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**Responding to
Foreclosures in
Cuyahoga County,
INTERIM
Evaluation Report
January 1, 2009
Through
December 31, 2009**

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Introduction

On May 11, 2009, award winning author, journalist and regular contributor to the New York Times Magazine, Alex Kotlowitz, addressed the Levin College Forum program, Building our Future Beyond Foreclosure:

Communities in Northeast Ohio were hit earlier and harder...That means you've had some time to contemplate what is and what could be. You've had some false starts and you've made some progress. You've seen things, you've heard things and you've felt things that most of us haven't. It is incumbent on you to share with the rest of the country what you've seen and what you've heard.....In your hands is not the future of one house or one block or even one city, you need to be the guides, I urge you to give voice to what you've seen. You have a daunting journey ahead, but one in which you can re-imagine the American city, carve out new paths for others to follow.¹

Cuyahoga County, Ohio has had close to 13,000 foreclosure filings a year since 2005, more than 10,000 vacant and derelict structures and thousands of homeowners losing their homes. The effects of the crisis will be long lasting and far reaching.

In Ohio, County Common Pleas Courts, agencies and departments have some level of authority and responsibility for virtually every step of the foreclosure process. So it is not surprising that the 15 mayors of the First Suburbs Consortium² turned to Cuyahoga County to help them address this crisis. In response, in August 2005, the Cuyahoga County Commissioners launched a broad Foreclosure Initiative with two potentially conflicting goals: making foreclosure proceedings faster and fairer to aid municipalities struggling with properties “in limbo” as a result of being stuck in the foreclosure pipeline and preventing foreclosures to aid residents who wanted to keep their homes. Since that time the Initiative has made measurable progress on both fronts. Understanding the successes and barriers of Cuyahoga County’s Initiative holds lessons for other cities and counties facing what may well be one of the most challenging urban issues of the Century.

Methodology

In August 2006, one year after Commissioners launched the pilot foreclosure initiative, the County contracted with Cleveland State University’s Colleges of Law and Urban Affairs to evaluate progress using measurable objectives or outcomes. The evaluation uses a continuous learning model, with feedback provided to the County on a regular basis to track progress and improve program operations. This is the fourth report on the progress of the initiative. It covers the 2009 calendar year. This reporting time period is a shift from previous reports which covered program years (March through February).

¹ Kotlowitz, Alex. *All Boarded Up*, New York Times Magazine, March 4, 2009.

² The First Suburbs Consortium is comprised of the cities of Bedford, Bedford Hts., Brook Park, Cleveland Hts., Cuyahoga Hts., Euclid, Fairview Park, Garfield Hts., Lakewood, Maple Hts., Parma, Shaker Hts., South Euclid, University Hts., Warrensville Hts. and East Cleveland

Because of the County's longstanding interest in program assessment and evaluation, there is now four full years of data about the foreclosure prevention activities in Cuyahoga County. The County has committed to funding foreclosure prevention, including evaluation at least through June 30, 2011.

The information used in this report was drawn from the following sources:

1. Semi-annual face to face interviews with counseling agencies and county program staff.
2. Monthly county foreclosure counseling agency coordinating meetings.
3. Monthly reports of data on foreclosure counseling client demographics and outcomes provided by the agencies to the County Department of Development and the Treasurer's Office.
4. Data on foreclosures provided by the Northeast Ohio Data and Information Service of the Levin College, NEO CANDO at Case Western Reserve University, and the Federal Reserve Bank of Cleveland.
5. 211 First Call for Help documentation of calls and referrals by service type and agency, a description of their referral process, and definitions of the service categories used.

Our work would not have been possible without the full cooperation and assistance of the numerous County departments, agencies and the counseling agencies. We especially wish to thank Paul Oyaski, Director, Paul Herdeg, Housing Manager, Department of Development; Jim Rokakis, County Treasurer and Paul Bellamy, Foreclosure Prevention Program manager, County Treasurer's office for their commitment to making sure that we were able to get the information we needed.

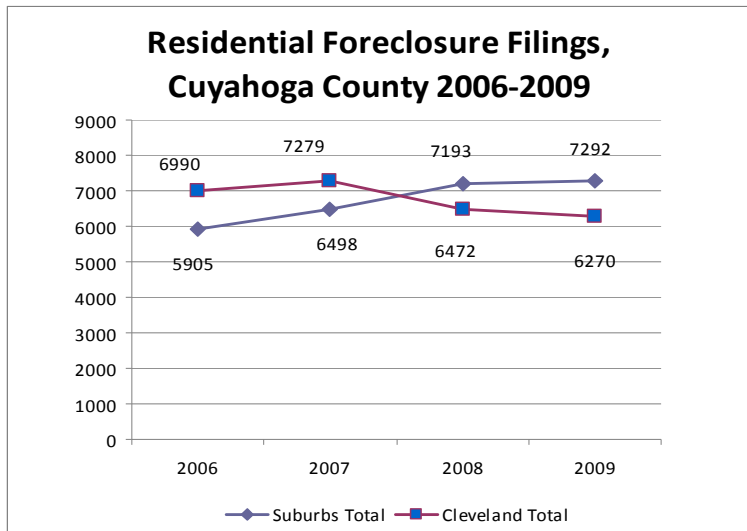
Foreclosure Trends

Nationally, experts are predicting that the number of foreclosure filings has not yet peaked. Cuyahoga County was hit earlier and harder than other parts of the country. The County's housing market never experienced the huge housing price bubbles that rapidly growing parts of the country faced. Rather, the problem in Northeast Ohio was the result of a stagnating economy, a weak housing market, an increase in predatory lending and a lax state regulatory environment. But, by all accounts, the foreclosure crisis in Cuyahoga County is likely to continue at least for the near future, exacerbated by the current recession and loss of jobs.

The total number of residential foreclosure filings in Cuyahoga County increased rapidly from 2005 to 2006, but has held relatively constant, between 13,000 and 13,700 per year since then, declining slightly from 2007 to 2009. It is important to note a national moratorium on foreclosures was in effect from January to May of 2009.

In 2009, 13,562 or approximately 3% of all residential units in Cuyahoga County were in foreclosure. The number of foreclosure filings in the suburbs surpassed the number in the city of Cleveland, continuing a shift that began in 2008. As foreclosures shift outward from the City and the reason for foreclosure shifts from “bad” loans to loss of job or income, the program continues to adapt.

Figure 1. Foreclosure Filings, Residential Properties, Cuyahoga County 2006-2009



The Cuyahoga County Foreclosure Prevention Program, 2009

The objectives of the Cuyahoga County Foreclosure Prevention program are to:

1. Coordinate outreach to homeowners in Cuyahoga County and connect them to foreclosure counseling and/or court mediation resources
2. Raise and distribute funding and other resources to partner counseling agencies
3. Administer rescue loans to provide one-time assistance to homeowners who have difficulty paying their mortgages
4. Conduct research on and provide publicly available information concerning the nature and scope of the evolving foreclosure crisis
5. Advocate for and support legislative initiatives at the state and federal level that better address the local foreclosure crisis

Program Administration. The program is housed and administered in the offices of County Treasurer Jim Rokakis. The County’s Department of Development provides some funding for counseling services to clients in the “urban county.”³ It also ensures

³ The Cuyahoga County Department of Development serves as the entitlement agency for 50 of the smaller suburban communities. As the entitlement agency for these communities, the County is responsible for administering federal Community Development Block Grant funds and HOME funds. The six larger cities located in Cuyahoga County - Cleveland, Cleveland Heights, East Cleveland, Euclid, Lakewood and Parma - are also considered entitlements, and are responsible for administering and distributing their direct allocation of these funds on behalf of their residents.

compliance with County and Federal funding rules. This compliance is ensured through annual monitoring. Prior to 2008, the program had a dual administrative structure by both of these offices, as described in previous reports.

