

Proposals to Increase Participation in Foreclosure Programs and Settlements Housing Counseling and Outreach

Housing Counseling - The data clearly shows that homeowners who receive counseling are more likely to get a modification, get a more affordable modification payment, and are more likely to sustain their mortgage payments. Housing counseling funding has been erratic and inadequate to the need. We are proposing to the Administration that they adequately fund nonprofit housing counseling with a program that encourages stability, growth, and delivery of services which meet client needs. Funds should not just be for intake of new clients, but also for working with them to recover financially or transition to rental housing.

TARP Funds -- Treasury should pay housing counseling agencies \$1,160 for each completed intake and HAMP submission. There are currently 2.16 million delinquent homeowners. If we set a goal of counseling 30% of them, it would take an extra \$520,000,000. Funding should be continued and increased annually for as long as HAMP exists. Treasury should re-examine its assumption that TARP funds can only be used for intake and explore if TARP funds can be used to pay housing counselors to work with servicers to get modifications (negotiations and escalations), make the HAMP resolutions more sustainable (financial counseling), and find alternatives for distressed homeowners.

CFPB Settlement Funds -- If TARP funds can only be used for intake, then at least \$15 million of CFPB settlement funds should be used to fund counselors to provide financial management, credit, and transition to rental counseling for people impacted by the housing crisis. Settlement funds should be used to support these forms of consumer financial counseling in future years.

Outreach to Homeowners - Homeowners are not accessing nonprofit housing counseling and legal services and are confused by the many programs and settlements. There is no cohesive national marketing campaign to direct distressed homeowners to nonprofit counseling agencies. Instead homeowners are being victimized by aggressively marketed scam operations. The Administration needs a high impact outreach and marketing program, which guides homeowners to nonprofit housing counseling and legal services. Current marketing efforts are too narrow and do not engage enough homeowners. The Department of Justice settlements, the Independent Foreclosure Review, the Attorney General Mortgage Settlement, the federal monitor of the AG settlement and other activities cannot have separate marketing plans, competing against each other and forcing homeowners to figure out which program applies to them and how to make application. The outreach campaign should direct consumers to *local* counseling and legal resources based on zip-code. National, state and regionally focused intermediaries and hotlines can play a vital role monitoring consumer demand and counselor capacity; assess effectiveness of local, grass roots campaigns, and be the “brand” of local outreach, contributing to the effectiveness of outreach. Special strategies are needed for communities of color and hardest hit areas.

National Saturation Marketing Campaign -- The Administration should invest in a high visibility marketing campaign through television, radio, print, and the internet. The campaign should guide homeowners to free housing counseling and legal services. Ads should be multilingual with respected spokespeople from the administration, local elected officials, and celebrities. Grants can be given to HUD-approved housing counseling intermediaries to place targeted ads in local and ethnic radio, television, and newspapers.

Grassroots Outreach Campaign -- This marketing strategy relies on the trusted relationships nonprofits have with the public.

Home Visits -- Personal contact is the most effective marketing tool. Community groups can make home visits to homeowners facing foreclosure, educate them on the available programs, and encourage them to engage with the available resources.

Community Outreach -- Nonprofits can sponsor community meetings, foreclosure prevention fairs, block parties, media events, targeted mailings, coverage in community and Spanish and other language papers, and other grassroots activities which will bring distressed homeowners into the available programs.

Internet Outreach -- When homeowners put a foreclosure query into their search engines, they get a list of fee for service outfits which are most likely scams. Free housing counseling and legal services should be the first listing they see. Search engine optimization should be used aggressively to dominate these listings day and night.

Program Portal -- The Administration should develop a simple intake portal where counselors, attorneys, and the public can determine which programs and settlements would apply to them and allow them to be referred to those programs. The array of programs has left the public confused and a one stop approach is needed. Counselors who have authorizations from their clients should be able to upload their client databases into the portal to link clients to every available opportunity. Members of the public who use the portal should also be informed of the availability of nonprofit housing counseling and legal services.

Mobilize All Branches of the Federal Government All government agencies should use their contact with the public to promote foreclosure prevention programs. As an example, the Department of Labor should work with state unemployment offices to publicize programs for unemployed homeowners.

Paying for the Outreach Campaign -- The administration should pool available resources for a coordinated and maximum effort.

TARP Funds -- The Administration should use some of the unspent billions in TARP funds for the marketing campaign.

CFPB Settlement Funds -- These funds are flexible and should pay for gaps in the marketing strategy.

Contributions from Mortgage Servicers -- Mortgage servicers are underperforming in their current outreach programs. They should participate financially in a comprehensive marketing program which can benefit everyone.

Coordination of All Government Foreclosure Programs -- Instead of treating programs in silos with separate marketing programs, marketing programs should be unified with a common message -- go to HUD approved housing counseling agencies to get the best solutions.

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