

HARDEST HIT FUND RHODE ISLAND

At One Year

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AS WE MARK the end of HHFRI's first full year of operation, we celebrate approving more than \$15 million of assistance to nearly 1,400 Rhode Island families and individuals who were at risk of foreclosure. 2011 was the fourth year of the disastrous real estate recession. By year's end foreclosures were continuing at a record high pace across our State and country. However, we now have HHFRI to provide cash assistance to families who are struggling to make mortgage payments due to a significant loss in income, usually attributable to job losses and cutbacks.

It has not been easy to create a new government assistance program that requires the cooperation of lenders – large and small – and their agents from all across the country. Rhode Island Housing has established working relationships and secure electronic communications with 54 lenders (40 national lenders and 14 local lenders). We process, report and reconcile payments through 22 electronic portals (SFTP sites) and 32 secure email relationships. More work needs to be done by the nationwide lending industry to give assistance to their struggling customers. We have seen significant progress during the past year. We are proud that Rhode Island Housing has been a nationwide leader in bridging that gap between lender and borrower.

As many families silently struggle to responsibly uphold their debt obligations, it has been a challenge to communicate the potential benefits of HHFRI. Many households are reluctant to ask for help and amidst the blizzard of offers for help it is hard to know who to trust. Rhode Island Housing is extremely thankful to members of our Congressional delegation without whom this program would not have been possible, and the General Assembly for lending their reputations to the program and inviting constituents to information sessions. Mayors of our largest cities have also helped. We look forward to continuing to work with these critical partners.

Rhode Island Housing has learned a lot during its first year and enhanced the program terms four times by welcoming input from its community Working Group. As we learn more about the details and complexities of family finances in our State, we will continue to re-engineer our programs to reach more R.I. families. Every family who gets either help or a denial before the program is amended has their file reviewed for an extension or potential new eligibility.

HHFRI offers help in the form of a loan or grant. If the homeowner stays in the property for 5 years, the loan does not have to be repaid. If the homeowner moves or the property changes ownership during the five years, the loan is forgiven at 20 percent per year. So, most people will not have to repay HHFRI. However, most people will still have to make a fair payment toward their outstanding mortgage obligation.

Helping nearly 1,400 Rhode Island families keep their homes in 2011 means that it was a very good year. We thank all of our partners for making it happen, and we have lots more assistance to provide in 2012 and beyond.

CRITERIA AND QUALIFICATIONS

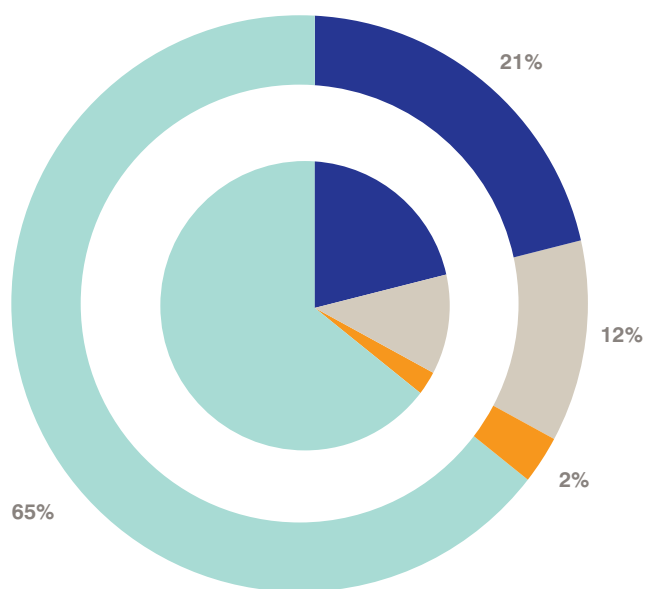
The Hardest Hit Fund Rhode Island is available to Rhode Island homeowners who have a documented financial hardship and have exhausted all options to maintain mortgage payments. Homeowners may qualify for these funds if: they own a 1- to 4- family home or a condominium and live in the building; their gross annual income is less than \$87,800 for 1 or 2 persons in the household or less than \$102,400 for three or more; their monthly mortgage payments, including taxes and insurance are greater than 31 percent of gross monthly income; and they have no financial resources (except for \$15,000 or less in savings and not including retirement savings). Homeowners can receive HHFRI assistance regardless of the amount in a retirement account such as a 401(k) or an IRA.