A new program director, Paul Bellamy, was hired in February 2009. The program has three full-time staff members, including Bellamy. Program staff members work closely with the Department of Development, the County Administrator's office, the Prosecutor's office, as well as with other County agencies involved in foreclosures.

Community partners include both funding partners (local banks, corporations and foundations) and service delivery partners (United Way Services 211 First Call for Help, Cleveland Housing Network, Community Housing Solutions, East Side Organizing Project, Neighborhood Housing Services, Housing Advocates and Legal Aid Society of Greater Cleveland).

Eligibility. County residents are eligible to receive counseling and legal services provided the property in question is the principal residence, the resident has the means to meet monthly obligations going forward, and the resident wants to stay in the home. Clients who do not meet these eligibility requirements are referred to other assistance programs.

Agencies. In 2009 the County funded four nonprofit agencies to do foreclosure prevention counseling: Community Housing Services (CHS), Empowering and Strengthening Ohio's People (ESOP), Cleveland Housing Network (CHN), Neighborhood Housing Services (NHS), and United Way Services First Call for Help "211." In addition, the program funded 211 to provide resource and referral services and Housing Advocates, Inc. (HAI) to provide legal support services. (Note: Other agencies may have received funds through other programs for housing/foreclosure prevention counseling. Good examples are Spanish American Committee and the Home Repair Resource Center.)

Foreclosure Prevention Counseling. The hallmark of the County's Foreclosure Prevention program is face to face counseling. Homeowners at risk of foreclosure can enter the system through a variety of methods. United Way's 211 First Call for Help, the regional resource and referral network, has been an integral part of the program since its inception. Callers to 211 are generally referred to two to three counseling agencies based on the type of assistance requested by the caller, where the caller lives and the capacity of the counseling agencies to see clients. For example, if a caller knows that his or her mortgage is held by one of the ESOP partners, the caller is usually referred directly to ESOP. Agencies frequently contact 211 to provide updates and changes. Agencies view this increased level of communication with 211 positively and reported that it has assisted them in dealing with referrals.

After clients receive the referrals, they may call more than one agency to see where they can be seen most quickly. Agencies are continuously adapting their intake processes to meet demand. For examples, NHS recently added the option of a web portal for initial

intake. Generally, though, clients attend an intake session in person. Some agencies also use group intake sessions at which they see about 10-25 clients per session. Agencies use these sessions to explain the foreclosure process, give clients a checklist of paperwork needed, and identify the various funding sources.

In an effort to reach more homeowners at risk, prior to any foreclosure filing, the County began organizing regular outreach workshops in 2008. Agency counseling staff attend these workshops, conduct initial consultation and if needed conduct intake and schedule follow-up appointments. All agencies, including Housing Advocates Inc., 211 First Call for Help, and Legal Aid Society of Cleveland participate in the workshops.

By working together through the program, agencies are also becoming more familiar with one another's strengths and capabilities and are referring clients accordingly. For example, NHS administers two sources of rescue fund loans; the Ohio Home Rescue Fund which is part of the state and national NeighborWorks® Foreclosure Prevention Initiative, and a statewide program through the Ohio Housing Trust Fund that makes loans available to households with incomes of 65% or less of AMI and a second fund through the Ohio Housing Finance Agency that is available to households with incomes between 65-115% of Area Median Income. The other agencies know that in addition to the County rescue funds (described below), they can refer clients to NHS, if necessary. These funds have more restrictive income guidelines than the County rescue funds; those clients who qualify can receive funds from more than one source if needed to prevent foreclosure.

ESOP uses community organizing to negotiate "agreements" with lenders and loan servicers. In some cases, this "agreement" effectively halts foreclosure proceedings upon receipt by the lender or servicer of an ESOP "Hot Spot Card," a specially designed intake form that includes all of the information needed by the lenders and servicers and facilitates "workout" agreements.

Funding Sources. The County Commissioners have drawn on a number of sources of funds over the life of the Foreclosure Prevention Program including County General Funds, Community Development Block Grant Funds and grants and donations from banks, corporations and foundations and special funds (see Table 1). It is important to note that County General Funds comprised 24% of total program funds since 2006, not including rescue funds (\$2.8 million), but were not available beyond June 30, 2009.

As Table 1 summarizes, a total of \$5.2 million, from various sources, has been committed, to date to support the County's Foreclosure Prevention activities.

Table 1. Sources and Commitments of Funds

Sources and Commitments of Funds for Foreclosure Prevention Program March 2006-December 2009					
Funds Source	Year 1 Commitments	Year 2 Commitments	Year 3 Commitments	Year 4 Commitments	Total Program Commitments
Community					
Neighborhood Progress, Inc.*	\$37,500	\$30,000			\$67,500
National City	\$50,000	\$25,000			\$75,000
Key	\$50,000	\$50,000	\$25,000	\$25,000	\$150,000
Freddie Mac	\$50,000	\$50,000			\$100,000
Fannie Mae			\$25,000		\$25,000
Miller Foundation	\$50,000				\$50,000
Chase	\$7,500	\$0			\$7,500
Ohio Savings/AmTrust	\$25,000	\$25,000			\$50,000
US Bank	\$10,000	\$0			\$10,000
Dominion Foundation			\$50,000		\$50,000
First Energy			\$10,000		\$10,000
Nord Family Foundation			\$50,000		\$50,000
Safeguard Properties			\$52,500	\$73,550	\$126,050
David S. Stein Foundation				\$1,000	\$1,000
Dollar Bank Foundation				\$12,500	\$12,500
Third Federal Foundaion				\$50,000	\$50,000
First Merit Bank, NA				\$500	\$500
The Cleveland Foundation				\$125,000	\$125,000
Subtotal	\$280,000	\$180,000	\$212,500	\$287,550	\$960,050
County					
General Fund	\$172,500	\$200,000	\$200,000		\$572,500
CDBG	\$100,000	\$100,000	\$0	\$250,000	\$450,000
TANF	\$400,000	\$0	\$0		\$400,000
DTAC	\$0	\$1,500,000	\$1,300,000		\$2,800,000
Subtotal	\$672,500	\$1,800,000	\$1,500,000	\$250,000	\$4,222,500
Total	\$952,500	\$1,980,000	\$1,712,500	\$537,550	\$5,182,550

* NPI pledged an additional \$75,000 that was redirected to another County Initiative at the request of the County Treasurer

Through 2009, close to \$1 million has been raised from philanthropic and private sources over the life of the project. This money supplements the \$4.2 million from various sources of public fund, including DTAC.

