

**RESPONDING TO FORECLOSURES IN CUYAHOGA
COUNTY: A PILOT INITIATIVE
INTERIM REPORT**

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Introduction

On August 25, 2005 the Cuyahoga County Board of Commissioners released its “Commissioners’ Report and Recommendations on Foreclosures.” This report marked a significant increase in the scope of the County’s comprehensive efforts to address the rising tide of foreclosures and vacant and abandoned properties in Cuyahoga County. The three-year pilot foreclosure initiative recommended in the report, and now being implemented, is a coordinated effort involving eleven County agencies and nine nonprofits as well as municipalities, advocates, lenders and community development groups. The goals of the initiative are to:

1. Make foreclosure proceedings “faster and fairer.”
2. Create an Early Intervention program to help residents prevent foreclosure.

The County’s initiative was formalized in response to a “call to action” from fifteen mayors of the First Suburbs consortium in a letter to County Commissioner Tim Hagan dated May 5, 2005.¹ The consortium members were concerned about the “effects of the lengthy process (for foreclosure proceedings)” and the growing number of vacant properties in their communities. While the First Suburbs letter was the most immediate impetus behind the County’s action, the problems related to foreclosed, vacant and abandoned properties had been growing for at least a decade; a result of a perfect storm of a stagnating economy, a weak housing market, an increase in predatory lending, relaxed federal mortgage lending and underwriting standards initiated in the 1990’s and a national push to increase minority and low-income homeownership.

The City of Cleveland had long been concerned with the problem of increasing foreclosures and vacant and abandoned properties. A number of advocates, community development corporations (CDCs) and community organizations (PolicyMatters Ohio) had helped to draw attention to the issue over a number of years. Cuyahoga County led the state in the number of foreclosures and Ohio led the country. At the same time, suburban communities began to feel the impact of increasing foreclosures as well. Advocates including COHHIO and ReBuild Ohio were working at the state level, as the problem of increasing foreclosures was affecting Ohio’s cities and rural areas.

The *Cleveland Plain Dealer* documented the problem in a series of articles and editorials. In early 2004, at the request of NPI, the National Vacant Properties Campaign began to study the problem in Cleveland and issued its recommendations in a report “Cleveland at the Crossroads” in June 2005. It is safe to say that by May 2005, the general consensus was that the problem of foreclosures in Cuyahoga County had reached crisis proportions

¹ The First Suburbs consortium letter was signed by the Mayors of fifteen suburbs: 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. See attachment A.

and a formal, public County-wide response was essential if the problem was to be addressed.

As stated in the report, “The Commissioners made it clear that measures to increase the capacity to handle the high volume of foreclosures, and to deal with the underlying causes and the harmful effects of foreclosure, would receive priority consideration in the budget deliberations this fall.”²

Methodology

In August 2006, one year after the release of the Commissioners’ report and the start of the pilot initiative, Cleveland State University was asked to conduct an initial assessment of the progress of this initiative that would assist the County in planning for the future of the initiative. An initial report, “Responding to Foreclosures in Cuyahoga County an Assessment of Progress” (Report) was prepared in November 2006. It presented the findings of the initial assessment of the first eighteen months of the pilot initiative. It documented the process undertaken by the County, assessed the progress made toward reaching the goals, identified successes and concerns and offered some preliminary recommendations about program operations. It also offered suggestions for a more formal evaluation process going forward.

In January 2007, Cleveland State was asked to do a more formal evaluation going forward that would look at 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. An interim report was prepared in November 2007. This report covers the Initiative from its start in August 2006 through February 2008.

On January 19, 2007 the evaluation team convened all of the County agencies involved in the foreclosure initiative to revisit the goals and objectives of the program as it entered its second year. The meeting was also meant to start building stronger relationships among the participants and to clarify the objectives for evaluation purposes. Based on the discussions at that meeting the following objectives were identified:

Foreclosure Initiative Objectives

For individuals and homeowners:

1. Assist homeowners facing foreclosure stay in their homes
2. Empower and educate individuals so that they can avoid high-risk loans
3. Educate individuals about financial issues

For communities:

4. Minimize the negative impact of foreclosures on neighbors and community
5. Increase the level of financial literacy county-wide.
6. Raise community awareness of high risk loans
7. Engage cities as partners

² “Commissioners’ Report and Recommendations on Foreclosures,” August 25, 2005, p. 5.

8. Minimize impact of vacant and abandoned property on homeowners, neighborhoods and cities

For program operations:

9. Successfully prosecute predatory lenders.
10. Develop a long-term plan for foreclosures for the County (or take the lead in developing a plan for the Community)
11. Utilize technology
12. Coordinate across county agencies
13. Communicate and partner with cities

These objectives became the framework for the evaluation.

This report includes information on the first two full years of the pilot program, updating the status of concerns and recommendations from the November 2006 Report.

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

1. From August through November 2007, Cleveland State conducted face-to-face interviews with County departments and agencies³, 6 non-profit service providers, and 211 First Call for Help, and HUD. Follow up telephone interviews were conducted with the counseling agencies. A complete list can be found in Appendix A. A basic interview protocol was developed and adapted for the different types of entities. Interviewees were very forthcoming and shared background information, copies of formal correspondence, and other related information. (See list of interviews in Appendix 3.)
2. Cleveland State staff also attended County foreclosure coordinating meetings and agency coordinating meeting.
3. Data collected by the County through the Department of Development and the Treasurer's Office through September 2006.
4. Data on foreclosures was provided by the Northeast Ohio Data and Information Service of the Levin College.
5. Counseling agencies provided copies of their intake forms, as well as formal and informal information on their programs and clients.
6. 211 First Call for Help provided documentation of the number of 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 and agencies. We especially wish to thank Paul Herdeg, Housing Manager, and Sara Parks Jackson, Program Officer, Department of Development; Mark Wiseman, Foreclosure Prevention Program manager, County

³ Cleveland State staff were unable to schedule a meeting with staff in the County Recorder's office.

Treasurer's office for their commitment to making sure that we were able to get the information we needed.

The County Foreclosure Initiative Goal 1:
Make foreclosure proceedings “faster and fairer”

County Actors: Auditor, Board of County Commissioners, Clerk of Courts, Court of Common Pleas Judges, Engineer, Magistrates, Recorder, Sheriff, Treasurer,

Community Partners: Cuyahoga County Mayors and Managers Association

Funding Sources: Increase in filing fees for foreclosure cases and the Delinquent Tax and Assessment Collection (DTAC) Fund.

Issues

In our November 2006 Report to the Commissioners, we noted that County agencies were working cooperatively to address the numerous concerns regarding the length of the foreclosure process that had been brought to the attention of the Commissioners in August 2005. It appears that this cooperative effort is continuing to have a positive effect on the length of time it takes for a property to go through foreclosure.

Our 2006 Report noted, in particular, that the Judges and Magistrates, the Clerk of Courts and the Sheriff, all of whom had been working to streamline the processing of foreclosures since 2004, had made good use of much-needed additional resources to continue to streamline the process. These efforts included:

- Magistrates requiring that a “Certificate of Readiness” (CR) be attached to every foreclosure filed. The CR, which was intended to minimize the number of cases being thrown out due to lack of preparation by creditor’s attorneys, had its intended effect and the approval rate at default hearings increased from 30% to over 90%. Data provided by Chief Magistrate Stephen Bucha showed that dismissals due to problems with CRs occurred in only 2.3% of new cases filed and 3.8% of default hearings.⁴
- The Clerk of Courts completed an automation project to increase the efficiency of its own operations, particularly as regards the number of foreclosure orders of sale it could process. After the automation project became fully operational in 2005, Orders of Sale issued monthly by the Clerk of Courts almost tripled (493:1426 = +189%) between October 2005 and October 2006 and the monthly ratio of Orders of Sale to Foreclosure cases filed went from 58% in October 2005 (493:847) to 115% in October 2006 (1426:1239).
- The Sheriff’s Office implemented its own automation improvements which allowed that office to almost double the number of foreclosure sales it could process each week to 300.