The criteria to receive assistance from HHFRI generally include a documented financial hardship such as a loss of a job, underemployment, unforeseen medical expenses or disability of a family's key wage-earner.

In addition, R.I. homeowners may receive special assistance if they:

- Are older than 62-years-old.
- Have a deed restricted property and have received federal or State subsidies.
- Own a multi-family property and have had a loss of rental income, which has compromised their ability to afford their mortgage payment.
- Have received FEMA or other natural disaster assistance and still need assistance due to extensive property damage.
- Are deployed members of the U.S. Armed Forces or those discharged within the last 12 months who have experienced a drop in income. (This applies to all personnel in regular and reserve components of the Army, Navy, Air Force, Marines and Coast Guard.)

HHFRI TOTAL APPROVED ASSISTANCE BY PROGRAM \$ AS OF DECEMBER 31, 2011



- MORTGAGE PAYMENT ASSISTANCE-UNEMPLOYMENT PROGRAM (MPA UP)
- TEMPORARY AND IMMEDIATE HOMEOWNER ASSISTANCE (TIHA)
- LOAN MODIFICATION ASSISTANCE (LMA)
- MOVING FORWARD ASSISTANCE (MFA)

HHFRI assistance generally breaks down into the following categories: Loan Modification Assistance (LMA) – help to obtain a loan modification from your lender; TIHA – help to make an immediate payment to save your home, such as unpaid property taxes; MPA UP – help to make mortgage payments while unemployed or under-employed; and MFA – help to assist homeowners who are in a severe financial crisis to relocate.

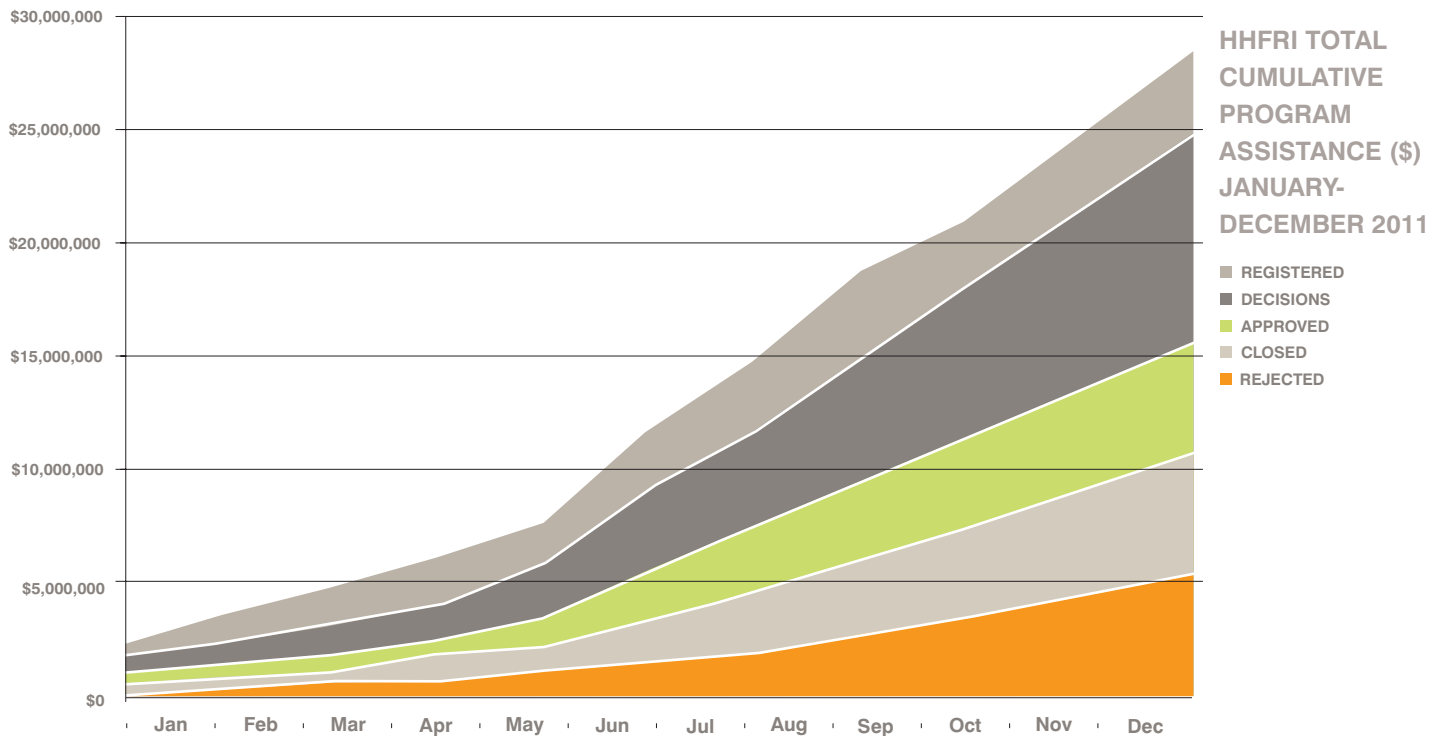
Those who are unemployed and believe they may qualify should call 401-277-1500. Any Rhode Islander struggling to make mortgage payments can apply through a HUD approved and HHFRI certified counselor including the HelpCenter at Rhode Island Housing. Or, Rhode Islanders can apply for HHFRI through a local lender.