Table 2. Allocation of Funds

Allocation of Funds, Foreclosure Prevention Program (March 2006-December 2009)									
	First Contract - PY 1	Supplemental TANF Awards	Subtotal, PY 1	Second Contract - PY 2	Supplemental DTAC Funds	Subtotal, PY 2	Third Contract - PY 3	Fourth Contract	Total
Counseling and Legal Services Agencies									
Community Housing Solutions	\$50,000	\$75,000	\$125,000	\$30,000	\$12,500	\$42,500	\$87,000	\$91,000	\$513,000
ESOP	\$50,000	\$75,000	\$125,000	\$100,000	\$12,500	\$112,500	\$148,000	\$110,000	\$733,000
Cleveland Housing Network	\$12,500	\$50,000	\$62,500	\$60,000	\$12,500	\$72,500	\$75,000	\$85,000	\$430,000
Neighborhood Housing Services of Greater Cleveland	\$12,500	\$75,000	\$87,500	\$100,000	\$12,500	\$112,500	\$100,000	\$97,500	\$597,500
Housing Advocates Cleveland Legal Aid Society	\$75,000	\$0	\$75,000	\$10,000	\$0	\$10,000	\$0	\$15,000	\$170,000
Cleveland Consumer Credit Counseling Services	\$12,500	\$0	\$12,500	\$0	\$0	\$0	\$0	\$0	\$25,000
Spanish American Committee	\$20,000	\$50,000	\$70,000	\$0	\$0	\$0	\$0	\$0	\$140,000
Consumer Protection Association	\$20,000	\$0	\$20,000	\$0	\$0	\$0	\$0	\$0	\$40,000
Subtotal	\$252,500	\$325,000	\$597,500	\$300,000	\$50,000	\$350,000	\$410,000	\$398,500	\$1,756,000
Operating and Program Expenses									
Foreclosure Prevention Program	\$267,000		\$267,000	\$292,400		\$292,400	\$250,000	\$160,000	\$969,400
Rescue Funds		\$75,000	\$75,000		\$635,486	\$635,486	\$1,000,000		\$1,710,486
Other Expenses	\$9,606		\$9,606						\$19,212
211 First Call for Help				\$15,000			\$15,000	\$10,000	\$30,000
Subtotal	\$276,606	\$75,000	\$351,606	\$307,400	\$635,486	\$942,886	\$1,265,000	\$170,000	\$2,729,098
TOTAL	\$529,106	\$400,000	\$929,106	\$607,400	\$685,486	\$1,292,886	\$1,675,000	\$568,500	\$4,465,492

As summarized in Table 2, the County allocated \$568,500 in 2009 for counseling related programs and \$1.7 million for rescue loans. It is important to note that a portion of the rescue funds allocated in 2008 was carried forward to 2009. (See section below on rescue funds.) In addition to the allocations in Table 2, the Department of Development allocated \$20,000 in Year 1, \$50,000 in Year 2, \$40,000 in Year 3 and \$24,000 in Year 4 for the evaluation.

In 2006, when the County program started, very few other funding sources were available for foreclosure prevention counseling. However, beginning in late 2007, first the state of Ohio and then the federal government began to make funding resources available. At that time all of the participating counseling agencies received allocations of state and/or federal funds for counseling. Early in 2008 there were two sources of these funds: the State Foreclosure Prevention Housing Counseling Program and the federal National Foreclosure Mitigation Counseling Program (NFMC). The funds were administered through the Ohio Housing Finance Agency and through two national intermediaries, the Housing Partnership Network of which Cleveland Housing Network is a member and NeighborWorks of which Neighborhood Housing Services of Greater Cleveland is a member.

In addition to the counseling funds, NHS receives state and some federal grants for a statewide program of rescue loans. These loans have narrower eligibility requirements than the County rescue funds. They can be made available to assist homeowners

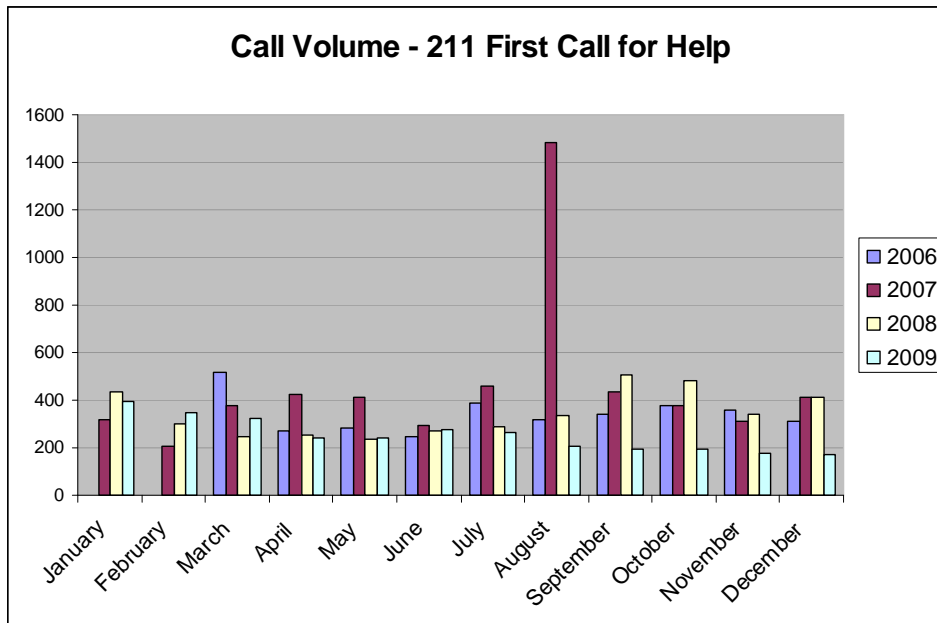
counseled by any of the counseling agencies and can be used in combination with the County rescue funds.

Program Components

United Way Services First Call for Help “211”. Since the foreclosure prevention program began in March 2006, United Way’s 211 First Call for Help has served as the primary point of contact for County residents seeking foreclosure prevention assistance. From March 2006 through December 2009, “211” received 16,068 calls for foreclosure prevention assistance. The number of calls was highest in 2007 with an all-time monthly high of 1,481 calls in August 2007.

In 2009 there were 5,503 calls. Call volume declined 25% in 2008 from 2007, but was still above first year numbers. A further 25% decrease is seen for 2009 from 2008 and the decreases seen in 2009 occur steadily through the year. Overall, call volume for all of 2009 fell below that of the first year of the program.

Chart 1. Call Volume, 211 First Call for Help



The 25% decline in the number of calls to 211 from 2008 to 2009 can be attributed to a number of factors. Homeowners at risk of foreclosure are contacting the agencies directly as the program become more widely known. (Table 3.) In addition, agencies are taking an increasing number of referrals from the growing number of state and federal toll free numbers (such as Ohio’s Save the Dream program, Hope for Homeowners, the National Foreclosure Mitigation Counseling Program). NHS is using its web site as initial intake. It is also becoming more difficult to get information on the origin of agency calls.