⁴ Magistrates’ Department, Cuyahoga County Court of Common Pleas, General Division, Certificate of Readiness Fact Sheet (2005) p. 2.

These efficiency efforts we reported on in 2006 are ongoing and we report on the current status of these efforts in various County departments below.

Administration: Individual Departments/Agencies

Auditor

Our 2006 Report noted that in July 2006 Auditor Frank Russo volunteered his Department's assistance to address the issue of giving priority on the foreclosure docket to vacant and abandoned properties identified by local governments. Auditor Russo hired two new full-time staff for this project in July and September 2006 and they were fully engaged in the work by October.

Since our 2006 Report, a senior staff person has left the Auditor's office. Although she was replaced, both that replacement and another staff person have now been reassigned to the County Prosecutor's Office to assist in the efforts of the Foreclosure Task Force to prosecute mortgage fraud. This leaves only one full-time person, Rick Kanza, to carry-on the work of giving priority on the foreclosure docket to vacant and abandoned properties identified by local governments.

Mr. Kanza reports that he obtained vacant property lists from the following municipalities: Cleveland (not all wards reporting), Bedford Hts., Brooklyn, Brook Park, Cleveland Hts., Euclid, East Cleveland, Fairview Park, Garfield Hts., Lakewood Parma, South Euclid, Shaker Hts., Warrensville Hts., and Westlake. The goal was to obtain lists from Cleveland and the inner ring suburbs in order to identify ownership, lender and status (i.e., abandoned, bankruptcy, condemned, mortgage, tax, and post foreclosure, code violations, sheriff sale, and structure or vacant lot.) Additionally field service companies were identified to assist municipalities in vacant property maintenance and winterizing and the Auditor's Office is providing regular ongoing lists of transfers, monthly or quarterly to each municipality in order to monitor what activity occurs with these transfers as well as code violations, particularly in the case of point of sale inspections. Mr. Kanza also reports that the Auditor's Office conducted educational seminars and gave presentations on navigating through the county websites. Additional one on one training was given as needed.

We have requested that the Auditor provide numerical data documenting its performance to date on this effort to assist local governments, but Mr. Kanza has declined, citing the cities' unwillingness to have data regarding the numbers of vacant and abandoned properties made public.

Without numerical data, it is impossible to assess how well the Auditor's office is performing. We received comments from housing staff in one inner-ring suburb praising the efforts of the Auditor's office. Comments from other County agencies, particularly the Magistrates, viewed the Auditor's office as having fallen short in providing the assistance promised in 2006.

Clerk of Courts

Our 2006 Report noted that the Clerk of Courts had completed automation improvements in 2006 that resulted in almost tripling the number of foreclosure Orders of Sale issued weekly (493:1426 = +189%) between October 2005 and October 2006. Those improvements also resulted in the monthly ratio of Orders of Sale to Foreclosure cases filed increasing from 58% in October 2005 (493:847) to 115% in October 2006 (1426:1239).

We noted in our 2006 Report that Keith Hurley, Chief Deputy Clerk, had reported that the productivity increases to that point had been achieved because the Clerk of Courts was authorized to add nine additional staff and that additional staff was working at full capacity; thus any further increases in productivity could only be achieved through hiring further additional staff.

Mr. Hurley now reports that staff has subsequently been increased by three more hires and staffing issues are not a problem. He reports that the Clerk's Office is current on everything they are required to process. In particular, further automation efforts have reduced the time needed to process signatures in the Praeipie book from 3 weeks to three to four days and have allowed them to efficiently record the names of field service representatives – for property maintenance -- on the docket. Mr. Hurley noted that his only concern at present is finding space for older files as they continue to process a high volume of Orders of Sale.

Common Pleas Judges and Magistrates

In our 2006 Report we noted that the additional funding from increased filing fees had made it possible to hire nine new Magistrates to handle foreclosure cases by early 2006. With additional Magistrates on the bench, there has been and continues to be a significant reduction in the average number of days to case disposition: from 387 in January 2007 to 299 in December 2007 -- a reduction of 22.7% -- and the figure for January 2008 fell to only 212 days, which, if it can be sustained, represents a remarkable reduction of 45.2% from a year before. This continued reduction in average number of days means that the County remains in line with the Ohio Supreme Court's guideline calling for an average of one year for foreclosure cases.

Chief Magistrate Bucha did express some concern, however about three recent resignations by Magistrates, two of which he feels are related to salary concerns. In Magistrate Bucha's view, the salary structure for Magistrates in Cuyahoga County, when compared to salaries in other counties, is not commensurate with the heavier caseload and higher costs of living in Cuyahoga County and makes it more difficult to attract and retain highly qualified lawyers to serve as Magistrates.

We also noted in our 2006 Report that the Common Pleas Judges had acted aggressively to deal with "issues existing within the foreclosure department." Those actions included: (1) forming a Foreclosure Committee; (2) seeking ways to improve the Court's software

case management system, Proware; (3) designing and implementing a review process for employee performance evaluations; (4) dealing effectively with the backlog in the Judges' Motion docket in foreclosure cases; (5) assigning Magistrates to individual judges; (6) placing all foreclosure files in one location at the Clerk of Courts office; (7) circulating monthly printouts of dockets to all Judges; (8) forming a Performance Evaluation Committee and creating new evaluation forms; (9) working with the Auditor's office to enhance community link-up with the Court's Foreclosure Department, especially regarding vacant/abandoned properties; and (10) implementing a case management order process.

It appears that these measures have addressed the complaints from the public and elected officials that led the Ohio Supreme Court in 2006 to initiate a staff study of the County Court's foreclosure operations. To date, the Supreme Court has not released the findings of its study, apparently because the staff has reported that the County Courts' actions have addressed the problems that called for the study.

During 2007, the Foreclosure Committee continued to meet on an as-needed basis to insure that progress was continuing. More recently, the Committee has formed a Mediation Sub-Committee that has been meeting at least twice a month in response to the Supreme Court's mandate that every County adopt a process for foreclosure mediation. The sub-committee – Judges Gallagher, McDonnell, Ambrose, McCafferty, John Russo, and Joseph Russo; Chief Magistrate Bucha, and Magistrate Augustine; Court Administrators Tom Pokorny and Greg Popovich; Karen Kaminskie of the Bar Association and Rebecca Wetzel of the Court's ADR Department – presented its proposed Mediation program to the bar and the public in March 2008. The public comment period ended on April 7, 2008. The Court received numerous responses and made several changes in the proposed program in response.

The program as presently designed will operate 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.]
2. When the Defendant receives the Summons, they can check that they want to be considered for mediation and mail that to the mediator (located in the ADR department). [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 14-30 days to respond [Note: the precise number of days has not yet been determined] with information needed by the court to determine whether this case is appropriate for mediation.

4. If the court determines the case is appropriate for mediation, the court places an order the docket imposing a stay on the case and requiring the case to be mediated. [Note: The Court is still drafting the guidelines for determining when a case is 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. [Note: The Court is still in the process of determining the nature of such sanctions.]
6. The initial plan required parties to appear at two meetings prior to actual mediation. After the comment period, that was reduced to one meeting before mediation, with the mediator to make sure all the paperwork needed for mediation is completed. If all paperwork is not completed it gets kicked-back to the docket.
7. As noted, there will be a sanction for failing to appear or complete the paperwork. The court is insisting that the person who can mediate is going to appear for the mediation.

