



NeighborWorks® America

**2008 National Interagency
Community Reinvestment Conference**
April 1, 2008



NeighborWorks® America

- Creates opportunities for people to live in affordable homes, improve their lives and strengthen their communities
- Congressionally chartered with statutory board:
 - Board of Governors for the Federal Reserve
 - Office of Thrift Supervision
 - National Credit Union Administration
 - US Dept of Housing & Urban Development
 - Office of the Comptroller of the Currency
 - FDIC
- Provides financial support, technical assistance, and training for community development efforts around country



The NeighborWorks® Network

- 232 independent housing and community development nonprofit organizations
- All 50 states, Puerto Rico and D.C.
- Resident engagement; locally tailored solutions
- \$12.25 billion invested in America's communities
- 111,000 families have become homeowners
- 638,000 families have been counseled about the home buying process



The Mortgage Market Meltdown

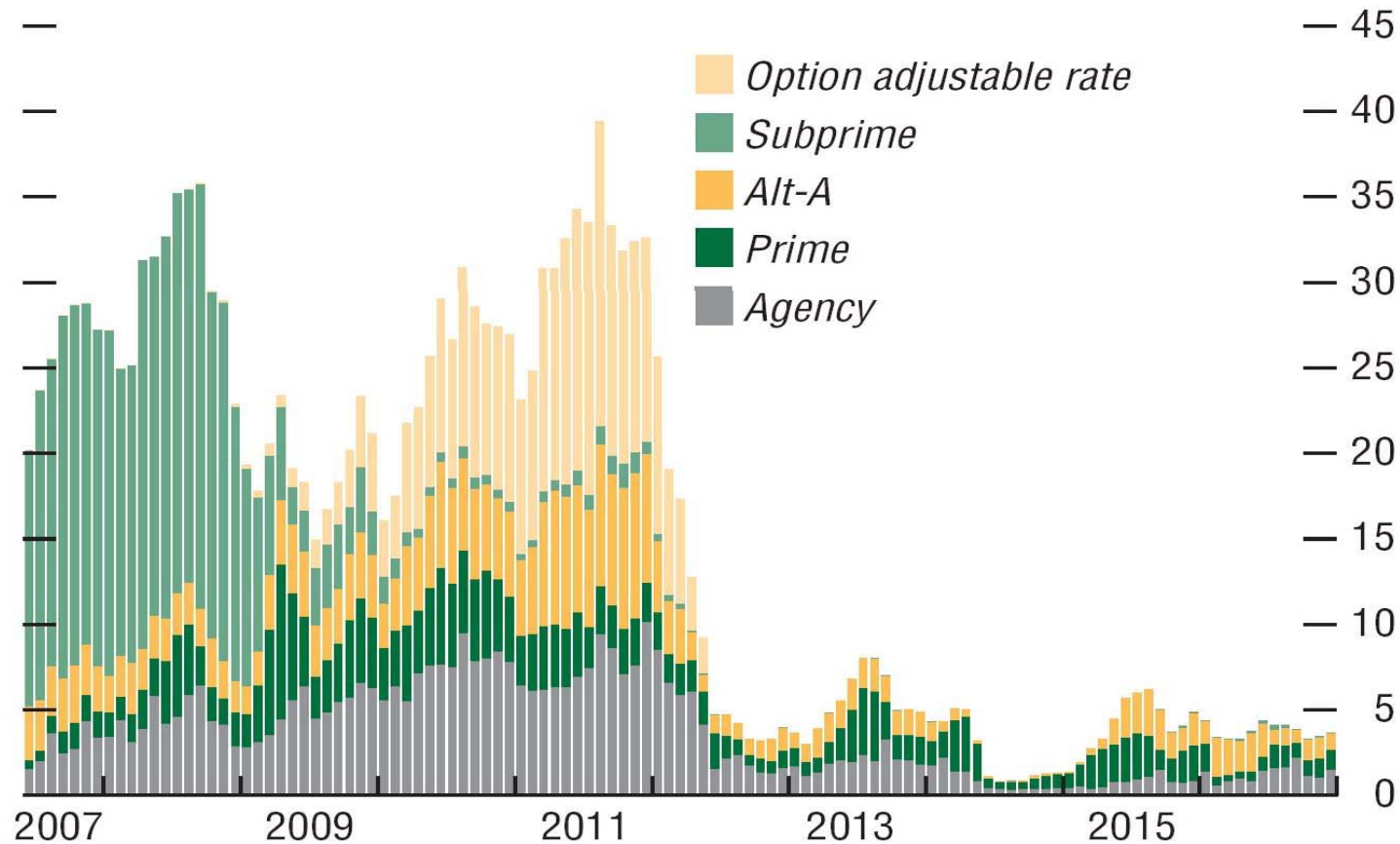
- Teaser rates continue to reset: 1.1 million foreclosures estimated due to rate reset over 6-7 years (First American CoreLogic)
- 2007-2009: estimated 2 million subprime foreclosures (Congressional Joint Economic Committee)
- One in five subprime loans originated in 2005-2006 projected to fail (Center for Responsible Lending)
- 30+ day delinquencies highest this decade, projected 2.5 million first mortgage defaults over the next two years (Moody's)



More to Come



Figure 1.7. Monthly Mortgage Rate Resets
(First reset in billions of U.S. dollars)



Source: Credit Suisse.