Table 3. Callers to Agencies by Type of Referral

Referred by 211 - 2009		
	Number	Percent
Yes	480	27%
No	511	28%
None Reported	810	45%
Total	1801	100%

Tracking trends in the types of referrals made by 211 offers an indication of the nature of assistance callers are requesting. As shown in Table 4, the majority of callers are seeking mortgage delinquency and default counseling and payment assistance. Calls for general foreclosure assistance have declined from 75% in 2006 to 24% in 2009⁴ while calls for payment assistance have increased from 2% in 2006 to 20% in 2009. Yet calls for payment assistance have declined from the 2008 high of 35%. Another interesting trend is that while always small, the percentage of calls for predatory lending assistance continue to decline, from 7% in 2006 to 3% in 2008 and are now at 1% in 2009.

Table 4. Number of Referrals by Top 5 Referral Types (note: each caller is given 2.7 referrals on average)

Number of Referrals to Agencies by Type 2006-2009								
Type of Referrals	2006		2007		2008		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Mortgage Delinquency and Default Resolution Counseling	6226	75%	8393	56%	5195	46%	2523	24%
Mortgage Payment Assistance	150	2%	3658	25%	3947	35%	2160	20%
Predatory Lending Assistance	614	7%	934	6%	298	3%	70	1%
Utility Bill Payment Assistance	132	2%	212	1%	205	2%	NA	0%
Other	1135	14%	1675	11%	1538	14%	5824	55%
Total Referrals	8257	100%	14872	100%	11183	100%	10577	100%

*As of March 26, 2008, the term Mortgage Delinquency and Default Resolution Counseling replaced Mortgage Foreclosure Assistance in the taxonomy used by 211

211 tracks where callers live, another indicator that the foreclosure crisis is increasing in the suburbs. The 211 reports include data on the top five cities of callers seeking foreclosure prevention assistance. Callers from these communities comprise between 65-73% of all 211 callers for foreclosure assistance. As Table 5 shows, the majority of callers live in the City of Cleveland. However, as first noted in 2008, the percentage of callers from Cleveland continued to drop from 55% in 2006 to 45% in 2009.

⁴ Except for the number of calls, which is reported monthly, 211 First Call for Help data is reported quarterly, so all data except the number of calls is for a calendar year, not the County Foreclosure Prevention program year. Since the County program started in March 2006, the data for 2006 is only for 10 months.

Table 5. Top Cities of Callers to 211

Top Cities of Callers, 2006 - 2009										
	Callers 2006		Callers 2007		Callers 2008		Callers 2009		Total Callers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Cleveland	1884	55%	2917	53%	1976	48%	1364	45%	8141	51%
Euclid	171	5%	330	6%	247	6%	181	6%	929	6%
Maple Heights	171	5%	275	5%	247	6%	181	6%	874	5%
Cleveland Hts.	137	4%	220	4%	165	4%	121	4%	643	4%
East Cleveland	137	4%							137	1%
Garfield Heights			220	4%					220	1%
Parma					165	4%	121	4%	286	2%
Sub-total	2501	73%	3962	72%	2800	68%	1968	65%	11230	70%
Other	925	27%	1541	28%	1317	32%	1064	35%	4850	30%
Total Callers	3426	100%	5503	100%	4117	100%	3032	100%	16080	100%

Foreclosure Prevention Counseling Clients

Since the program began in March 2006 through December 31, 2009, the agencies served a total of 6,625 clients. The number of clients was highest in PY 2 with 2,720.

Many factors outside the control of the counseling agencies impact the number of clients seeking assistance. These include:

- national moratorium on foreclosures in January and February 2009
- the Making Home Affordable Modification Program (HAMP) and a growing inventory of delinquent and foreclosed properties has fueled a reluctance on the part of banks and servicers to initiate and/or follow through on foreclosure filings
- other loan servicer and investor related factors
- reluctance on the part of banks and servicers to negotiate workouts
- growing involvement by the bar in representing homeowners, usually suburban homeowners, in foreclosure cases.

Table 6. Demographics of Clients Served, 2009

Demographics of Clients Served, January 2009-December 2009										
Race	NHS		CHN		ESOP		CHS		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	137	39%	82	22%	188	30%	107	23%	514	29%
African American	184	52%	157	43%	387	62%	249	55%	977	54%
African American & White	3	1%	2	1%	15	2%	3	1%	23	1%
American Indian/Alaskan	1	0%	2	1%	10	2%	2	0%	15	1%
American Indian & White	0	0%	0	0%	0	0%	0	0%	0	0%
Asian	0	0%	111	30%	2	0%	83	18%	196	11%
Asian and White	0	0%	0	0%	0	0%	0	0%	0	0%
Other	27	8%	9	2%	24	4%	11	2%	71	4%
None Reported	0	0%	4	1%	0	0%	1	0%	5	0%
	352	100%	367	100%	626	100%	456	100%	1801	100%
Ethnicity										
Hispanic	19	5%	12	3%	28	4%	19	4%	78	4%
Not Hispanic	331	94%	350	95%	598	96%	294	64%	1573	87%
None Reported	2	1%	5	1%	0	0%	143	31%	150	8%
	352	100%	367	100%	626	100%	456	100%	1801	100%
Gender										
Female	213	61%	254	69%	379	61%	270	59%	1116	62%
Male	139	39%	113	31%	247	39%	186	41%	685	38%
None Reported	0	0%	0	0%	0	0%	0	0%	0	0%
	352	100%	367	100%	626	100%	456	100%	1801	100%
Household Composition										
Single Adult	92	26%	48	13%	181	29%	28	6%	349	19%
Female-headed Single	83	24%	39	11%	149	24%	25	5%	296	16%
Male-headed Single	14	4%	8	2%	30	5%	1	0%	53	3%
Married w/no dependents	40	11%	18	5%	85	14%	9	2%	152	8%
Married w/dependents	104	30%	22	6%	139	22%	23	5%	288	16%
Two or more unrelated	9	3%	3	1%	28	4%	2	0%	42	2%
Other	9	3%	6	2%	14	2%	8	2%	37	2%
None Reported	1	0%	223	61%	0	0%	360	79%	584	32%
	352	100%	367	100%	626	100%	456	100%	1801	100%
Age										
62 and over	38	11%	39	11%	64	10%	60	13%	201	11%
Under 62	313	89%	261	71%	409	65%	335	73%	1318	73%
None Reported	1	0%	67	18%	153	24%	61	13%	282	16%
	352	100%	367	100%	626	100%	456	100%	1801	100%
Income										
Less than 50% of AMI	194	55%	198	54%	207	33%	213	47%	812	45%
50-79% of AMI	98	28%	93	25%	151	24%	137	30%	479	27%
80-100% of AMI	32	9%	39	11%	88	14%	42	9%	201	11%
Greater than 100% of AMI	26	7%	37	10%	78	12%	64	14%	205	11%
None Reported	2	1%	0	0%	102	16%	0	0%	104	6%
	352	100%	367	100%	626	100%	456	100%	1801	100%
Credit Rating										
700 and up (excellent)	18	5%	9	2%	23	4%	4	1%	54	3%
680-699 (good)	7	2%	7	2%	8	1%	3	1%	25	1%
620-679 (fair)	25	7%	21	6%	65	10%	13	3%	124	7%
580-619 (poor)	20	6%	28	8%	66	11%	20	4%	134	7%
500-580 (bad)	115	33%	129	35%	235	38%	51	11%	530	29%
499 and below (very bad)	107	30%	90	25%	193	31%	55	12%	445	25%
None Reported	60	17%	83	23%	36	6%	310	68%	489	27%
	352	100%	367	100%	626	100%	456	100%	1801	100%