The Court still has several more steps to complete before the program is operational. First, the Judges need to vote on the proposed program, finalize the mediation guidelines and sanctions for failure to participate fully, and change the local rules of court to allow for foreclosure mediation. This should be completed by mid-May. Second, the Judges need to hire a mediator. They have already conducted interviews for the position and expect to hire someone within the next two weeks. Third, members of the bar who have volunteered to assist homeowners in the mediation process pro-bono need to be trained. This training will need to cover not only the mediation process, but also what defenses might be available to a homeowner faced with foreclosure, a concern raised by Legal Aid attorneys. Finally, the Court will be engaging in community outreach by sending a letter from Judges McDonnell and Gallagher to mayors letting them know that the program is in place and offering to come out into the communities and tell them about the program. The Court is attempting to have all of this in place by July 2008 and is expecting about 1500 cases will go through mediation each year.

Engineer

In our 2006 Report we noted that the County Engineer has a limited, but important role in the foreclosure process: ascertaining that the property description of the parcel at issue is accurate, and, where he determines it is error, conducting a survey to provide an accurate description. In our 2006 Report we also noted that there have only been a handful of instances in which the property description was in error and needed to be corrected. That remains true in this current report as well.

Prosecutor

In our 2006 Report we noted that the Prosecutor's Office is involved with foreclosures in two different capacities. First, as previously discussed, the Prosecutor's Office works with the Treasurer in processing tax delinquency foreclosures through the Board of Revision as authorized under HB 294.

Colleen Majeski, Supervisor of the Tax Foreclosure Division, has primary responsibility for this effort and has been a participant in the coordination meetings convened by Budget Director Sandy Turk. In 2006, Ms. Majeski reported that her office had made operational changes to make her staff more efficient, but that she was not yet able to evaluate how well those changes are working. She also reported that her office was working on a new automated case management system.

Ms. Majeski now reports that the case management system has been completed and implemented and that her Office is now working on expanding that system by establishing an interface among the Prosecutor's Office, the Treasurer's Office and the title companies both Offices deal with in tax foreclosures. The interface would allow the County Offices to be apprised of the status of all matters being handled by the title companies. Ms. Majeski also reported that the Prosecutor's Office is working on exchanging additional data with NEOCANDO and the Sheriffs Office regarding the status of properties and cases filed and that she has been contacted by staff in the Auditor's office in regards to coordinating the identification of vacant/abandoned property with the 294 process.

Ms. Majeski reports that her Office handled a total of 1400 tax foreclosure cases in 2006, with 250 of those -- 17.9% -- going through the HB 294 process at the Board of Revision. In 2007, her Office has handled 1708 tax foreclosure cases, with 764 of those -- 44.7% -- going through the HB 294 process at the Board of Revision. She also reported that from 2006 to 2007, there was an increase of approximately 300% in the number of tax foreclosure cases going to Sheriffs sales, which was accomplished by "hand-carrying" and these cases through the courts to insure that they were being processed, and also by working with the Sheriff's Office to increase the number of Sheriff's Sales from three to four, thus allowing for faster processing.

Ms. Majeski also reported that her Office has been working with the City of Cleveland and Michael Sweeney in the Treasurer's Office to get information to the City about parcels that have gone delinquent so they can see what is delinquent and prioritize among some 30,000 parcels that could be foreclosed on. She also reported that her Office worked with the Magistrates to coordinate a "Settlement Day" in June 2007 in which, working together, they were able to settle 85% of the 200 oldest cases on the docket.

In our 2006 report, Ms. Majeski further noted that she had requested, but had not received, funding for a fifth staff attorney and two additional staff to work with tax foreclosures. She now reports that the Prosecutor's Office has interviewed two people for

two new staff attorney positions and also anticipates filling two to three new staff support positions. All of these positions will be funded with DTAC fund monies.

Ms. Majeski also reports that her Office is collaborating with the attorneys in the Prosecutor's Office who are handling predatory lending cases.

It is Ms. Majeski's view that, overall, the County's coordination effort has improved, stating: "we've accomplished what we needed to accomplish. When asked to identify emerging issues that need to be addressed, she cited several. These include:

- coordinating the tax foreclosure process with the mediation effort now underway in the Court, a process she has begun by commenting on the formal rules changes proposed by the Court and speaking with Judge Gallagher about the need for coordination, making suggestions, changes and deletions to the Judges' foreclosure committee on the Case Management Directives to be implemented and holding several meetings with Judge Gallagher and the Sheriff's Office on Local Rule 27 changes regarding Sheriff Sales;
- coordinating referrals from the "211" system and the counseling agencies to the prosecutor office, where there is a suspicion of predatory lending or mortgage fraud, a process she has begun by meeting Steve Wertheim (211) and staff of the various counseling agencies;
- coordinating with the Sheriff's Office when that Office sends out notices of pending contempt proceedings, so that persons and entities that fail to respond to the notice are cited for contempt; *e.g.*, the Sheriff received only 277 responses out of 577 mailings with its first notice letter.

The second capacity in which the Prosecutor's Office is involved is prosecution of criminal activity associated with mortgage lending, including so-called predatory lending. In our 2006 Report, we noted that on May 15, 2006, County Prosecutor Bill Mason announced the hiring of attorney Michael Jackson to fill a new position concentrating on predatory lending. That Report noted that Mr. Jackson had successfully prosecuted one case in July 2007 and was at the time of the Report investigating another ten or so potential prosecutions. We also noted that Mr. Jackson was working with a number of different law enforcement agencies, including the FBI, on an effort to structure a "taskforce" that would focus on crimes associated with mortgage lending. Finally, we noted that Mr. Jackson's efforts would be supplemented in the coming year by the addition of a new investigator position that will focus on mortgage fraud, with the position funded through a \$30,000 grant agreement negotiated between the County Prosecutor and the County Department of Development.

Since that Report there have been several new developments. First, Prosecutor Bill Mason created a new mortgage fraud/predatory lending unit within his Office. Michael Jackson was reassigned from the economic crimes unit to this new unit which is headed by Dan Kasaris. Second, two additional investigators were hired and funded through an

agreement negotiated between the Prosecutor's Office and the County Commissioners. Third, the Prosecutor's Office submitted proposed legislation to the Ohio General Assembly to expand the existing DTAC statute to permit the Prosecutor's Office to allocate a portion of its share of these funds to combat fraud and predatory lending. Presently, the statute as written does not permit these funds to be used in this regard. The Prosecutor's Office is encouraged with the response to its proposed legislation, and upon passage, the Prosecutor's Office intends to expand its mortgage fraud predatory lending unit by adding additional prosecutors and/ or investigators, as necessary. Fourth, the taskforce we reported on last year was established, comprising staff from the County Prosecutor's Office (principally Mr. Jackson, Mr. Kasaris, and three investigators) along with staff from the local office of the F.B.I. and the U.S. Attorney for Northern Ohio. Originally, the Ohio Attorney General did not participate in the taskforce, but that changed after Marc Dann took office in early 2007. The Prosecutor's Office submitted a proposal to have this task force designated as an organized crime task force under the Attorney General's Office pursuant to Ohio Statute. That proposal was approved, and the AG's office is now a formal member of this task force and has a leadership role, along with the Prosecutor's office. The taskforce now has thirteen investigators assigned to it either full or part-time in addition to three prosecuting attorneys: Assistant US Attorney Mark Bennet, and Assistant County Prosecutors Jackson and Kasaris.

Both Mr. Jackson and Mr. Kasaris report that the taskforce is working smoothly, despite the participation of several different law enforcement offices. They attribute much of this lack of friction to the leadership of Scott Gilbert from the local office of the F.B.I. All cases that could potentially be prosecuted for predatory lending or mortgage fraud or brought to the taskforce, regardless of where the case originated, and the taskforce members then agree on whether the case should be prosecuted and, if so, whether the prosecution should be pursued by the U.S. attorney or the County Prosecutor. If the case is to be prosecuted by the County Prosecutor, a further decision is made as to whether it should be prosecuted by the predatory lending/mortgage fraud unit or referred to the general felony unit.