“Rhode Island Housing is one of 18 State Housing Finance Agencies to receive this program designed in partnership with the U.S. Treasury to help homeowners make mortgage payments. We continue to work closely with lenders, servicers, counselors and community groups to prevent foreclosures and stabilize the housing market.”

– Richard Godfrey, Executive Director of Rhode Island Housing

HHFRI WORKING GROUP MEMBERS

Bank of America	Federal Home Loan Bank of Boston	Progreso Latino
Citizens Bank	Federal Reserve Bank of Boston	Rhode Island Bankers Association
City of Cranston	Housing Action Rhode Island	Rhode Island Board of REALTORS
City of Providence Department of Planning and Development	Housing Network	Rhode Island Legal Services
City of Providence Office of Neighborhood Services	Housing Resources Commission	Rhode Island Mortgage Bankers Association
City of Warwick	HUD	State Office of Housing and Community Development
Credit Union Association of Rhode Island	The Martone Group	SWAP
Department of Business Regulation	Money Management International Inc.	Urban League of Rhode Island
Department of Labor and Training	National Consumer Law Center	West Elmwood Housing Development Corporation
Fannie Mae	NeighborWorks America	
	NeighborWorks Blackstone River Valley	



OUTCOMES

More than 2,600 Rhode Island homeowners have registered for HHFRI through December 31, 2011. For those who have completed the application and review process, more than 60 percent have been approved for funding. In total, nearly 1,400 families have been approved for more than \$15 million in foreclosure-prevention funds. HHFRI has assisted Rhode Islanders in every county, but not surprisingly, the majority of program participants to date come from Providence and Kent counties. The number of registrants is indicative of the impact the economic downturn is having on Rhode Island homeowners – with the hardship of unemployment claimed by nearly 65 percent of those seeking assistance through HHFRI.

Rhode Island Housing often hears about Rhode Islanders who do not think they are eligible for HHFRI because they are not delinquent on their mortgage. Not only are these homeowners eligible but the best time to seek assistance is before a homeowner starts to fall behind on mortgage payments. Additionally, about half of HHFRI participants are actually current on their mortgage.