The Forecast

- Crisis will peak in July 2008 to July 2009
- Total national home price declines in the 15% to 20% range are predicted
- Concentrated Epidemic:
 - Subprime
 - Low-income
 - Geographic areas of concentrated affordability lending (CA, FL)
 - Bear Sterns, November 2007



Cost to Community

- Loss in value for each home within 1/8 mile of foreclosed home
 - 44.5 million homes will lose value because they are near a subprime foreclosure
 - \$223 Billion loss in neighborhood wealth and \$4.5 Billion lost in local tax revenue
 - Source: Center for Responsible Lending



The National Response

- The facts about borrower behavior:
 - Approximately 50% of delinquent borrowers do not make contact with their lender
 - Homeownership Preservation Foundation data
 - Homeowners fail to contact their lender because they are embarrassed, don't believe the lender can help, and/or believe it would cause them to lose their home more quickly
 - Freddie Mac/Roper poll of 2,031 U.S. homeowners, conducted in 2005



NeighborWorks® Center for Foreclosure Solutions

- Began as pilot in 2005
- Now the nation's leading nonprofit foreclosure mitigation program
- Training for foreclosure counselors
- Public outreach, educational, and awareness campaigns
- Sustainable programs in cities and states with high foreclosure rates
- Post-foreclosure and neighborhood stabilization solutions



HOPE Hotline

■ 888-995-HOPE

- Partnership between HPF, NeighborWorks, and the Ad Council
- Free foreclosure prevention counseling by 11 HUD-approved agencies; staffed by 450+ counselors
- Any homeowner, 24 hours day / 7 days week
- FY07 Q4: 143,000 calls, twice the number received in Q3 and ten times Q1



State Coalitions

- Facilitate the development of coalitions to offer counseling and post-foreclosure services
 - Networks of state HFAs, NWOs, and non-NeighborWorks organizations
 - Funded through the NCFS (private funding) and state HFAs
 - 11 coalitions fully formed; 5 coalitions pending
- Coalitions allow more borrowers to receive services by increasing capacity and expanding network coverage



State Coalitions

- Borrowers call the HOPE Hotline for telephonic counseling
- HOPE Hotline conducts intake and preliminary budget analysis
- Borrowers in need of greater assistance are referred to network
 - Additional counseling
 - Legal resources
 - Rental and transitional housing, shelters
 - Medical assistance
- Network of organizations are able to work with borrowers on additional financial and budget analysis
 - Assist as intermediary between borrower and servicer
 - Identify local resources available for delinquency remediation



State Coalitions

- States have tailored programs for assistance
 - Ohio offers state mortgage rescue funds
 - Up to \$5,000 to catch up on delinquent principal and interest
 - Massachusetts offers state predatory lending product for refinance options
 - New Jersey (newly formed) will offer independent panel of lenders to review borrowers for refinance options
- State coalitions allow for non-profit counseling organizations to receive incentives paid through NCFS and state-funded Outcomes Pool
 - \$100 for documented completion of counseling
 - \$1,400 for documented completion of successful delinquency remediation



State Coalitions - Benefits

- Adequate coverage across states for services provided
- Consistent counseling through adopted National Industry Standards for Foreclosure Counseling
- Trained and certified counselors providing services
- Consistent data collection across members of coalitions
 - “Best Fit” model through our partnership with Just Priced Solutions will further allow for automated capture of data elements across NWOs for standardized reporting
- Continue to create partnerships with members of other networks to identify additional resources for referral



Hope Now Alliance

- Convened jointly by Treasury and Housing and Urban Development
 - Industry solution to foreclosure crisis
 - Privately funded by mortgage servicers and investors
 - Intent is to develop scalable solution with accepted, industry-wide standards and guidelines



NFMC Program

- \$180 million Congressional appropriation
 - Grants to housing counseling providers
 - Foreclosure counselor training courses
 - Study effectiveness of counseling interventions
- 2/26/08 - \$130+ million awarded to 130 agencies:
 - 16 HUD-approved Housing Counseling Intermediaries
 - 32 State Housing Finance Agencies
 - 82 NeighborWorks organizations



REO Efforts

- Partnering with Enterprise and Housing Partnership Network on a national response combined with local strategies
- Reaching out to major servicers, the private real estate sector, and other national nonprofit organizations to find solutions
- Research and a case study series on various options for nonprofit and local government response





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