Mr. Jackson reported that between January 2007 and March 2008, Cuyahoga County Prosecutor Bill Mason indicted 17 cases of mortgage fraud involving 201 defendants and approximately \$43.2 million in fraudulent loans for 273 properties.⁵ Of the 273 properties, 133 were in mortgage foreclosure (48.7%), 74 were tax delinquent (27.3%), and one was in tax foreclosure (.003%). Mr. Jackson declined to identify the precise number of cases that were currently under investigation prior to indictments being issued, but stated: "the number is substantial."

⁵ These properties are located in 17 communities in Cuyahoga County: Bedford City, Brook Park, Brooklyn, Cleveland, Cleveland Hts, East Cleveland, Euclid, Garfield Heights, Maple Heights, North Royalton, Oakwood Village, Pepper Pike, Shaker Heights, Solon, South Euclid, University Heights, and Warrensville Heights. In addition, four properties are located in adjacent counties: two in Lorain and two in Ashtabula.

Mr. Jackson also reported that the Prosecutor's Office has been engaged in ongoing communication with the larger community about predatory lending and mortgage fraud, primarily through conducting seminars in various neighborhoods, such as Slavic Village. Mr. Jackson reports that they have begun discussions with Mark Wiseman on how to achieve greater cooperation between the Prosecutor's Office and both the "211" system and counseling agencies. The goal here is to improve communication in both directions: creating easier links between the "211" system/counseling agencies and the Prosecutor's Office both to let the Prosecutor know about possible instances of mortgage fraud and to make it easier for the Prosecutor to refer individuals for assistance with foreclosure prevention.

Recorder

We were unable to schedule a meeting with staff in the Recorder's office.

Sheriff

Our 2006 Report noted that automation improvements had been implemented by the Sheriff starting in 2005 and that six new staff had been added; with both improvements funded by the increased foreclosure filing fees. That additional staff and automation allowed the Sheriff in 2006 to increase the number of Orders of Sale processed per week to 300 and, as a result, the time required to issue a deed after auction was reduced from four to five months to two months for banks.⁶

The total number of foreclosure sales handled by the Sheriff in 2007 far exceeded the number handled in 2006 -- 7,274 vs. 4,285 (+41.5%); however, the Sheriff now reports that the volume of Orders of Sale has dropped from 350-400 per week in 2007 to 150-250 per week in the first three months of 2008. The time required to issue a deed after auction has been further reduced from two months to 4-6 weeks for banks, while remaining at 30 days for private buyers.

The Sheriff addressed one new issue in 2007-08: a problem with banks failing to pick-up deeds after sale. The Sheriff has addressed this problem by putting the offending banks on notice that they have 45 days in which to pick-up a deed or the Sheriff would file for a contempt citation.

Treasurer

In our 2006 Report we noted that in addition to his significant contributions to the foreclosure prevention program (see below) Treasurer Jim Rokakis had also played a critical role in advocating for, and then implementing, HB 294, which simplifies the process of foreclosure on tax delinquent parcels that are vacant or abandoned. Under HB 294, which became law in late September 2006, vacant and abandoned tax delinquent parcels can now be adjudicated by the Board of Revision, rather than the courts, and the

⁶ The Sheriff has consistently provided deeds to private buyers in one month.

legislation also made it far simpler for these parcels to be transferred into a city land bank after foreclosure. On October 2, 2006, the Prosecutor filed a first group of 104 cases utilizing the HB 294 process and these cases were heard by the Board of Revision on December 12, 2006. The Board is now hearing these cases each Friday. Through the end of 2007, the Board of Revision, utilizing the HB 294 process has:

- transferred 205 properties directly to cities
- sent 361 properties to Sheriff's Sale
- dismissed 270 cases as a result of payment of arrears taxes having been made

Currently, the Board has contracts pending in 13 cases and has 220 cases set for hearings.

Our 2006 Report also noted that the HB 294 process allowed for an expedited process for the disposition of vacant and abandoned property for which there is no buyer at the Sheriff's Sale. The Board of Revision is then authorized to order the Sheriff to deed the property directly to a municipality, or to a qualified Community Development Corporation. The community group must have the consent of the applicable municipality; however, to assure the property is deeded to a responsible group. As recommended in the County Commissioners' August 2005 Report, the Treasurer has been working closely with municipalities and CDCs to identify vacant and abandoned tax delinquent properties that might be "recycled" through the expedited HB 294 process by creating a vacant property inventory.

Since our 2006 Report, the Treasurer has determined that additional steps were necessary to address the growing problem posed by abandoned and vacant properties. He has proposed creating a county-wide "land bank" that would function as a mechanism to accelerate the reutilization of these distressed properties. The goals for the "land bank" are to:

- Facilitate the reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed or other real property.
- Efficiently hold and manage that real property pending its reclamation, rehabilitation and reutilization.
- Assist governmental entities and other non-profit or for-profit entities in the assembly of that real property and the clearing of title in a coordinated manner.
- Promote economic and housing development of the county or region.

The proposal would authorize the creation of a Community Improvement Corporation (CIC) under ORC § 1724 that would be known as the Cuyahoga County Land Reutilization Corporation (LRC).⁷ Under § 1724, the County Commissioners must

⁷ Under the proposed legislation, the LRC will have powers beyond those allowed a CIC organized solely for promoting industry, commerce, distribution and research ("economic development corporation"). These

approve the Articles of Incorporation for the LRC and the County Treasurer is statutorily empowered to act as incorporator, with the County Treasurer and at least two of the County Commissioners serving as the LRC's Board of Directors.

The LRC's jurisdiction initially will be limited to Cuyahoga County; however, the legislation authorizes any county adjoining Cuyahoga County to designate the LRC as *its* county land reutilization corporation by entering into an agreement with the LRC. Thus, for example, Lake County could designate the Cuyahoga County LRC to serve as the land reutilization authority for both Lake and Cuyahoga counties.

Most of the LRC's authority derives from ORC Chapter 5722, legislation enacted in 2004 that authorizes a "Land Reutilization Program." Thus, the LRC will act on behalf of the County, as an "electing subdivision" under ORC Chapter 5722 for the purpose of utilizing all the powers granted under that Chapter. Municipal corporations and townships in the county can designate the LRC as its "electing sub-division" for purposes of Chapter 5722 and can enter into agreements with it for cooperative assistance in devising and implementing a land reutilization plan for the political subdivision.

Chapter 5722 allows selected "nonproductive" land to be sold without appraisal for the amount of taxes, penalties, interest, assessments and charges against the land plus court costs. If no bids are received, the "electing subdivision" (*i.e.*, the LRC) is deemed the purchaser for no consideration other than the fee for transferring and recording the deed. Selected lands forfeited to the State can also be acquired by the "electing subdivision" in a manner similar to that employed in the sale of delinquent lands constituting nonproductive lands. The "electing subdivision" also can accept from the owner of delinquent lands a conveyance in lieu of foreclosure.

The "electing subdivision" is required to manage the land. This includes the authority to sell land, without competitive bidding, but for its fair market value, to any person it chooses so long as it obtains covenants from the buyer to assure the land's effective reutilization. Lands acquired by the "electing subdivision" are deemed used for a public purpose and exempt from taxation until sold, thereby ending the continued accrual of delinquent taxes, penalties and interest on the lands.

Under the Treasurer's proposal, the primary sources of funding for the LRC's operations will be penalties and interest paid on current taxes and assessments that are not paid when due. The penalty for failure to pay taxes when due is 10% of the amount due and payable for the first installment payment period; a similar 10% penalty is charged against the total amount due and payable for the second installment payment period. The Treasurer estimates that capturing the penalties and interest on delinquent taxes could provide an annual amount to fund the activities of the county land bank of approximately \$7 million.

additional powers will be those consistent with its purposes (*e.g.* authorized to take an assignment of a mortgage from the lender; purchase tax certificates under ORC §5721.30).

