

# FHA PARTNERSHIPS FROM PROMOTION TO PRESERVATION

- Partnership Strategies to Assist Home Owners and Buyers
- Homeownership Preservation Summits
- Charlotte Initiative: Helping FHA Borrowers
- Philadelphia and Cleveland Initiative: Reaching Out to Other Vulnerable Buyers and Owners
- State Agency Partnerships

# Partnerships are Beginning to Work in Promoting FHA

- Philly HOC targeted Baltimore (05-06) and Philadelphia (06-07) to market FHA
- Mapped Neighborhoods with Good demographics.
- Reached out to lenders, brokers, real estate, housing counseling agencies, and HFAs.
- Ads and articles in local media and trade journals.
- These are only two MSAs in HOC jurisdiction to strongly increase FHA purchase loans in 2007.

# From Promotion to Preservation

- To address Homeownership Preservation requires similar partnerships as promoting new homeownership
- These partnerships must work together in new ways to help people stay in homes

# Homeownership Promotion and Preservation – Similar Partners

Lenders

Counselors

Housing Finance Agencies

Mortgage brokers, credit unions etc

Realtors



# Partnership Strategies to Help Vulnerable Homeowners and Homebuyers

- Comprehensive outreach and education in key metro areas with histories of subprime lending and foreclosures
- Direct mailing of info to at risk borrowers

# Partnership Strategy to Help Vulnerable Homeowners and HomeBuyers

- Develop programs with state and local agencies and nonprofits to fill gap between refinancing needs and approvable loan amounts
- Establish local referral and contact points for homeowners who can't refinance due to delinquency

# Strategy to Help Vulnerable Homeowners and HomeBuyers

- Provide FHA information on refinancing, first-time homebuying, rehabilitation loans, reverse mortgages and pre-purchase and post-purchase counseling.
- Educate FHA borrowers at risk on Loss Mitigation.

# Regional Homeownership Summits

- Regional Homeownership Summits have been Scheduled for this June
- Cleveland, OH      Denver, CO  
Hartford, CT      Houston, TX  
Philadelphia, PA      Seattle, WA  
Newark, NJ      Indianapolis, IN  
Los Angeles, CA      Atlanta, GA

# Reaching Out to FHA Borrowers- Charlotte Initiative

- Mailers sent to 4,000 FHA borrowers in Charlotte, NC, a city with high foreclosure rates.
- FHA borrowers were invited to a free workshop on programs and options for those unable to pay mortgage on time
- FHA staff, housing counselors and servicing lenders were on hand to discuss FHA Loss Mitigation tools.

# Reaching out to FHA Borrowers – Charlotte Initiative

- AM and PM Sessions were held, with 80+ attendees
- City of Charlotte, Charlotte Mecklenberg Housing partnership and United Family Services were there
- Rullah Price, AVP for FHA Loss Mitigation for Wells Fargo and Jerry Durham, VP for Homeownership Preservation for Countrywide were there.

# Reaching Out to All Homebuyers and Homeowners

## Comprehensive FHA Educational Campaigns

- Purchase your first home
- Refinance to a safer, less expensive loan
- Renovate when you purchase or refinance
- Help seniors meet cash needs and stay in home
- Sell REOs to owner-occupants
- Support counseling for all home owners

# Cleveland and Philadelphia Model FHA Initiatives

## Comprehensive FHA Educational Campaigns

- ◆ Neighborhood Campaigns
  - Work with local governments, nonprofits counseling agencies
  - Direct mail
  - Neighborhood media, lenders, realtors