SUCCESSSES AND ONGOING CHALLENGES

As HHFRI reaches the one-year mark, Rhode Island Housing continues to refine and improve this effort to help Rhode Islanders stay in their home. The most successful element of the program has been the Mortgage Payment Assistance for unemployed and underemployed Rhode Islanders. Sixty-five percent of approved HHFRI applications have been for assistance through this program. (The agency has successfully partnered with most local and national lenders to accept payments under this program and established a streamlined system to process applications.)

The creation of HHFRI and the increasing number of Rhode Islanders seeking assistance are strongly due to: partnerships with federal, State and local elected officials; community partners who spread the word; and input of the Working Group. Valued partnerships also have been established with agencies that provide intake and counseling for HHFRI, and with local banks that are connecting their borrowers with the program.

The greatest challenge to the program, as with national efforts to address the foreclosure crisis, has been the participation

of national lender/servicers in loan modification assistance programs. While local lenders have more flexibility to modify portfolio loans, the national ones are constrained by investors' varied guidelines and processes. With new HHFRI modification program terms approved for 2012, we anticipate expanded participation on a national level.

To date, we have been successful in establishing secure communications and developing working business relationships with the top five lender/servicers and numerous regional ones. While these lender/servicers accept our HHFRI unemployment and reinstatement assistance, the process of setting up, reporting and monitoring monthly payments issued by the Automated Clearing House, wire transfer or check for homeowners is time consuming but well worth the effort. During 2011, we set up more than 15,500 mortgage assistance and/or reinstatement payments on behalf of HHFRI eligible-homeowners to some 90 different lender/servicers and 30 cities or towns.

HHFRI HELPS KEEP MIRTA HERNANDEZ IN HER PAWTUCKET HOME

Mirta turned to Hardest Hit Fund Rhode Island for help after her lender deemed her ineligible for a loan modification

Owning a home in Pawtucket has meant "everything" to Mirta V. Hernandez, who spent 20 years working at a jewelry company and moonlighting part time at a discount department store.

Mirta made enough money from both of her jobs to cover her mortgage and living expenses as well as send money to help her daughter and ailing mother. Then, the jewelry company where she worked closed its doors, and Mirta's only income was from her part-time job.

"One thing happens and then another and then another," she said. "It was scary because I knew I was about to start falling behind on my mortgage."

A friend, who had been successfully counseled on similar mortgage issues by a HUD approved counselor at the Rhode Island Housing HelpCenter, recommended Hernandez set up an appointment with one of the Center's counselors. With the help of a counselor, Mirta embarked on preparing the paperwork for a loan modification.



Mirta V. Hernandez - Photo by Gretchen Ertl

After her lender had determined that she was ineligible for a loan modification because of her employment situation, the HelpCenter counselor immediately started working with Mirta to submit an application for the Hardest Hit Fund Rhode Island.

"I was grateful to hear about Hardest Hit Fund Rhode Island," Mirta notes. "I was getting frustrated and frightened that I would lose my home. Having a home means everything to me."

The counselor, with Mirta's help, was able to gather the right paperwork and fill out Mirta's application so she could receive needed HHFRI assistance. For the next six months, HHFRI funds will be paying a portion of Mirta's mortgage, and Mirta will be paying the rest.

"You work hard so you can get a home and then I was working to keep my home," she says. "I have been a hard worker all of my life. I'm a working person."

OUTREACH AND EDUCATION EFFORTS

Rhode Island Housing, in partnership with community organizations, public officials, State agencies and faith-based organizations has launched a major outreach effort to spread the word about HHFRI.

To reach as many Rhode Islanders with the HHFRI message of helping homeowners to make mortgage payments, marketing materials have been translated into Spanish, Portuguese, Laotian, Hmong, Vietnamese and Cambodian. English and Spanish websites, www.HHFRI.org, have been created, and the sites include key information on how to access assistance and provide details on upcoming free HHFRI community meetings. The websites continue to receive more than 1,000 hits per month; listings of the community meetings are published in the media and on community calendars; and to date the media have published nearly 70 news stories and broadcast some 15 TV and radio reports on this foreclosure-prevention program.