The treasurer's proposal also anticipates secondary sources of funding. These would include: (1) re-sale of acquired properties to qualified buyers; (2) authorization from the Court and County Commissioners for the County Treasurer to apply some or all of the "DTAC" fee retained by the Treasurer's office for county land bank activities; (3) monies contributed to the LRC as a Chapter 1724 corporation by the County Commissioners as already authorized under the ORC; (4) fees for managing mothballed properties.

In addition, the LRC will be authorized to borrow money, issue bonds, accept gifts and apply in its own name for grants. It will also be authorized to be an applicant for a Brownfield revitalization project and to give a mortgage on lands that it acquires to secure borrowed money. The County Commissioners will be authorized to support the LRC from the general operating tax levy and to levy a voted property tax specifically to fund the activities of the county land reutilization corporation. Finally, the Treasurer anticipates that the LRC will be able to obtain funds by recapturing the equity from properties it is able to rehabilitate and sell to qualified buyers.

Administration: Multiple Departments/Agencies

Coordination

Our 2006 Report noted that the County's foreclosure initiative, involving 11 County agencies as well as a number of community partners and stakeholders, was a model for other County initiatives that cut across multiple County Agencies. The details of how that coordination effort was accomplished were described in our 2006 Report.

The coordination effort, headed by Sandy Turk, Director, County Office of Budget and Management, remains ongoing, but with multi-agency meetings held far less frequently since the coordination effort has largely been institutionalized.

GIS and Information Management

In our 2006 Report we noted that one of the recommendations in the August 25, 2005 Report was to develop an integrated real property information system for use by all County agencies and the public. The County's Information Services Center (ISC) began to build a Geographic Information System (GIS) in early 2005. In summer 2006, it was decided that the foreclosure initiative would be the pilot program for coordinating and making available data through this system. The ISC is "mining data" from the 10-11 agency databases that involve foreclosures to create way of tracking and mapping properties by parcel number. It will be able to draw from the Court of Common Pleas and Prosecutor's case management systems. The GIS system is expected to be used by County agencies and departments and parts of it could be made available to municipalities in the future to track foreclosures in their communities. Participation on the part of the County agencies is voluntary. To date, all agencies have agreed to share their data except the County Recorder. Our 2006 Report also noted that it would be difficult to have a "one-size fits all" data management system for both internal (County) and external (community) data, at least in the near future.

We now report that while it appears the County has made great strides in automating its systems and making the data more transparent, the effort to provide a unified interface for all relevant data has still not been achieved and several interviewees expressed some concern that progress on achieving that goal was not as rapid as they'd hoped.

Successes

Our 2006 Report noted that there had been significant successes in achieving the Commissioners' goals of making the foreclosure proceedings "faster and fairer." These included:

- Changes implemented by the Common Pleas Judges and Magistrates that led to significant reductions in: (1) the number of pending foreclosure cases; (2) the average number of days to dispose of cases; and (3) the backlog of cases two years old or greater.

- Automation of procedures and addition of staff by the Clerk of Courts and Sheriff that resulted in: (1) the addition of permanent parcel number and address to all new foreclosure case files and Orders of Sale; (2) a 189% increase in Orders of Sale processed in October 2006 compared to October 2005 (493 vs. 1,426); (3) achieving the capacity to process 300 Orders of Sale per week at Sheriff's Auction of foreclosed properties; and (4) reducing the time required for the Sheriff to issue a deed from 4-5 months to 2 months for banks. (30 days for private buyers).
- Implementation of the HB 294 process for tax delinquent abandoned and vacant properties.
- Creation of vacant property lists for both tax delinquent and mortgage delinquent abandoned and vacant properties.

Since our 2006 Report, these "successes" have either been maintained or shown further improvement. In particular:

- The changes implemented by the Common Pleas Judges and Magistrates have led to *further* significant reductions in processing foreclosures. Moreover, these reductions have been achieved despite the fact that foreclosure filings increased from 13,633 in 2006 to 14,238 in 2007 – a gain of over 4%.
 1. The number of pending foreclosure cases has been reduced from 11,398 in October 2006 to 7997 by the end of 2007 – a reduction of almost 30%.
 2. The average number of days to dispose of cases has been reduced from 387 in January 2007 to 299 in December 2007 – a reduction of 22.7% -- and the figure for January 2008 fell to only 212 days, which, if it can be sustained, represents a remarkable reduction of 45.2% from a year before.
- Automation of procedures and addition of staff by the Clerk of Courts and Sheriff, has allowed for a *further* reduction in the time required to process Orders of Sale. In particular, the time required to issue a deed after auction for banks has been reduced from two months in 2006 to 4-6 weeks currently, while remaining at 30 days for private buyers. Moreover, this has been achieved despite the fact that the total number of foreclosure sales handled by the Sheriff in 2007 far exceeded the number handled in 2006: 7,274 vs. 4,285 – an increase of 41.5%.

Concerns

In our 2006 Report, we noted that while there had been significant successes, some concerns remain. Below, we discuss the current status of items we listed as concerns in the 2006 Report and note new concerns.

Concerns Identified in 2006 Report and Current Status

Concern: Whether the achievements to date in processing the backlog of pending foreclosure cases are predictive of continuing progress because the easier cases may have been cleared off the docket first and those remaining could require more time and resources to dispose of.

Status: This has proved not to be a valid concern to date. As indicated previously, progress has continued in dealing with both the backlog of pending cases and a 4.2% increase in filings in 2007.

Concern: Whether current resources would be sufficient to meet an increase in demand that could arise from still higher rates of foreclosure as problems emerge with creative mortgage instruments. The concern here is that a large number of the interest only and adjustable rate mortgage instruments sold in recent years may transition to higher monthly payments over the next one to two years, resulting in an increase in foreclosures as property owners find they cannot meet the higher monthly payments.

Status: This has proved not to be a valid concern to date. Filings increased by only 4.2% in 2007 and that increase was easily accommodated.

Concern: Whether municipalities have the resources and personnel to utilize the vacant property lists that have been and are being created to allow for expedited treatment of vacant and abandoned property.

Status: It appears that there is significant variation among municipalities in their ability utilize the vacant property lists, based on differing levels of resources and staff expertise.

Concern: Whether vacant/abandoned properties that have gone through either/both mortgage foreclosure or tax delinquent foreclosure can be restored to productive use or land-banked for future productive use.

Status: This remains a significant concern. The Treasurer's County land-bank proposal, discussed above, may, if implemented, be an effective mechanism to address this concern.

Recommendations

In our 2006 Report, we made several Recommendations for future action. Below, we discuss the current status of those Recommendations and provide new Recommendations.

Recommendation: Closely monitor numbers of foreclosure filings/dispositions to insure that progress is continuing in reducing the backlog and the time needed for disposition. Evaluate the need for additional resources or procedural changes if data indicates emerging concerns with that progress.

Status: This recommendation has been followed by the Magistrates, Courts, Clerk of Courts and Sheriff, all of which monitor foreclosure filings and outcomes closely.

Recommendation: The County Agency/Department Coordination meetings should be continued to monitor progress on projects still being implemented, such as data systems integration, and insure ongoing performance.

Status: This recommendation has been followed.

Recommendation: Continue discussions with Cleveland and First Suburbs on how County and municipal resources may best be combined to take advantage of the Court's commitment to prioritize cases placed on the vacant/abandoned property list.

Status: While this effort is ongoing, it appears that achievements have been spotty, based on differing levels of resources and staff expertise in the various municipalities.

Recommendation: Monitor disposition and use of tax delinquent foreclosure properties that have been fast-tracked through the HB 294 process.

Status: The data that we have received suggests that the HB 294 process is facilitating the re-utilization of properties that have gone to the Board of Revision. Through the end of 2007, the Board of Revision, utilizing the HB 294 process has transferred 205 properties directly to cities, sent 361 properties to Sheriff's Sale, and dismissed 270 cases as a result of payment of arrears taxes having been made. Currently, the Board has contracts pending in 13 cases and has 220 cases set for hearings.

