

**888-995-HOPE**  
**Homeowner's HOPE™ Hotline**

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Homeownership Preservation Foundation  
Minnesota State Bar Association

*“Residential Short Sales and Other Alternatives to Foreclosure, The Borrower and Lender Perspective”*

March 21th, 2011

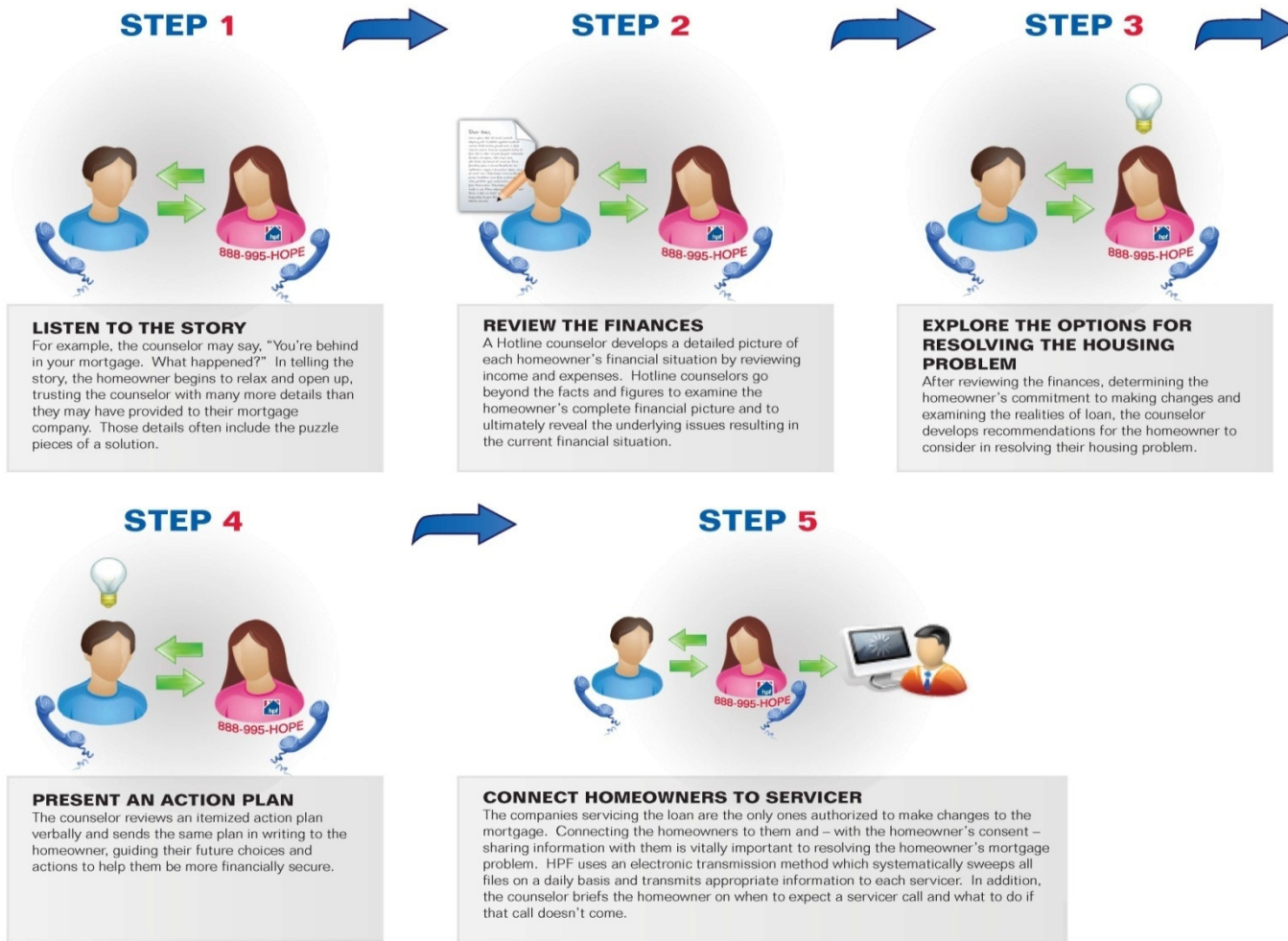
# Who We Are

- Founded in 2003, the Homeownership Preservation Foundation is a 501(c)(3) independent national nonprofit dedicated to reducing foreclosures and preserving homeownership for American homeowners
- HPF provides a comprehensive foreclosure prevention counseling service available to the homeowner for free by calling **888-995-HOPE™**