In addition, Rhode Island Housing initiated a grassroots effort to reach out to Rhode Islanders about HHFRI. The agency has partnered with the Department of Labor and Training (DLT) to notify those whose unemployment benefits are about to expire, and those who are applying for unemployment.

Late this fall, DLT staff members started sending about 600 letters per week to unemployed Rhode Islanders. In addition, some 4,500 HHFRI flyers were placed in water bills and sent to Providence Water customers in the Olneyville and Hartford Avenue neighborhoods.

Members of Rhode Island's Congressional delegation and the General Assembly, mayors and city and town councils continue to play an integral role in getting the word out about HHFRI. Rhode Island Housing, in coordination with local law makers, has hosted nearly 70 free informational meetings throughout Rhode Island in libraries, community centers, churches and schools. Elected officials have volunteered their time to record robo-calls in their districts to encourage constituents to attend free HHFRI community meetings. Many attendees have cited a call from a public official as their reason for attending a meeting.

The assistance of Rhode Island's State Senators, Representatives, Mayors and local officials continues to be exemplary. Their support helps us spread the message that HHFRI is a safe, respected program that truly helps the people in our communities. Due to the connections that elected officials have in the neighborhoods in which they serve, our cooperative efforts enable us to increase awareness and reach more people.

HHFRI meetings have been coordinated with the help of many State and local officials including:

Mayor Avedisian
Mayor Fung
Mayor Rogers
Mayor Taveras

Senator Algieri
Senator Bates
Senator Crowley
Senator DaPonte
Senator DeVall
Senator Doyle
Senator Felag
Senator Fogarty
Senator Jabour
Senator Lanzi
Senator Nesselbush
Senator Ottiano
Senator Tassoni
Senator Walaska

Representative Azzinaro
Representative Blazejewski
Representative Chippendale
Representative Coderre
Representative DaSilva
Representative Gallison
Representative Guthrie
Representative Keable
Representative Kennedy
Representative Lima
Representative MacBeth
Representative Morgan
Representative Morrison
Representative Nunes
Representative O'Grady
Representative O'Neill
Representative Serpa
Representative Silva
Representative Tarro
Representative Tomasso
Representative Walsh
Representative Williams

Those interested in hosting a meeting should contact:
Jessica Buhler
401-457-1285
jbuhler@rhodeislandhousing.org

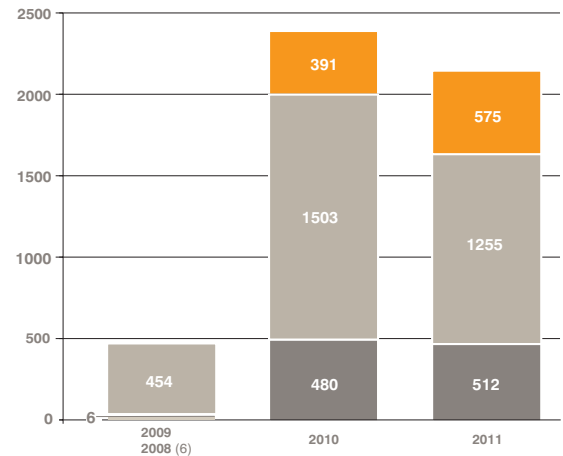
HHFRI materials can be found in tax collectors offices, city halls, libraries, churches, community centers and on government and related nonprofits' websites. Local lenders have been receptive to HHFRI allowing Rhode Island Housing to use their names and phone numbers as a resource, all of which are posted on the lender page at HHFRI.org.