Recommendation: Commissioners should request progress reports at 90 day intervals on projects that are at their inception, including the Auditor’s work with municipalities on creating a vacant/abandoned property list and the Prosecutor’s efforts to create a fraudulent mortgage lending task force and prosecute mortgage fraud.

Status: This recommendation has not been adopted. Rather, the Commissioners continue to rely on annual reports.

Methods for Revitalizing Abandoned and Vacant Properties:
“A Best Practices Assessment”

Introduction

We were asked for this Report to evaluate the County’s efforts to find ways to revitalize and return to productive use the growing numbers of abandoned and vacant properties that are the legacy of the record number of foreclosures that have occurred in the past few years.

In making this evaluation, it is important to recognize that the County is not a “general purpose governmental entity” – like a municipality – that enjoys full home rule and police power authority to address the issue of abandoned and vacant properties. Thus, some of the “best practices” regarding returning abandoned and vacant properties to productive use that one sees nationally – for example, code enforcement efforts or “securing” abandoned properties against vandalism -- are simply unavailable to the County because they are implemented through authority that resides with municipalities, not the County.

There are two basic strategies to address the problem of revitalizing and returning abandoned and vacant properties to productive use. First, preempting the problem by preventing abandonment in the first place. Second, gaining control and fostering the reuse of the properties in order to minimize the problems they create. The County is playing a vital role in each of these to the extent it has authority to do so and, in some instances, has sought from the General Assembly additional authority to address the problem. The County’s efforts in each are evaluated in the following section below.

Before discussing the County’s efforts with these strategies, however, it is important to note that the County’s major response to the foreclosure “crisis” – *i.e.*, the almost unprecedented coordination of most, if not all, County departments and agencies to address the problem across-the-board – should be considered a “best practice” for any governmental entity that does not have a unified governmental structure under a single executive.

As a general matter, we find that the County may be viewed as following “best practices” to address the foreclosure problem. For example, the “wish list” of initiatives below was

compiled late last year by officials in Hennepin County, Minnesota, a county widely-acknowledged as having taken early and effective action. Cuyahoga County has already implemented, or is in the process of implementing, the majority of these.

- Require and make clear information to tenants about their rights if they're living in a home being foreclosed upon. *Cuyahoga County Status: Not implemented.*
- Minimize the time that a property is abandoned and is thus subject to deterioration and vandalism. *Cuyahoga County Status: Implemented via vacant property lists and being implemented via land bank proposal.*
- Provide early notice and offer of foreclosure-prevention counseling to all homeowners. *Cuyahoga County Status: Implemented via 211 system.*
- Find ways to fund foreclosure-prevention assistance programs. *Cuyahoga County Status: Implemented via DTAC, County General Funds, Community Development Block Grant funds, TANF funds and private funds.*
- Improve the foreclosure-redemption process to reduce costs and allow for quicker sales or refinancing. *Cuyahoga County Status: Implemented via efficiency improvements.*
- Support prosecution of fraudulent and illegal lending practices. *Cuyahoga County Status: Implemented via Prosecutor's creation of predatory lending/mortgage fraud unit and creation of multi-jurisdictional taskforce.*
- Clarify and create transparency in land records. *Cuyahoga County Status: Implementation in progress, but not as rapid as hoped.*

Preventing Abandonment

The County has mounted a coordinated and far-reaching foreclosure prevention effort that seeks to preempt property abandonment by assisting homeowners to avoid foreclosure in the first place. The “Don’t Borrow Trouble” portion of this effort is based in large part on the program initiated in Hennepin County Minnesota, which has been widely-acknowledged to be a “best practice” approach.

The County’s efforts to establish, coordinate, and fund the “211” effort that directs persons threatened with foreclosure to a group of counseling agencies also qualifies, in theory, as a “best practice,” particularly when compared to foreclosure prevention efforts that do not utilize face-to-face counseling sessions, but instead rely on calls to an out-of-state counseling service. The one significant concern with this counseling effort, however, is the variation in quality and quantity of counseling services provided by different agencies. This concern is discussed in greater depth in the portion of this Report dealing with the County’s foreclosure prevention efforts.

More recently, the County has offered direct financial assistance to help qualified homeowners avoid foreclosure by allowing them to cure existing mortgage delinquencies. While such assistance to homeowners who can be “saved” from foreclosure is obviously a “best practice” in theory, in practice, the limited funding available raises two questions: First, have these interventions actually avoided foreclosure or merely postponed it? Second, would these funds have had a greater preventive effect if used to enhance counseling or for some other purpose rather than payments to homeowners?

While the County’s overall effort in foreclosure prevention is laudable, there are specific “best practices” that the County should consider. For example, while the County foreclosure prevention website does provide text in both English and Spanish, it should consider providing “automatic” translations of web page content into numerous other languages using Google Translate⁸ or some other service provider, following the model of Washtenaw County, Michigan.

Gaining Control Fostering the Reuse of Abandoned/Vacant Properties

While the majority of “tools” that address the issue of gaining control and fostering the reuse of abandoned/vacant properties are in the hands of municipalities, not the County, the County has taken steps to use those tools it does have available. A recent article in Land Lines, published by the Lincoln Land Institute,⁹ listed those tools as:

- tighten code enforcement practices;
- strengthen nuisance abatement laws;
- pass a receivership law or encourage CDCs and municipalities to use existing receivership powers;
- *reform tax foreclosure laws;*
- *use land banks or similar acquisition vehicles;* or
- exercise eminent domain powers.

The “tools” in italics are those within the authority of the County and the County has obviously made significant efforts to address both. The County took the lead role in the legislative advocacy at the statehouse to address the issue of tax foreclosed properties through the enactment of HB 294, which has dramatically sped-up the return of

⁸ <http://www.google.com/intl/en/help/faq_translation.html>

⁹ Lavea Brachman, “Remedies for Acquisition and Redevelopment of Vacant and Abandoned Property,” Land Lines, Volume 17, No. 4 (October 2005).

properties in tax foreclosure to productive use. Another, even more important, legislative advocacy effort is now underway, with the County seeking authority from the legislature to create a county-wide land bank modeled on the very successful program operated by Genesee County (Flint) Michigan. Both the HB 294 legislation and the proposed land bank authorization legislation represent the best practices that can be found nationally for dealing with properties in the process of foreclosure for unpaid taxes.

The County Foreclosure Initiative Goal 2:
Create an Early Intervention program to help residents prevent foreclosure

County Actors: Cuyahoga County Commissioners and Department of Development, Cuyahoga County Treasurer

Community Partners: Banks, 211 First Call for Help, Cleveland Housing Network, Community Housing Solutions, East Side Organizing Project, Neighborhood Housing Services, Legal Aid Society of Greater Cleveland.

Background

In 2005 County officials recognized that a comprehensive approach to dealing with the high number of foreclosures had to include a front-end solution to help residents avoid foreclosure in the first place, to assist them in staying in their homes, and to minimize the disastrous impact that the growing inventory of vacant and abandoned housing was having on individual homeowners, neighborhoods and cities throughout Cuyahoga County. The “Committee to Design an Early Intervention Program” was formed in May 2005 and members met regularly over the summer to design this component of the initiative. On August 1, 2005 the Committee submitted its recommendations to Paul Oyaski, Cuyahoga County Director of Development. The stated goal of the program is to “ensure that the County’s residents are able to remain in their homes until they are ready to leave, rather than when the lender is ready to foreclose.”¹⁰ The Committee’s recommendations led to the creation of the Foreclosure Prevention Program in the Office of County Treasurer, Jim Rokakis in September 2005.

In March of 2006, the County contracted with counseling agencies in the community to provide early intervention services to residents to assist in thwarting foreclosures. This second prong of the larger pilot County Foreclosure Initiative which focuses on Foreclosure Prevention completed its second full year of funding and operation in February 2008. The County anticipates a third round of funding beginning in June/July 2008.

