

Preforeclosure Intervention Strategies and Partnerships

Preserving Homeownership: Addressing the Foreclosure Issue
Federal Reserve Bank of Dallas
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FHA Strategy

Protect Vulnerable Homebuyers and Homeowners

- Comprehensive outreach and education
- Direct mailing to subprime borrowers
- Develop programs with state and local housing agencies and other nonprofits
- Establish local referral and contact points for respondents unable to refinance due to delinquencies
- Provide FHA information
- Educate FHA borrowers at risk on Loss Mitigation

FHA CRITERIA

Metropolitan and Neighborhood Targeting

- Concentrations of Subprime Loans and Foreclosures
- FHA- Friendly Demographics
- Foreclosure Prevention Partnerships
- Large Numbers of HUD REO Homes

FHA Model

Philadelphia and Cleveland

- Targeted Neighborhoods
 - Partner with Housing Counseling, Lending, Real Estate, City and State Institutions
 - Direct Mail
 - Town Meeting
- Metropolitan Education
 - Regional Summits
 - Radio and Newspaper Advertising
 - Area Real Estate and Lender Organizations

Philadelphia Partners

- **Pennsylvania Housing Finance Agency**
 - FHA Downpayment Assistance Source
 - PHFA-FHA Refinance Product
- **City and Local Counseling Agencies**
- **State MBA and Board of Realtors**
- **Top FHA Lenders**
- **Real Estate Agencies** –REO brokers and large selling agencies in target areas.

Cleveland Partners

- **Foreclosure Prevention Network** (County and Counseling Agencies) refinance will be referred to 211 for counseling.
- **Down Payment Assistance**– Ohio HFA
- **Buyer Education**
 - **FHA Lenders in Target Neighborhoods**
 - **Real Estate Agencies** - REO brokers and large target area agencies will educate buyers

FHA Supports Housing Counseling

- FHA provided over \$39 Million in housing counseling funds to over 500 HUD approved agencies in FY 2006
- HUD-FHA accredits Housing Counseling Agencies to assist FHA mortgagors in a variety of ways:
 - Pre-purchase counseling is a key to successful homeownership
 - Default counseling is a big part of the FHA loss mitigation program

FHA Action Steps

Foreclosure Prevention Initiative

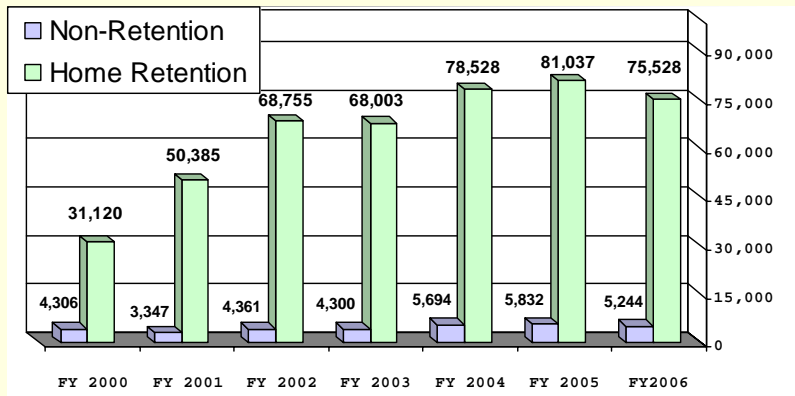
- Mailers sent to FHA Borrowers in cities with high foreclosures
- FHA Borrowers invited to a free workshop on programs available for those unable to pay mortgage on time
- FHA staff, housing counselors and servicing lenders will be on hand to discuss FHA Loss Mitigation tools

FHA Loss Mitigation Program

- Maximizes homeownership retention
- Preserves integrity of FHA insurance fund
- Minimizes a borrower's risk of default
- Provides a range of alternatives to foreclosure including retention and disposition options.

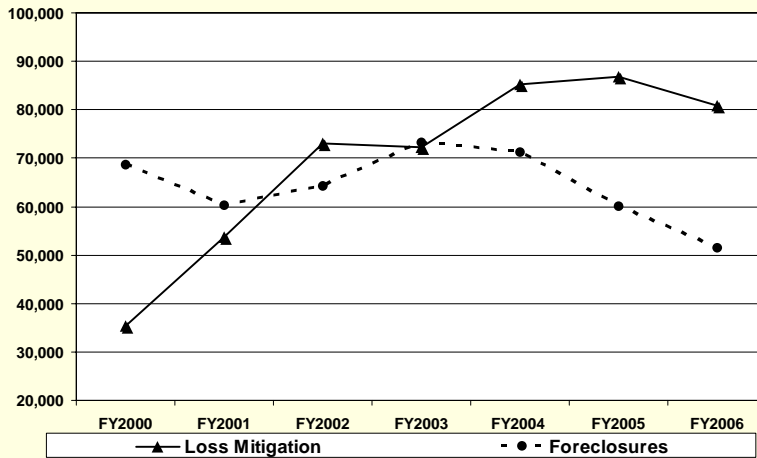
Loss Mitigation Results

Fiscal Years 2000 – 2006



Loss Mitigation vs. Foreclosure Trends

Fiscal Years 2000-2006



Loss Mitigation Usage – FY2007

Data as of April 30, 2007

Special Forbearance	14,405
Loan Modifications	25,211
Partial Claims	9,635
Preforeclosure Sale	2,312
Deed-in-Lieu	<u>241</u>
<i>Total Loss Mitigation</i> 51,804	
Straight-line Projection	84,430

National Servicing Center

www.hud.gov/offices/hsg/sfh/nsc/nschome.cfm

E-mail: hsg-lossmit@hud.gov

1-888-297-8685

Fax: (405) 609-8405 or (405) 609-8421