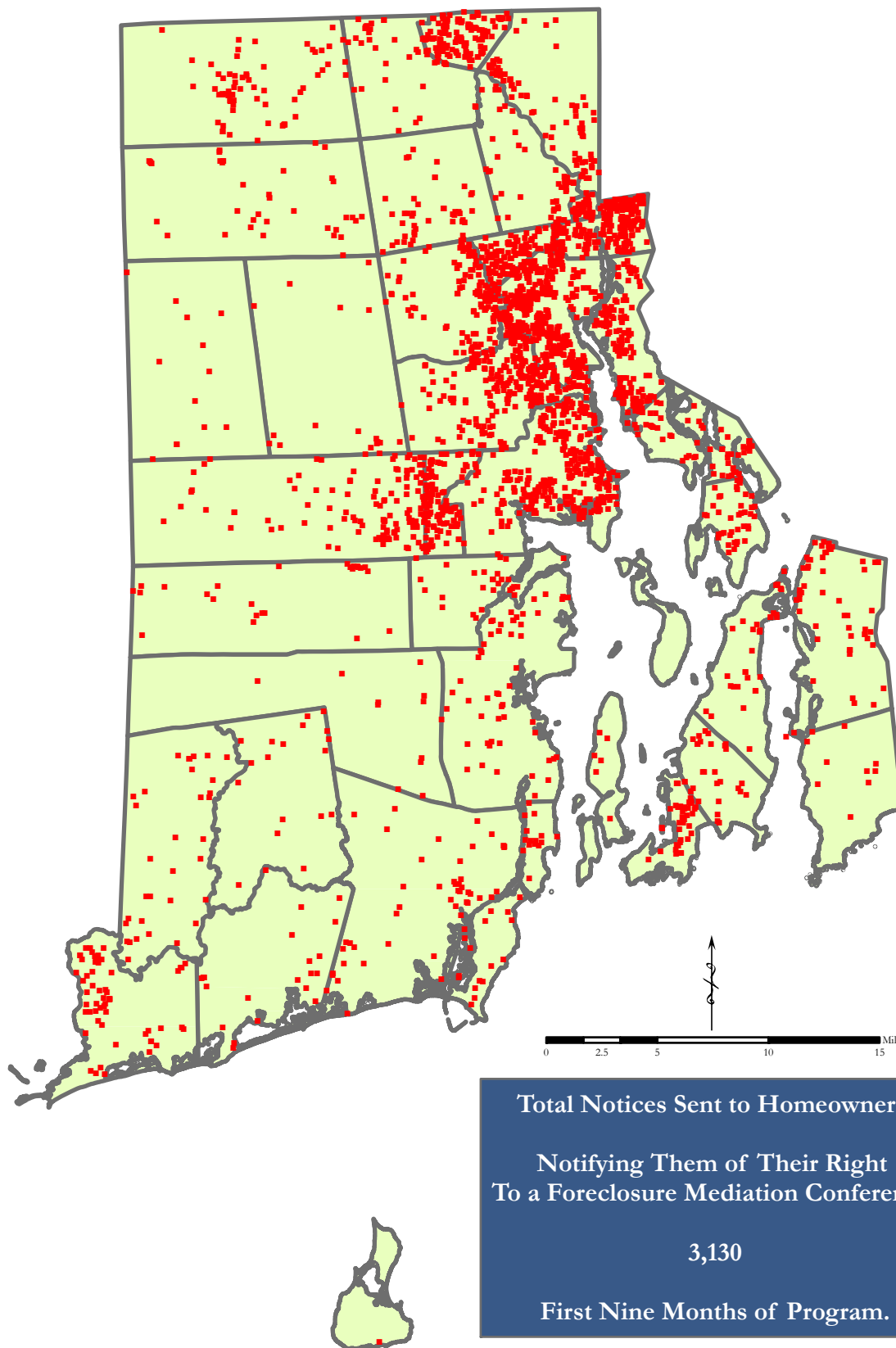
-Paulo



Paulo and his son, Christopher, relax in their East Providence home.

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Statewide Foreclosure Mediation Law: Notices Sent September 2013 - May 2014



Mediation 2014 Reporting Options

[Home](#) [Search Mortgagor](#) [Add Mortgagor](#) [Mediation Case](#) [Specific Task](#) [Maintain Data](#) [Reports](#)

Mediation 2014 Reports

Please click on the report you want to view, then click on the Go Back link or the report tab to come back to this report page.

Daily Reports

[Case Resolved No Cert. Issued](#)

[Daily Initial Fees](#)

[Expired Non Response Listing](#)

[Cases without Certificate Contacts](#)

[Daily Penalty Fees](#)

[Missing First Letter Sent Date](#)

[Cases without Servicer Contacts](#)

[Daily Mediation Fees](#)

[Missing Second Letter Sent Date](#)

[Past Due Conference Results](#)

[Unpaid Mediation Fees](#)

[Pending Scheduling Mediation by Counselor](#)

[Scheduled Mediation No Conference](#)

Non-Daily Reports

[Appendix C Good Faith](#)

[Penalty Fees Waived](#)

[Mediation Conference No Certificates](#)

[Closed/Exempt/Inactive Cases](#)

[Penalties Owed by Servicer](#)

[Mediation Listing by Lastname](#)

[Capped Penalties Paid by Servicer](#)

[Mediation Owed by Servicer](#)