Highlights of Demographic Profile for 2009:

- The majority of clients seen by the agencies continue to be female, although the percentage has declined slightly from 67% to 62%.
- The percentage of clients that is African American continued to decline from 81% in PY1 to 55% in 2009. The percent Hispanic remained fairly steady at 4%.
- The percentage of clients age 62 or older is small but increasing slightly from 7% in the first year of the program to 11% in 2009.
- The percentage of clients with incomes below 50% of Area Median remained at 45% in 2009.

Table 7. Geographic Distribution of Clients

Geographic Distribution of Clients in Cuyahoga County, 2009		
	Number	Percent
Cleveland	912	52%
First Suburbs	681	39%
Rest of County	165	9%
Total	1758	100%

Looking across all agencies, Table 7 shows that just over half (52%) of clients were from Cleveland. This percentage has declined in each program year, from 63% in the first year. Even though foreclosure filings have increased in the suburbs, city residents remain the predominant users of agency services. The proportion of clients that live in one of the 16 communities that comprise the First Suburbs⁵ was 38%. That percentage increased from 33% to 43% from the first year, to the third year, and then decreased in 2009. Clients from the remaining suburbs of Cuyahoga County increased to 10% from 4% in the first program year.

⁵ First suburbs include: Bedford, Bedford Hts., Brook Park, Cleveland Hts., Cuyahoga Hts., East Cleveland, Euclid, Fairview Park, Garfield Hts., Lakewood, Parma, Maple Hts., Parma, Shaker Hts., University Hts., Warrensville Hts.

Table 8. Foreclosure Filings

Residential Foreclosure Filings and Agency Clients, 2009*				
Area	Number of Foreclosure Filings	Percent of Foreclosure Filings in County	Number of Agency Clients	Percent of All Agency Clients
Cleveland	6270	46%	912	52%
Euclid	711	5%	104	6%
Parma	573	4%	59	3%
Cleveland Heights	528	4%	60	3%
Maple Heights	512	4%	102	6%
Garfield Heights	478	4%	74	4%
Lakewood	420	3%	31	2%
South Euclid	347	3%	48	3%
East Cleveland	293	2%	40	2%
Shaker Heights	252	2%	38	2%
North Olmsted	215	2%	26	2%
Other County	2963	22%	264	15%
Total Cuyahoga County	13,562	100%	1758	100%

* does not include residential vacant land

While the percentage of agency clients living in Cleveland is still over 50%, Table 8 illustrates that the percentage continues to decline. Agencies offer counseling off-site in suburban locations. All agencies participate in suburban outreach and locations include Lakewood, Garfield Heights, Parma, Euclid, S. Euclid, Parma Heights and Shaker Heights. Agencies have regularly scheduled days of the week and hours when they conduct counseling at these locations. Another effective strategy for reaching the suburban population is special outreach in partnership with suburban mayors and the workshops.

While the majority of clients came from Cleveland and the First Suburbs, foreclosures are not limited to those cities. Counseling agencies saw clients from 44 of the 57 communities in Cuyahoga County.

Counseling Client Trends

Face to face interviews were conducted with staff of each of the four counseling agencies as well as with 211 First Call for Help two times during each program year.

Based on information gathered from these interviews, the counseling agencies and 211 reported a number of trends:

- Economic conditions are driving many of the problems homeowners are presenting with at the counseling agencies. Job loss or loss of income is the number one reason people seek assistance. Over the past two years, this has been the most persistent and consistent challenge agencies are reporting.

- Agencies report that “almost everyone” they see has negative equity in their homes. A number of the homeowners seeking assistance from the agencies refinanced their homes a few years ago at the peak of the market. This, together with falling home prices across the board and other complexities of the economic recession, has contributed to this problem.
- For yet another year, the number of clients from suburban Cuyahoga County continues to increase. All agencies reported seeing more and more clients from the suburbs, including those in the outer ring of the County.
- The worsening financial circumstances of clients makes it more difficult for agencies to keep individuals in their homes. They are seeing an increase in the number of cases where there is no job or income to support the loan. This has remained the case since 2008 and agencies report that they expect this trend to continue to worsen.
- People are staying in their homes longer after receiving a foreclosure notice in the mail. The notice now includes information about the Cuyahoga County mediation program advising homeowners that they are eligible to apply for mediation and/or counseling. Counseling agencies are also recommending that clients “stay, stay, stay” in their house for as long as possible. Agencies view this as beneficial to the homeowner, lender and the community.
- Permanent modifications are harder to come by even with the Making Home Affordable Modification Program (HAMP). Agencies are seeing lenders doing stipulations to modifications (Stip-to-Mods) which require any number of stipulations the homeowner must meet or complete before a modification on the mortgage will be given. Agencies report Stip-to-Mods remain very common. Stip-to-Mods are problematic because often times the stipulations lenders set are not realistic for the homeowner and will fail to result in a permanent modification.
- Lenders are doing forbearance agreements and ‘soft seconds’ - where a percentage of the principal of the loan is moved to the back end of the mortgage. Lenders then base the new payment on the amended principal. Temporary modifications through HAMP remain higher than homeowners who have successfully received a permanent modification through the program.
- If homeowners meet the initial qualifications, such as having a Fannie Mae or Freddie Mac loan, the Making Home Affordable Modification Program (HAMP) is generally the first avenue agencies pursue in seeking a resolution for homeowners. However, often, agencies can attain modifications that are better for the homeowner outside of HAMP.
- While still rare, agencies report increasingly that they are looking into securing a short-payoff for homeowners and that lenders seem to be more willing to consider this as an option.

Foreclosure remains a significant issue in Cuyahoga County and the nation. Nationally, by the winter of 2008/2009, the federal government was committing millions of dollars to assist troubled homeowners. The allocation for the National Foreclosure Mitigation Counseling Program has been \$295 million through December 2009. Heightened media attention continues to be placed on the foreclosure issue.