# Cleveland and Philadelphia Model FHA Initiatives

## Comprehensive FHA Educational Campaigns

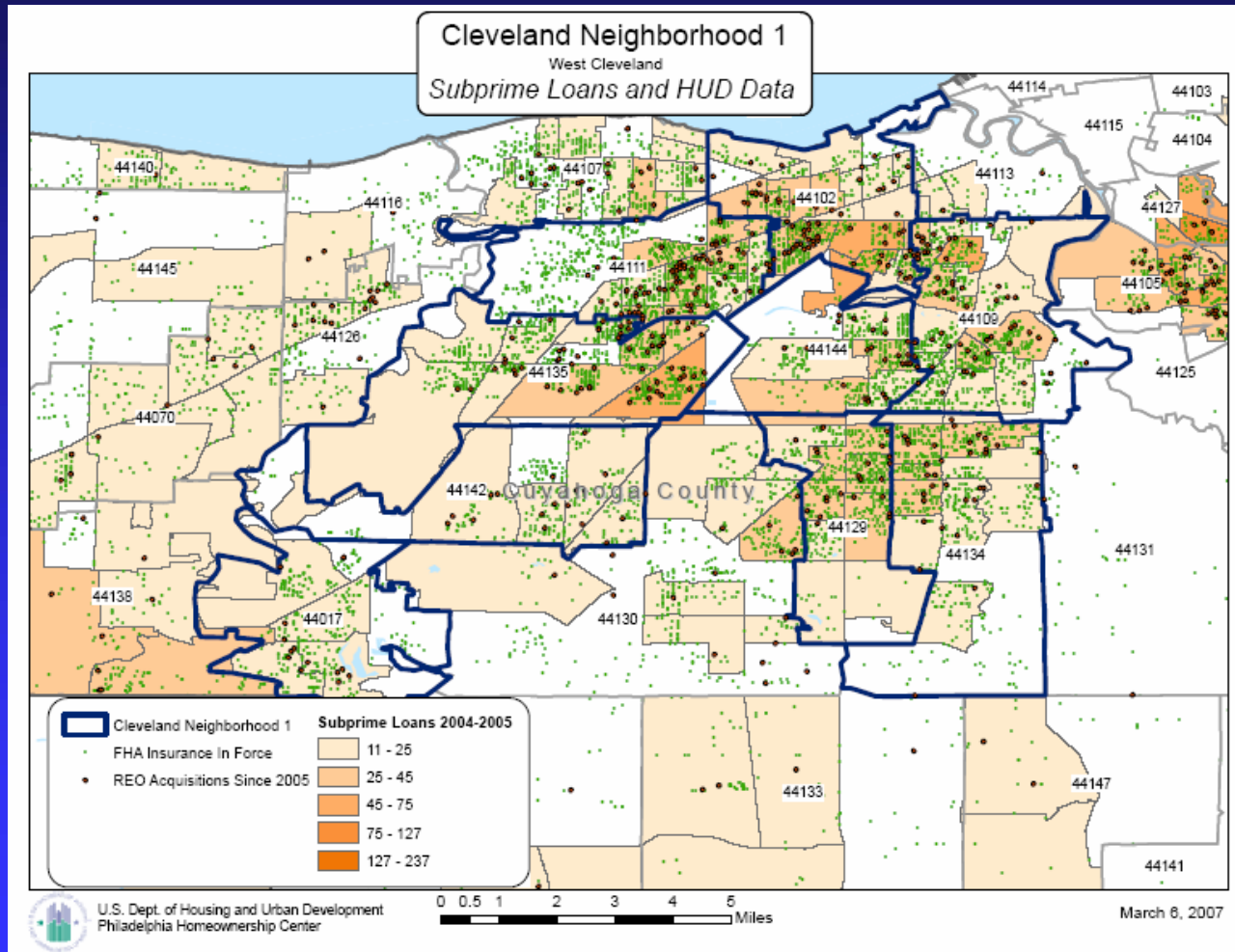
- Complimentary Metropolitan-wide marketing
  - Radio and newspaper advertising
  - Area real estate and lender organizations

# Cleveland and Philadelphia Model Initiatives

## Selection of Target Areas

- High concentrations of subprime loans
- FHA-friendly demographics
- Partnerships in place
  - Nonprofits and counseling agencies
  - Government agencies, state HFAs
  - Real estate and lending professionals
- REO Homes