Cleveland and Cuyahoga County were hit early and hard by the foreclosure crisis, making this area what some people have called the ‘foreclosure epicenter’. From March 2006 through February 2007 (Year 1 of Foreclosure Prevention) 13, 865 people were in some stage of foreclosure in Cuyahoga County. That number increased to 14,013 during the second year (March 2007 through February 2008). This represents a 1% increase over the first program year.

¹⁰ Memorandum to Paul Oyaski, Director of Development, from Committee to Design an Early Intervention Program to attack the root causes of the foreclosure epidemic in Cuyahoga County, August 1, 2005.

The agencies involved in Foreclosure Prevention saw a total of 1,058 clients in Year 1, or approximately 8% of those in the County who were in foreclosure. The number of total clients seen by the agencies increased to 2,720 during Year 2. This represents about 19% of those in foreclosure in the County and an increase of 157% in the total number of clients seen over Year 1. So while the number of foreclosure filings remained relatively constant, the number of clients increased significantly, indicating that people became more aware of program.

Other efforts to address foreclosure outside of the scope of the authority of the County have taken place since the program was initiated. States across the country as well as federal officials have scrambled in the last year to respond to the rise in foreclosures.

As noted above, Ohio enacted HB 294, dealing with properties in the process of foreclosure for unpaid taxes.

Ohio is currently considering legislation, HB 545, to regulate pay-day lending practices in the state as one way to build in consumer protections into the lending.

Further efforts have been made at the national level to provide mortgage refinancing assistance to allow families to stay in their homes.

Earlier in the year the Economic Stimulus Act of 2008 temporarily increased the loan limit for FHA through the end of the year. In May of 2008, H.R. 3221, the Foreclosure Prevention Act of 2008 passed the U.S. House of Representatives. H.R. 3221 seeks to permanently increase the loan limits for Fannie Mae, Freddie Mac, and the Federal Housing Administration.

Administration

The Foreclosure Prevention Program continues to be administered through a dual administrative structure involving the Commissioners (the County Department of Development) and the County Treasurer. The program staff is housed in the office of Cuyahoga County Treasurer, Jim Rokakis. The Program Director, Mark Wiseman was hired in October 2005. The program has three full-time staff members, directed by Mark Wiseman. Program staff work closely with the Commissioners' Department of Development, the County Administrator's office as well as coordinate with all of the County agencies involved in the foreclosure efficiency effort. The Department of Development provides, in-kind, one FTE to administer its agency funding and process rescue loans.

Services are delivered in partnership with 211 First Call for Help and area non-profits. Together, they work with the County to:

1. Educate homeowners before they enter into inappropriate refinancing loans
2. Engage delinquent mortgage borrowers early so that they never reach foreclosure
3. Counsel homebuyers before and after their purchase to avoid predatory loans

4. Negotiate workout agreements on behalf of delinquent borrowers to save homes
5. Intervene with civic and criminal legal action against predatory lenders
6. Advocate for legislative reform to discourage inappropriate home lending
7. Administer rescue loans to provide one-time assistance to homeowners who have difficulty paying their mortgages
8. Provide financial literacy education through the newly created Northeast Ohio Coalition for Financial Success

Funding Sources

The Foreclosure Prevention Program has three sources of funding: County General Funds, Community Development Block Grant Funds and grants from banks and foundations. The Foreclosure Prevention Program has also been able to take advantage of two one-time-only temporary funding sources (TANF and DTAC) during the course of the program. It is important to note that the funds raised by the increased filing fee on foreclosures (“special projects” fund, described above) are not used for the Foreclosure Prevention Program. It became necessary to seek outside funding and a number of banks and foundations made financial commitments to the program in response to requests from the Board of County Commissioners and County Treasurer. These funds supported Foreclosure Prevention program staff and operations in the Treasurer’s Office in Year 1.

In June 2006, the County designated \$400,000 in Temporary Assistance to Needy Families (TANF) for use in Foreclosure Prevention with \$325,000 allocated to agencies and \$75,000 allocated as rescue funds on a pilot basis. Homeowners facing foreclosure who also met TANF eligibility requirements could qualify for a one-time payment of up to \$3,000 per household. 38 families received these rescue funds. The average amount was \$2,500 with over half of the awards for \$3,000. These funds were used by June 2007.

On August 17, 2007 the County announced that an additional \$3 million would be available from a one-time special use of part of the surplus in Cuyahoga County’s Delinquent Tax Administration and Collection (DTAC) funds. County Treasurer Jim Rokakis laid the groundwork for this with a request to the state legislature to authorize the use of this money for Foreclosure Prevention. The legislation provided that up to \$3 million from any surplus in a county's delinquent tax and assessment collection fund may be used for foreclosure prevention and for abating nuisances in the form of deteriorated residential building in foreclosure, if the county's population exceeds 1.2 million and the board of county commissioners adopts a resolution authorizing such use. This effectively limited the program to Cuyahoga County. The state legislation also said that the moneys had to be expended before July 1, 2008 (an extension has been requested).

The County Prosecutor agreed to this special use of DTAC funds from the Prosecutor’s office DTAC account and the Cuyahoga County Commissioners appropriated the full \$3 million with \$1.5 million to be used to make rescue loans and foreclosure prevention and the remainder going to the cities in the county for nuisance abatement, including a much-needed \$1 million allocation to the City of Cleveland for demolition.

As Table 1 indicates, a total of \$3 million, from various sources, is available for all of the County's Foreclosure Prevention activities. As Table 2 indicates, \$2.22 million has been allocated, to date.

Table 1. Sources and Commitments of Funds

Sources and Commitments of Funds for Foreclosure Prevention Program (Feb 2006-Mar 2008)			
Funds Source	Year 1 Commitments	Year 2 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	\$100,000
Freddie Mac	\$50,000	\$50,000	\$100,000
Miller Foundation	\$50,000	\$50,000	\$100,000
Chase	\$25,000	\$0	\$25,000
Ohio Savings/AmTrust	\$25,000	\$25,000	\$50,000
US Bank	\$10,000	\$0	\$10,000
Subtotal	\$297,500	\$230,000	\$527,500
County			
General Fund	\$172,500	\$200,000	\$372,500
CDBG	\$100,000	\$100,000	\$200,000
TANF	\$400,000	\$0	\$400,000
DTAC	\$0	\$1,500,000	\$1,500,000
Subtotal	\$672,500	\$1,800,000	\$2,472,500
Total	\$970,000	\$2,030,000	\$3,000,000

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

The County's general funds, Block Grant funds and the one-time TANF award and DTAC funds are used for the counseling, legal service and operating costs of the program and are allocated as follows:

Table 2. Allocation of Funds

Allocation of Funds, Foreclosure Prevention Program (Mar 2006-Feb 2008)						
	First Contract - Year 1	Supplemental TANF Awards	Second Contract - Year 2	Supplemental DTAC Funds	Total	Pct of Total
Counseling and Legal Service Agencies						
CHS	\$50,000	\$75,000	\$30,000	\$12,500	\$167,500	7.5%
SPANAM	\$20,000	\$50,000	\$0	\$0	\$70,000	3.1%
ESOP	\$50,000	\$75,000	\$100,000	\$12,500	\$237,500	10.7%
HAI	\$20,000	\$0	\$0	\$0	\$20,000	0.9%
CCCS	\$12,500	\$0	\$0	\$0	\$12,500	0.6%
CLAS	\$75,000	\$0	\$10,000	\$0	\$85,000	3.8%
CHN	\$12,500	\$50,000	\$60,000	\$12,500	\$135,000	6.1%
NHS	\$12,500	\$75,000	\$100,000	\$12,500	\$200,000	9.0%
CPA	\$20,000	\$0	\$0	\$0	\$20,000	0.9%
Subtotal	\$272,500	\$325,000	\$300,000	\$50,000	\$947,500	42.5%
Operating and Program Expenses						
Graphics for "Don't Borrow Trouble"	\$12,000		\$14,900		\$26,900	1.2%
Outreach	\$5,000		\$0		\$5,000	0.2%
Financial Literacy Activities	\$0		\$27,500		\$27,500	1.2%
Foreclosure Prevention Program Operations (Jan-Dec)	\$250,000		\$250,000		\$500,000	22.4%
Rescue Funds (as of April 30, 2008)		\$75,000		\$635,486	\$710,486	31.9%
Other Expenses	\$9,606		\$600		\$10,206	0.5%
Subtotal	\$276,606	\$75,000	\$293,000	\$635,486	\$1,280,092	57.5%
TOTAL	\$549,106	\$400,000	\$593,000	\$685,486	\$2,227,592	100.0%