For Cuyahoga County, the economic recession continues its hold and has impacted the County much more than the ARM resets, predatory refinancing schemes and other “bad loans” of the past. This is reflected in the number of clients reporting job loss (14%) or reduction in income (28%) as the primary reason for seeking assistance. Ohio’s unemployment rate has been one of the highest in the nation. By June, mid-year 2009, Ohio’s unemployment rate stood at 11.1%, a significant increase from the previous year when the June unemployment rate was 6.4%. By the end of 2009, Ohio reported an unemployment rate of 10.9% which represented only slight decrease from mid-year numbers, yet still above the national rate of 10%.⁶

The availability of rescue funds is much less of a factor in driving potential clients to the counseling agencies than in past years. For 2009, 211 reports indicate that 20% of calls were for foreclosure payment assistance, down from 35% in 2008. In addition, the rescue funds are becoming less important as a tool for negotiating with the lenders for a workout given that lenders are doing fewer workouts and many workouts are being negotiated through HAMP. Furthermore, HAMP prohibits the use of up-front payments to cure arrearages and penalties, a common use of rescue funds pre-HAMP, but does allow for required third party payments such as back taxes. Lenders are also accepting forbearance agreements more often.

In rare cases, lenders have agreed to accept the rescue fund dollars as payment in full for a property (between \$3,000 and \$7,000). These are known as short-payoffs. Though these remain rare cases, more of them are being negotiated. Another limitation of the rescue funds is that they are one-time payments intended to cure defaults and pay penalties. Unemployed homeowners need ongoing payment assistance to make up for what is hopefully a temporary loss of income.

Counseling agencies view the Common Pleas Court’s foreclosure mediation program as another tool they can use to assist clients in cases in which a foreclosure action has been filed. Agencies recommend that all clients in this circumstance apply for the mediation program even as they work through counseling. Agencies are hopeful that they will be able to get the client a resolution before their case comes up for mediation with the court, but if they are unable to achieve this, the mediation process is yet another avenue the client has to work with their lender. Agency staff can attend mediation hearings with their clients upon request. However, this has occurred on a limited basis.

Agency and 211 staff continue to caution that the County could experience another wave of foreclosures even as the economy appears to be recovering. Homeowners in the County with adjustable rate mortgages have seen their rates adjust down with the economic recession. However, when the economy begins to recover and interest rates rise, these ARMs can reset again, but this time to a much higher interest rate. This in turn will again cause a large wave of foreclosures as mortgage payments increase but with a very low interest rate and uncertainty about when it could adjust, homeowners have little

⁶ Ohio Department of Job and Family Services, Office of Unemployment Compensation, News Releases at <http://jfs.ohio.gov/releases/>

incentive to have their current loan changed to a fixed rate loan that will likely have a higher interest rate than their current mortgage.

Program and Client Outcomes

Since the Cuyahoga County Foreclosure Prevention Program began in March 2006, the program has served a total of 6,876 clients.

Agencies assist clients in a number of ways, striving to offer clients the options that best meet their current situation. Agencies advise all clients of their options which include “deed in lieu”, staying in their home as long as possible until they are forced to leave in an effort to save money for rent in the future and, in rare cases, selling their home through a short sale or other option. In cases where clients cannot keep their homes, agencies help them relocate.

In March 2008, all four of the agencies agreed to use a format similar to the National Foreclosure Mitigation Counseling Program (NFMC) and to report monthly outcome data to the County. This new method of reporting permits the evaluators to look at a full range of outcome data. (Table 9).

Table 9. Client Outcomes, All Agencies

2009 Counseling Outcome by Agency										
	CHN		CHS		ESOP		NHS		Total	
SUCCESSFUL OUTCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
MORTGAGE MODIFIED										
Brought Mortgage Current	13	4%	60	13%	9	1%	47	18%	129	8%
Brought Mortgage Current with Rescue Funds	2	1%	14	3%	0	0%	6	2%	22	1%
Brought Mortgage Current without Rescue Funds	11	3%	46	10%	9	1%	41	16%	107	7%
Mortgage Refinanced	5	2%	4	1%	0	0%	0	0%	9	1%
Mortgage Refinanced into FHA Product	0	0%	0	0%	0	0%	0	0%	0	0%
Mortgage Refinanced (non-FHA)	5	2%	4	1%	0	0%	0	0%	9	1%
Mortgage Modified	94	29%	185	41%	206	33%	109	42%	594	37%
Mortgage Modified PITI less than equal to 38% min 5 yr fixed	5	2%	32	7%	24	4%	54	21%	115	7%
Mortgage Modified PITI greater than equal to 38% or interest rate min 5 yr fixed (appears sustainable)	1	0%	1	0%	12	2%	8	3%	22	1%
Mortgage Modified PITI greater than equal to 38% or interest rate min 5 yr fixed (appears NOT sustainable)	0	0%	4	1%	1	0%	0	0%	5	0%
Referred Homeowner to Servicer with Action Plan and No Further Counseling	1	0%	0	0%	4	1%	2	1%	7	0%
Initiated Forbearance	21	7%	86	19%	30	5%	22	9%	159	10%
Received 2nd Mortgage	0	0%	0	0%	1	0%	0	0%	1	0%
Obtained Partial Claim Loan from FHA Lender	0	0%	3	1%	0	0%	0	0%	3	0%
Sub-Total	112	35%	249	55%	215	35%	156	60%	732	45%
OTHER SUCCESSFUL OUTCOME										
Executed deed-in-lieu	0	0%	3	1%	2	0%	2	1%	7	0%
Sold Property but not a short sale	4	1%	2	0%	21	3%	0	0%	27	2%
Pre-Foreclosure Sale or Short Sale	18	6%	6	1%	0	0%	1	0%	25	2%
Sub-Total	22	7%	11	2%	23	4%	3	1%	59	4%
TOTAL, SUCCESSFUL OUTCOME	134	42%	260	57%	238	38%	159	62%	791	49%
FORECLOSURE										
Mortgage Foreclosed	2	1%	18	4%	11	2%	7	3%	38	2%
ONGOING										
Counseled & Referred to Social Service or Emergency Foreclosure put on hold or in moratorium; final outcome unknown	14	4%	25	6%	9	1%	8	3%	56	3%
Counseled & Referred to Legal Service	2	1%	31	7%	8	1%	3	1%	44	3%
	18	6%	46	10%	10	2%	3	1%	77	5%
Sub-Total	34	11%	102	23%	27	4%	14	5%	177	11%
OTHER										
Other	13	4%	1	0%	79	13%	17	7%	110	7%
Bankruptcy	8	2%	17	4%	7	1%	7	3%	39	2%
Counseled on Debt Management or sent to Debt Management Agency	6	2%	12	3%	2	0%	2	1%	22	1%
Withdrew/Suspended	124	39%	43	9%	258	41%	52	20%	477	30%
Sub-Total	151	47%	73	16%	346	56%	78	30%	648	40%
TOTAL	321	100%	453	100%	622	100%	258	100%	1616	100%
Currently Receiving Counseling	46	13%	3	1%	3	0%	95	27%	147	8%
TOTAL CLIENTS SEEN	367		456		625		353		1801	

In 2009, the agencies were able to assist 45% of counseling clients in modifying their mortgages through various methods detailed in Table 9. This percentage is down from

53% in the previous program year. Eight percent were assisted in bringing their mortgage current, compared with 17% the previous program year; 37% had their mortgage modified, compared with 26% the previous program year. These outcomes enable homeowners to stay in their homes and hold the most promise in terms of long-term sustainability of homeownership and is consistent with the previous two years in which agencies were able to assist 52% of the clients who came in for counseling to avert foreclosure through various methods, including loan workouts (35%). An additional 4% of clients sold their homes through either a pre-foreclosure, short, or other sale. While these homeowners were not able to stay in their homes, the outcome was mutually determined to be in their best interest and is a better outcome for communities than foreclosure. Agencies are able to assist these homeowners with relocation.