# Cleveland Neighborhood Number 1



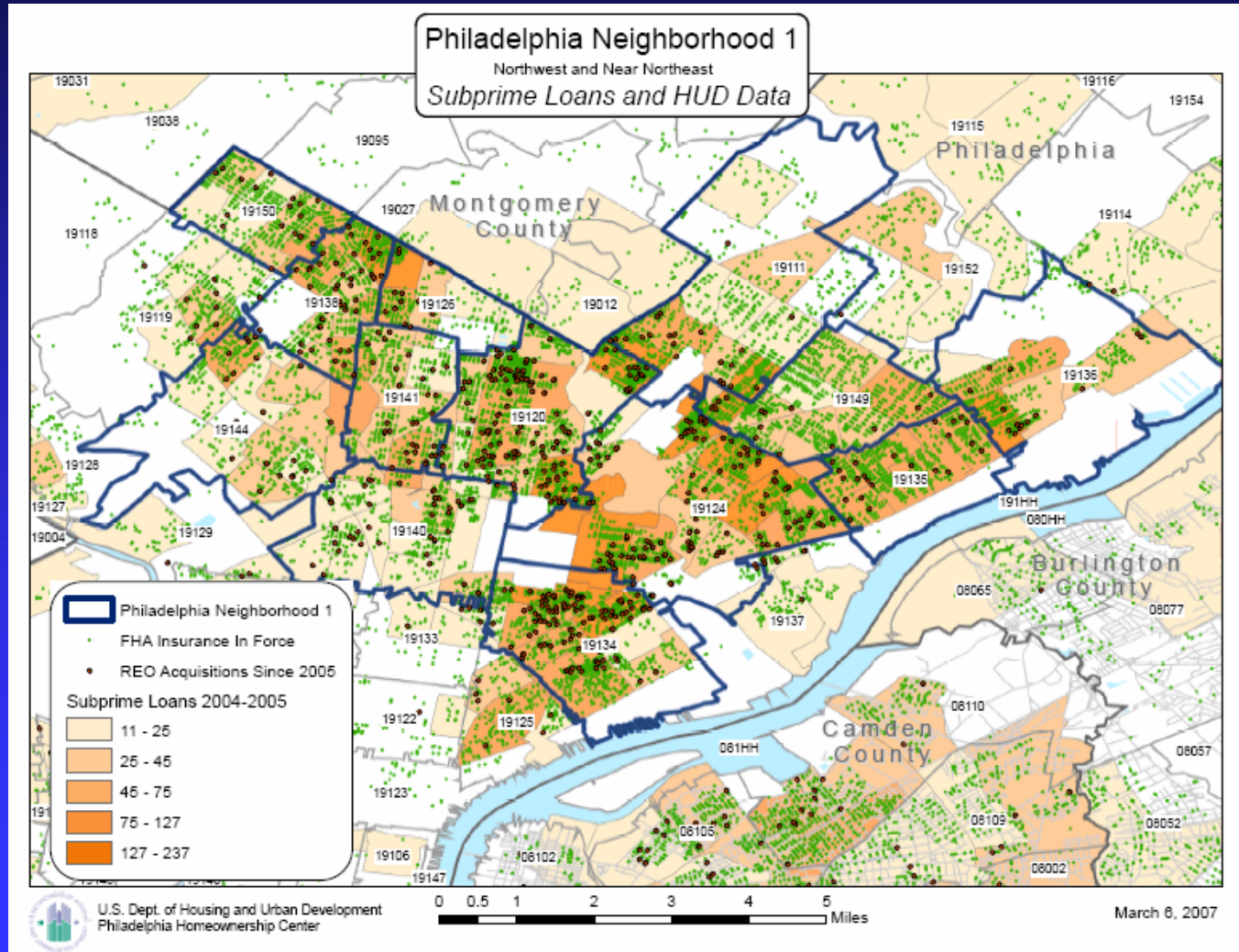
# Cleveland Area Number 1

- FHA declined by 29% in 2004 - 05, but held steady in 2006 at 1100 FHA loans.
- Purchase loans account for 64% of FHA loans.
- HECMs and Conv-to-FHA refinances increased modestly.
- Average FHA loan - \$108,000
- Average Income of FHA Borrower - \$47,500
- 35% of loans made to Blacks or Hispanics.
- 2500 Subprime Loans w/in FHA Mtg Limits- 2004-05
- 470 REO Acquired 2004- 06 – Ideal for 203(k)