# Who we Are

- The Homeowner's HOPE Hotline is free to homeowners and offered by a network of 8 HUD-approved non-profit counseling agencies and 600 counselors, 24 hours a day, 7 days a week, 365 days a year in 170 languages
- Since 2007, the Homeowner's HOPE Hotline has handled over 4,000,000 million calls and counseled over 1,000,000 homeowners
- In 2010, 1.6 million homeowners called the Hotline; average is 5,000 calls each day

# Counseling Process



# Consumer Needs

*Our consumer surveys tell us that:*

- Consumers are confused, frustrated, scared, anxious, angry and depressed with their housing situation prior to calling the Hotline
- Consumers often do not understand how to navigate through the various programs offered by the Government and their servicers
- Consumers are seeking assistance in dealing with their servicer
- Consumers are looking to someone to turn to whom they can trust
- Consumers indicate they are satisfied even if they do not receive the loss mitigation option they sought, as long as they receive explanations and are treated fairly

*How Counseling Helps:*

- Counselors use actively listen to the consumer with empathy in an effort to ease their worry and stress
- Loss mitigation options and program guidelines are explained and confirmed for understanding
- Counselor-facilitated contact to the servicer via a three-way conference call is offered based on the consumer's unique situation
- Counselors confirm consumers understanding of next steps and solidify through a written action plan that often includes additional referrals to helpful resources for further assistance

## Facts and Trends

- 71% of the callers report that loss of income due to underemployment or unemployment is their primary reason for default.
- 44% of the callers have an annual gross income of less than \$40,000
- Average unsecured debt amount is \$18,000
- 17% of those who qualified for HAMP had back end Debt to Income ratios greater than 55%
- 450 homeowners per week feel they've been the victim of a scam
- 7% of the consumers who call us are suicidal

*Borrowers already seriously delinquent on their loans were 60 percent more likely to avoid foreclosure after meeting with a counselor as those who didn't (Urban Institute, 2009)*

# State and National Data

	National	Minnesota	Variance
Total Calls	1,531,184	20,608	1.35%
Counseling Sessions	332,121	4,855	1.46%
Loan Amount	\$206,824	\$183,767	(\$23,057)
Interest Rate	6.48%	6.25%	(23 bps)
Gross Income	\$50,144	\$49,315	(\$829)
Delinquency Rate 60+ days	54%	45%	9% less delinquent
Credit Score	590	609	19 pts

# Making Home Affordable



With the announcement of President Obama's MAKING HOME AFFORDABLE program in March, 2009, HPF was honored to become the nation's foreclosure prevention hotline. Part of our role is help to determine program pre-eligibility for homeowners and provide counseling that prepares them to take advantage of MHA

# Loan Scam Alert Campaign



# Loan Scam Alert Campaign

- Campaign Goals and Purpose:

Provide a public educational campaign to bring awareness to loan modification scams and to empower homeowners to protect themselves against potential scams, by providing trusted help and a process to report illegal activity to authorities.



# COMMON LOAN MODIFICATION Scams

- **General Modification Scam**

Organization “Guarantees” a modification, requires an up front fee, may tell you to not contact your lender, lawyer or counselor

- **Fake “Government” Modification Programs**

Claim to be affiliated with or approved by the Government

- **Forensic Loan Audit**

Organization claims they will audit your modification packet for a fee and can accelerate the modification process

- **Bait and Switch**

Organization tricks the homeowner to sign documents that claim to be for a loan modification, but are actually signing over the title/deed of the home

- **Rent to Own or Leaseback Scheme**

Organization requests to sign over title, rent the property back to the homeowner with the promise to sell the property back, but they have no intentions of selling the property back

# HOW TO IDENTIFY A SCAM Organization

- Asks for a fee in advance
- Company guarantee's they can stop a foreclosure or secure a loan modification
- They request that you stop paying your mortgage payment and pay them instead
- They pressure you to sign over your title or documents prior to having a chance for you to review
- Claims to be affiliated with the Government
- If someone you don't know asks for personal information over the internet or over the phone

# Contact Information

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