MEDIATION AND CONCILIATION

Three of Rhode Island's largest cities (Providence, Cranston and Warwick) have passed ordinances that require loan servicers to engage a Conciliation Conference Coordinator at a HUD-approved counseling agency before filing a foreclosure deed. The Coordinator determines whether the loan servicer made a good-faith effort to reach an agreement with the homeowner. Servicers can forego a conference and pay a fine in two of the cities, Providence and Warwick. The third city, Cranston, does not impose a fine; it requires servicers to obtain a Certificate of Good Faith from the Coordinator before filing a foreclosure deed. To date, Rhode Island Housing is the primary local HUD-approved agency that has made these services available. In addition to working with a Conciliation Coordinator, homeowners must be receiving foreclosure-prevention counseling with a HUD-approved counselor (such as the ones in Rhode Island Housing's HelpCenter).

Housing counseling combined with a conciliation conference is one of the most effective ways to help homeowners avoid foreclosure. Of the homeowners who have completed the conciliation conference, typically nearly three-quarters are able to remain in their homes. In all, 392 positive mediation outcomes as a result of a conference; nearly 351 foreclosures have been canceled by the lender (prior to the conference being held) as a result of the program.

The greatest challenge with the current program is its limited scope (the process can only be accessed by homeowners in the three participating municipalities), and the fact that the mandated conciliation procedures begin so late in the process. While the program has been very successful at assisting those homeowners who participate, the vast majority of homeowners have already given up by the time housing counselors reach out to them. Because the process is triggered after the foreclosure process has been initiated, only about 20 percent of the notices reach the actual homeowners despite outreach efforts.



RHODE ISLAND HOUSING CONCILIATION COORDINATOR ACTIVITY

Dates Ordinances began:

Providence - 9/3/09 Cranston - 12/23/09 Warwick - 5/25/10

■ PROVIDENCE ■ CRANSTON ■ WARWICK

THE FOUNDING OF THE HELPCENTER AT RHODE ISLAND HOUSING

In 2007, just as the foreclosure crisis was building in Rhode Island, Rhode Island Housing opened the HelpCenter to educate, counsel and assist Rhode Islanders who are at risk of either losing or coping with the loss of a home. Rhode Island Housing's HelpCenter has received support from several partners including NeighborWorks America through the National Foreclosure Mitigation Counseling Program and United Way of Rhode Island. At the official opening of the HelpCenter, Rhode Island Housing's Executive Director Richard Godfrey said: "One of our goals in creating the Center is to encourage people to seek help at the first sign that they might be in trouble. The sooner people come to us for help, the more options they will have."

Since opening its doors at the end of 2007, some 12,000 Rhode Island homeowners have contacted our HelpCenter seeking assistance. Of this number, 6,653 homeowners, with a full range of financial challenges, have met face-to-face with our counseling staff. Nearly 5,915 homeowners have completed the counseling process and more than 740 homeowners are being reviewed by servicers. Of those who have completed counseling, about half are able to remain in their home successfully or have been referred to legal or other services such as credit counseling.

Since HHFRI was launched, the counselors at Rhode Island Housing's HelpCenter have also been able to secure HHFRI

funds for clients who have exhausted all other means of assistance. The HelpCenter counsels, educates and works with struggling homeowners, to obtain an affordable solution that could include HHFRI.

HelpCenter counselors have also been able to assist clients who have been helped by the Madeline Walker Act of 2006. The law gives Rhode Island Housing the ability to purchase delinquent tax, water or sewer liens before they go to tax sale. Rhode Island Housing works with the owners of these properties to set up a payment plan, but also connects them with other resources like the Hardest Hit Fund and HelpCenter foreclosure-prevention counselors.

As of December 31, 2011, Rhode Island Housing has exercised its right of first refusal and acquired 2,300 tax liens in nearly every community in Rhode Island, at a total cost of more than \$10 million. The agency works closely with these homeowners to get them back on track with their payments, and as a result more than 63 percent (1,451) of the liens purchased by Rhode Island Housing have already been redeemed by the homeowners. Since the inception of this important Act, Rhode Island Housing has provided outreach to more than 20,000 homeowners facing tax sale.