

## **Wisconsin Housing and Economic Development Authority (WHEDA)**

**Special Achievement:** “It Takes a Village to Provide Solutions to the Foreclosure Problem”

The Wisconsin Housing and Economic Development Authority’s (WHEDA) leadership on the Wisconsin Foreclosure Resource Initiative has been an exciting opportunity to take the lead on a collaboration with several partners serving many needs. WHEDA knew it truly would take a village of partners to assist the many struggling homeowners facing foreclosure in Wisconsin.

By and large in Wisconsin, the foreclosure problem was a result of subprime lending, including brokers who targeted minorities in the inner city of Milwaukee. According to UW Extension data, Wisconsin saw just over 19,000 foreclosure filings in 2007. Through June 2008, there were 7,600 more. Approximately one in 167 housing units in Wisconsin are in foreclosure.

To stay focused on our mission of providing innovative and quality programs for first-time home buyers in Wisconsin, WHEDA determined the best approach would be to build on quality, existing programs and develop a strong infrastructure to connect them appropriately.

The core of this initiative was the existing HOPE Hotline with the Homeownership Preservation Foundation and its direct connection and experience with national servicers and experienced counseling agencies. With that WHEDA replicated the NeighborWorks America (NWA) reimbursement plan to provide comparable funding options to more than a dozen trusted, non- NWA agencies in Wisconsin that had no source of funds for their foreclosure prevention work. WHEDA provided \$25,000 to bring NWA Foreclosure Prevention Training to Wisconsin, and allocated an additional \$75,000 from our own dividends to pay for successful outcomes by non-NWA counseling agencies. Over 90% of the counseling is done face-to-face.

In addition, WHEDA raised \$30,000 for the foreclosure counseling fund through contributions from our WHEDA lending partners, real estate partners and property owners/managers. These partners and legal aid associations are all listed by geographic regions on the website created just for this initiative – [www.wisconsinforeclosureresource.com](http://www.wisconsinforeclosureresource.com).

Along with collaboration throughout the state, five WHEDA departments coordinated efforts to create the infrastructure. Communications, Homeownership, Multi-Family, Community Development and IT all played important roles. The initiative is built in such a way that other states or regions could replicate the infrastructure with their appropriate partners.

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### **National Partners:**

*NeighborWorks America* – provides leadership across the nation on Foreclosure Prevention training and funding

*Homeownership Preservation Foundation* – created the HOPE Hotline and connection with major servicers

*HOPE Now Alliance* – lenders seeking to actively work with consumers to prevent foreclosures by loan modifications or other responses

*National Foreclosure Mitigation Counseling Program* – created by NWA and Congress to provide a major funding source for counseling agencies across the nation

### **State and Regional Partners:**

*WI Dept of Commerce* – reallocated state funds from down payment assistance to foreclosure prevention rescue funds

*UW Extension* - provides leadership in education in all of Wisconsin’s 72 counties on foreclosure prevention

*HUD – Milwaukee* - actively working within the state to ensure that households know of their lending opportunities for refinances

*Wisconsin Realtors Association* – coordination of education and participation by regional offices to work closely with households facing quick sales to prevent foreclosure

*Federal Reserve Bank of Chicago* – major leader in education and informational conferences hosted in Wisconsin over the last two years

### **Local Partners:**

*Municipalities* - city of Milwaukee, city of Racine, and La Crosse County. Such municipalities have provided crucial funding to increase the capacity of foreclosure prevention counseling in their regions

*Local non profits* - United Way funds to increase capacity of counseling organizations

*Housing Counseling agencies* across the state – multiple agencies trained staff and have worked extremely hard to assist households with the best solutions in a timely manner

*WHEDA lending partners* across the state – offer quality lending products for those needing and able to refinance their home

*Legal Aid Associations and the Wisconsin Bar Association* – creating a working legal team to assist households who are victims of predatory or fraudulent mortgages

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It is important to recognize that WHEDA's existing Partnership Neighborhoods Initiative had been focusing on increasing lending in the very zip codes that have seen the most foreclosures in the city of Milwaukee. Nearly 600 WHEDA loans were written in those neighborhoods since 2006, totaling more than \$61 million in lending, compared to 365 foreclosure filings during that time. WHEDA's efforts over the prior two years to provide home buyer education and encouraging households to purchase using the WHEDA program had a definite impact on the rate of foreclosures in those zip codes. In fact, WHEDA's foreclosure rate for those zip codes is only .52%, the same low rate as in other parts of the state.

Thanks to marketing and public relations efforts, just over 8,100 Wisconsin residents have called 1-888-995-HOPE; 2,200 of those callers received the help they needed on the phone. As of the last reporting cycle, 129 people had direct contact with Wisconsin's counseling agencies; only 3 were actually foreclosed on and 2 declared bankruptcy.

There are still many struggles for Wisconsin households facing foreclosure. As a result, neighborhoods and communities are also struggling. Although we feel a lot has been accomplished in the past year, we know that more counseling and advocates are needed to assist homeowners with finding the right contact. Some of the households have refinanced, had a loan modified, negotiated forbearance plans, arranged short sales of their current home, or were referred to further credit counseling or debt management counseling. As described throughout, our goal is to help these homeowners by any means necessary in order to help them achieve a favorable outcome.