For the first time in 2009, the percentage of homeowners who were able to avert foreclosure through both of these means fell below 50%.

This reflects the increasingly difficult financial situation of homeowners facing foreclosure, as discussed in other sections of the report. Thirty percent of clients withdrew or were suspended from the program. Clients who are in the counseling pipeline but do not respond to a series of follow-up calls from agencies (usually three) are categorized suspended. If they return to the agencies for assistance, their case is re-activated. If upon their return, their original presenting problems have changed, a new case number is opened.

Using this reporting format also enables us to compare Cuyahoga County with national figures. A national study of the NeighborWorks program reported that for Rounds 2 and 3, as of January 31, 2010, 21% of national counseling clients were able to avert foreclosure (using the same categories reported above).⁷ The national percentage is also down slightly from 25% in Round 1.

To put the numbers into a different context, it is possible to look at the number of clients seen by the agencies as a percent of residential foreclosure filings in the County in a given year. In 2009, the four counseling agencies assisted about 13% of homeowners in foreclosure. This percentage is the same as it was in PY 3.

In 2008, for the first time, we were able to compile information for a subset of clients about the type of loan product of clients and the reason they are facing default.⁸ As reported in Table 10, half (50%) of the clients had fixed rate loans with interest rates under 8%. These would traditionally be considered “good loans.” Adjustable Rate Mortgages (ARMs) over 8% could pose problems in the future for homeowners once interest rates increase and they reset at higher rates. Nineteen percent of clients have these potentially problematic loans.

⁷ NeighborWorks America, National Foreclosure Mitigation Counseling Program, Congressional Update, Activity through January 31, 2010.

⁸ This subset is clients whose information is reported through the National Foreclosure Mitigation Counseling Program.

Table 10. Foreclosure Counseling Clients, Loan Product Type, All Agencies

Loan Product Type 2009		
	Total	Percent
Fixed under 8%	567	50%
Fixed 8% or greater	212	19%
ARM currently 8% or over	90	8%
ARM currently under 8%	171	15%
Fixed under 8%	43	4%
Fixed 8% or greater	14	1%
ARM currently under 8%	11	1%
ARM currently 8% or greater	8	1%
Not Disclosed	4	0%
Other	17	1%
Sub-Total (Reportable)	1137	63%
N/A	664	36%
Total	1801	100%

Table 11 confirms anecdotal information about trends from interviews with agency counselors and shows that 60% of their clients are in default due to reduction in income or loss of income. If we add in medical issues and increase in expenses (both of which have the effect of reducing income) this percentage rises to 80%. These are the most difficult cases in terms of negotiating a workout with lenders or servicers as described above. In 2009, only 4% of clients reported an increase in loan payment amount as the reason for default. This is down from the 5% last reported.

Table 11. Foreclosure Counseling Clients, Reason for Loan Default, All Agencies

Default Reason, 2009		
	Total	Percent
Reduction in income	466	38%
Loss of income	263	22%
Medical issues	124	10%
Increase in expenses	127	10%
Poor budget management	50	4%
Increase in loan payment	54	4%
Other	57	5%
Divorce/separation	36	3%
Death of a family member	29	2%
Business venture failure	10	1%
Sub-Total (Reportable)	1216	69%
N/A	585	32%
Total	1801	100%

Table 12 shows credit scores. Only 4% of clients had excellent or good credit scores at intake. Seventy-three percent had bad or very bad scores, another factor that is a challenge in assisting clients to avert foreclosure and making the success rate quite remarkable.

Table 12. Client Credit Scores, 2009

Credit Score (at intake), 2009		
700 and up (excellent)	54	4%
680-699 (good)	25	2%
620-679 (fair)	124	9%
580-619 (poor)	134	10%
500-580 (bad)	530	40%
499 and below (very bad)	445	33%
Sub-Total (Reportable)	1312	74%
None Reported	489	26%
Total	1801	100%

Note: Data for loan product type, default reason code and credit score at intake (shown in the above three tables) is reported only for a subset of clients; those whose information is collected through the National Foreclosure Mitigation Counseling Program. A large percentage of clients had no data reported. Therefore, percentages were calculated using the total reported data, not the total number of clients.

Rescue Funds (TANF and DTAC)

The County’s decision to make DTAC funds available for “rescue loans” in 2007 was a direct response to the need expressed by counseling agencies and advocates that there were cases where additional money was needed to bring a homeowner current on his or her mortgage payments or otherwise prevent foreclosure. These “rescue funds” gave the counseling agencies a much-needed resource to assist their clients in saving their homes.

The rescue loan funds continue to provide one-time assistance to homeowners who have difficulty paying their mortgages because of unsuitable loan terms such as high variable interest rates and/or because of unexpected life events such as job loss, illness, or divorce. The “loans” are secured by a second mortgage on the property. The loans have no minimum payment, do not accrue interest and do not have to be repaid until the borrower either sells or refinances the home. To qualify, recipients must be Cuyahoga County residents, the property must be their primary residence, the payment must be sufficient to keep them in their home, they must be able to continue to pay the revised mortgage amount, the interest rate must be fixed and taxes and insurance must be included in the new payment. There is no income limit for eligibility.

Between September 1, 2007 and December 31, 2009 the DTAC rescue funds have helped 418 households avoid foreclosure and make their mortgage payments more affordable. The total amount of rescue fund dollars expended was \$1,113,967.54 (see Table 13).

Table 13. Rescue Fund Summary

Cuyahoga County Rescue Fund Loans											
2007			2008			2009			Program Total		
Number	Amount	Average Loan Amount	Number	Amount	Average Loan Amount	Number	Amount	Average Loan Amount	Number	Amount	Average Loan Amount
100	\$262,906.43	\$2,629.00	255	\$684,293.42	\$2,683.50	63	\$166,767.69	\$2,647.10	418	\$1,113,967.54	\$2,664.93

*Note: The DTAC Rescue Fund Loan Program began in Sept 2007

Table 14. Rescue Fund Amounts

Cuyahoga County Rescue Fund Loans (Sept 2007 - Dec 2009)		
Program Total		
Amount	Number	Percent
Less than \$1000	6	1%
\$1000-1999	60	14%
\$2000-2999	90	22%
\$3,000	262	63%
Total	418	100%

Agencies were asked their opinions about the effectiveness of the rescue funds. Agencies continue to report that the availability of rescue funds is valuable in assisting clients who need assistance to bring their mortgage current.

In the past, the availability of rescue funds enabled the agencies to negotiate more favorable “workouts” for homeowners. Agencies now report that rescue funds have become less important as both a negotiation tool with lenders and as a source of assistance for homeowners.