# Cleveland Partners

- Strong Local Government and Housing Counseling Agency Support for our Initiative
- Foreclosure Prevention Network will Partner on Mailers - Respondents who do not qualify for FHA refinance will be referred to 211.
- Sources of Downpayment Assistance – Ohio Housing Finance Agency (OHFA) (2%), City and County ADDI
- OHFA Initiative to Refinance Subprimes
- Contacting FHA Lenders and Realtors

# Philadelphia Neighborhood Number 1



# Philadelphia Neighborhood Number 1

- FHA declined by 50% in 2004 - 05, but increased by 31% in 2006 to 1352 FHA loans.
- Purchase loans account for 70% of FHA loans.
- HECMs and Conv-to-FHA refinances increased modestly.
- Average FHA loan - \$95,000
- Average Income of FHA Borrower - \$43,000
- 75% of loans made to Black or Hispanics.
- 4500 Subprime Loans w/in FHA Mtg Limits- 2004-05
- 1000 REO Acquired 2004- 06 – Ideal for 203(k)

# Philadelphia Public Non-Profit Support

- Housing Counseling Agencies in Targeted Area
- City of Philadelphia HCD Director
- Pennsylvania Housing Finance Agency
- Source of Downpayment Assistance – PHFA Home Loan Plus. \$69-79 k income limits make most FHA borrowers eligible.
- PHFA Refinance Initiative

# Housing Industry Support in Philadelphia

- Top FHA Lenders in Target Neighborhoods – Gateway, Sovereign, Countrywide, Wells, Boulevard, Trident, and National City (100-300 FHA loans per Target Neighborhood)
- Real Estate Agencies – Sellers of REO. We will also approach other large selling agencies in target areas.

# Identifying Mailer Target Clients

## Sub-Prime Mailing

- ◆ Homeowner
- ◆ Loan rate exceeds 8% or Reset w/in 6 months.
- ◆ Home Value Range of \$75,000 to \$224,999

## General All Purpose FHA Mailing

- ◆ Homeowner/Renter
- ◆ Home Value Range of \$100,000 to \$224,999

# Tracking Results

- FHA Activity Control Charts
- Comparison With Control Areas We Identified with Similar Demographics
  - ◆ Philadelphia - Similar Pittsburgh Zips
  - ◆ Cleveland - Similar Dayton Zips
- Resource Center Client Tracking
- Client Feedback/Surveys

# Housing Finance Agencies

- Outreach plan for FY 2007 - HOCs contact State Housing Finance Agencies to encourage FHA business and offer assistance as needed. Atlanta HOC management has met with most of its HFAs.
- Georgia, Indiana, Maryland, Pennsylvania, and Ohio HFAs were invited to participate in HUD June Homeownership Preservation events.
- HUD is working with most of these HFAs on task forces. States are considering taxable bonds and subsidies to refinance sub prime loans and FHA will insure many of the new loans.

# Housing Finance Agencies

- Philadelphia HOC Partnering with Pennsylvania and Ohio HFAs on Cleveland and Pennsylvania Initiatives.
- Atlanta HOC meets quarterly with Georgia DCA on their lender advisory committee.
- AHOC worked with Kentucky Housing Corporation to provide industry training. KHC coordinated registration for May 2007 FHA Education Session in Lexington and issued CEU certificates for the courses.
- Many HFAs provide downpayment assistance to fill 3 Percent FHA borrower contribution requirement.

# FHA HOMEOWNERSHIP PARTNERSHIPS

- **FHA Partnerships- From Promotion to Preservation**
- **Partnership Strategies to Protect Home Owners and Buyers**
- **Homeownership Preservation Summits**
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