Community Foreclosure Prevention Outreach Workshops. One of the early recommendations of the evaluation was to conduct targeted outreach to homeowners at risk of foreclosure. The County initiated an outreach effort aimed at homeowners who held Adjustable Rate Mortgages (ARMs) that were scheduled to reset. Using an “early warning system” developed by Case Western Reserve University’s NEO CANDO in partnership with Neighborhood Progress, Inc., the County Treasurer sent out letters urging homeowners to attend workshops scheduled in their communities. A total of 39,000 letters were mailed to residents urging them to attend one of the workshops. All of the counseling agencies provided counselors at the workshop sites to assist clients. As Table 15 illustrates, 24 workshops were held between March 2009 and December 2009 and 661 people attended.

Table 15. Cuyahoga County Foreclosure Prevention Mortgage Workshops

Workshop Attendees	Date	Location
50	3/26/09	Maple Hts. Senior Center
10	4/18/09	Lincoln West High School
42	4/23/09	Gemini Center
40	4/29/09	Slovenian Workmen's Home
42	4/30/09	Church of the Savior
15	5/7/09	Wolstein Convention Center
7	5/12/09	Parma Senior Center
22	5/14/09	St Martin De Porres
20	5/19/09	Estabrook Rec Center
23	5/20/09	Gunning Rec Center
52	5/28/09	Jimmy Dimora Rec Center
55	6/3/09	South Euclid Rec Center
46	6/8/09	Middleburg Hts. Rec Center
25	6/10/09	Brecksville Rec. Center
12	6/11/09	Solon Rec Center
48	6/17/09	Euclid Public Library
26	6/18/09	New Sardis Church
535	31.47	Average
Workshop Attendees	Date	Location
9	11/5/09	Church of the Savior, Cleve. Hts.
17	11/11/09	Berea Rec Center
29	11/12/09	Shaker Hts. Public Library
4	11/18/09	Fairview Park City Hall
30	12/9/09	Dimora Rec Center, Bedford Hts.
20	12/10/09	Euclid Public Library
17	12/17/09	Independence Rec. Center
126	18.00	Average

The Cuyahoga County Foreclosure Prevention Program estimates that the number of homeowners impacted by these workshops is 806, which includes those who attended a community workshop as well as those who called 211 and the County information line for assistance as a result of receiving the letters, but did not attend a workshop.

From March through June 2009, the outreach workshops targeted homeowners with approaching ARM resets and those with pending foreclosures. Beginning in November 2009, the County Treasurer sent out letters urging homeowners to attend workshops who had either tax delinquencies or a subprime mortgage.

Counselors feel that the foreclosure prevention workshops are an important new component of the prevention program. Not only do the agencies receive new clients from these workshops, but the letters alert homeowners who may not realize they have an adjustable rate mortgage that is scheduled to reset or who may not feel they are in trouble. The fact that the letters are signed by the County Treasurer, a trusted source, is

very effective, especially given the large education campaign needed to alert homeowners to foreclosure rescue scams.

Mediation Program. As part of the *Save the Dream* program, in 2008, the Ohio Supreme Court exhorted every County to adopt a process for foreclosure mediation. The Cuyahoga County Court of Common Pleas formed a Mediation Sub-Committee that presented its proposed Mediation program to the bar and the public in March 2008. The public comment period ended on April 7, 2008 and foreclosure mediation became operational in May 2008. It operates as described below.

1. Once a complaint for foreclosure has been filed against any party, the Court will send out a summons containing a “request for mediation.” [Note: This differs somewhat from the Supreme Court’s “Model Program,” which limited mediation only to foreclosures against home owners. The Cuyahoga Court felt mediation should be available for all foreclosures, especially those involving abandoned and vacant properties.] Counseling agencies can also refer clients for mediation.
2. When the defendant (homeowner) receives the summons, they also receive a letter advising them to stay in their home and explaining how they can take advantage of the mediation program. Also included is a form on which they can indicate that they want to be considered for mediation. The form gets mailed to the mediator. [Note: Magistrates may also order mediation at any point in the foreclosure process prior to judgment if they deem mediation to be appropriate.]
3. After receipt, the mediator places an order on the docket informing the bank they have a limited number of days to respond.
4. If the Court determines the case is appropriate for mediation, the Court places an order on the docket imposing a stay on the case and requiring the case to be mediated. A case may be “unsuitable” for mediation if the homeowner has insufficient income. Typically, tax foreclosure cases are not appropriate for mediation.
5. If mediation is ordered, participation by both parties is mandatory. Failure to appear for mediation will subject the absent party to appropriate sanctions. If the Plaintiff (lender or servicer) and the Plaintiff’s attorney fail to appear, the case is dismissed. If the defendant (homeowner) fails to appear, the case goes back on the Court’s regular foreclosure docket. Beginning in August 2009, the Court required that the representative for the Plaintiff have ultimate authority to agree to the terms of the agreement and, if necessary, the investor will be required to be present.

Members of the bar volunteer to assist homeowners in the mediation process pro-bono and are trained in the process as well as the defenses that might be available to a homeowner faced with foreclosure, a concern raised by Legal Aid attorneys.

There is a consensus among the counseling agencies and other foreclosure experts that the mediation program is a valuable tool to assist clients in addressing foreclosures.

Conclusion

This report is intended as an update on the progress of the program for calendar year 2009. A more complete report will be completed in January 2011. The Cuyahoga County foreclosure prevention initiative continues to be a very effective tool in assisting the County's homeowners at risk of foreclosure through multi-faceted services that include financial literacy, face-to-face counseling, rescue loans and mediation. A total of 6,876 homeowners at risk of foreclosure have taken advantage of the counseling program since it began in March 2006. As one measure of the program's effectiveness, 49% of those who receive counseling were able to bring their mortgage current, have their mortgage modified, initiate forbearance, or otherwise modify their mortgage, or sell their property through a deed-in-lieu, short sale or pre-foreclosure sale; down from 53% in the previous year.

As these numbers reflect, it is becoming increasingly challenging to assist homeowners at risk of foreclosure, most of whom report that the reason for defaulting on their mortgage is loss or reduction of income. This is despite the many federal and state resources that have been made available just in the past year and in addition to the substantial resources that the county has made available since March 2006. On March 29, 2010 the U.S. Department of Treasury announced the second "Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets" (HFA Hardest-Hit Fund) as a means to provide meaningful financial support for families in the nation's hardest-hit housing markets. Once the U.S. Department of Treasury reviews the proposal and ensures that program guidelines are met, the Ohio Housing Finance Agency will receive \$172 million dollars in new federal funding designed to help homeowners through this program. Ohio's plan is focused on assisting unemployed and underemployed homeowners who are at risk of mortgage loan default or foreclosure.

Meanwhile, homeowners continue to lose their homes to foreclosure and the number of vacant and abandoned properties continues to increase, further exacerbating the impact on communities. In the face of a constantly changing landscape of programs, funding, regulations and economic challenges, the county has continued to remain adaptive and flexible in dealing with the many facets of this problem. Through strong and forward looking leadership, a highly sophisticated network of counseling agencies, and the availability of good data at least on a county-wide basis, the initiative continues to be responsive to needs.

One of the challenges looking ahead will be how best to raise awareness and reach out to suburban homeowners facing foreclosure to get them to take advantage of the resources available through the counseling program.