In addition, from the County general funds, the Department of Development allocated \$30,000 in Year 1 and \$42,000 in Year 2 to the Prosecutor's office for an investigator as well as \$20,000 in Year 1 and \$50,000 in Year 2 for the evaluation. The DTAC funds are administered by the Department of Development. Of the \$1.5 million portion of the DTAC funds for Foreclosure Prevention and rescue, \$250,000 was allocated for Year 3 operations and program expenses in the Treasurer's office. The remaining \$1.5 million was allocated to the Prosecutor's office for addressing the problems caused by vacant and abandoned properties.

As Table 2 illustrates, the direct costs of the Foreclosure Prevention program totaled \$2.2 million over the two-year period, or roughly \$1.1 million per year. The components of the program are described in more detail below.

Foreclosure Prevention Program Components

In the second round of funding for the pilot program, the County Foreclosure Prevention program had the following components:

- Operating support to United Way Services First Call for Help "211"
- Operating support to nonprofit counseling and legal service agencies
- Rescue Funds (TANF and DTAC)
- Don't Borrow Trouble Video
- Financial Literacy

These are described in detail below.

In addition, the County continued its strong advocacy role. County Treasurer Jim Rokakis continued his role as advocate at the state and federal level for programs to address the foreclosure crisis, testified before Congressional committees and worked to find additional sources of funding and new program initiatives to address the County's crisis. He and his staff assisted other counties seeking information about how to set up their own foreclosure programs and played a key role along with the Director of Development, Foreclosure Prevention Program and Development staff in working with state officials on the Governor's Task Force on Foreclosures and on developing efforts to combat predatory lending.

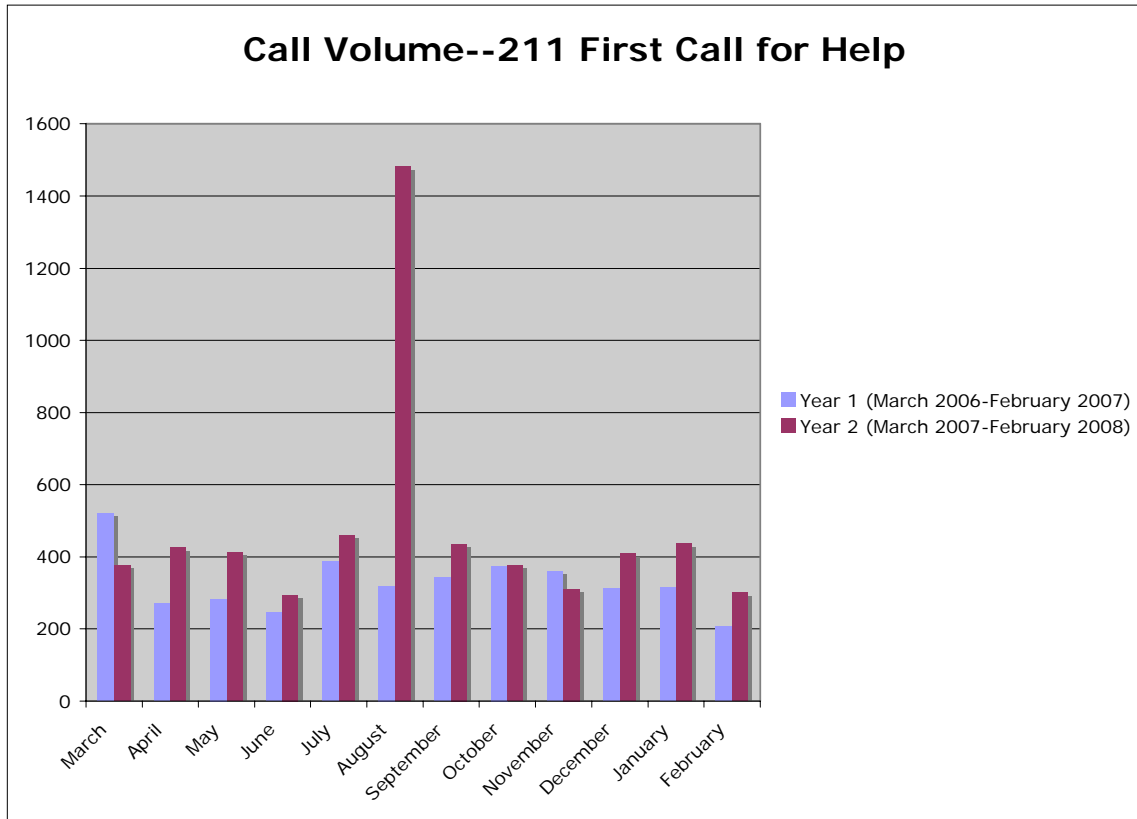
United Way Services First Call for Help "211"

In the first full year of the program (March 2006-February 2007), 211 First Call for Help received 3,937 calls for foreclosure prevention, resulting in 8,424 referrals, for an average of 2.13 referrals per call. In the second year of the program the number of calls increased by 45% to 5,718 resulting in 15,007 referrals or 2.6 referrals per call. As Chart 1 illustrates, a portion of this increase, can be traced to a spike of 1,481 calls in August

2007. This spike in the number of calls corresponds to the announcement on August 17 of the availability of rescue fund dollars, which received a great deal of media attention. It is a reflection of the pent up demand for financial assistance.

The sense from agencies is that the problems with 211 experienced in Year 1 have been worked out and that, for the most part, the referral system is working smoothly.

Chart 1. Call Volume, 211 First Call for Help



Callers to 211 receive referrals to agencies based on the nature of their problem. As shown in Table 3, the majority of referrals were made for mortgage foreclosure assistance (74 % in 2006; 56% in 2007¹¹) followed by mortgage payment assistance (2% in 2006; 24% in 2007). It is important to note the significant increase in referrals for mortgage payment assistance from 150 in 2006 to 3,658 in 2007. This is very likely a result of the increased media attention devoted to rescue fund dollars in 2007.

¹¹ 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 3. Number of Referrals by Top 5 Referral Types

Number of Referrals by Top 5 Referral Types				
Type of Referrals	2006		2007	
	Number	Percent	Number	Percent
Mortgage Foreclosure Assistance	6,226	74%	8,393	56%
Predatory Lending Assistance	614	7%	934	6%
Mortgage Payment Assistance	150	2%	3,658	24%
Utility Bill Payment Assistance	132	2%	212	1%
Loan Counseling	167	2%	135	1%
Other	1,135	13%	1,675	11%
Total Referrals	8,424	100%	15,007	100%

The 211 report includes data on the top five zip codes of callers seeking foreclosure prevention assistance. As Table 5 shows, most callers live in the City of Cleveland. This is true for both years, with the exception in 2006 of zip code 44128 which includes parts of Bedford, Garfield Hts., Highland Hills, Warrensville and N. Randall and, in 2007, zip code 44137 which includes Maple Hts. As a basis for comparison, it is possible to look at the zip code distribution of all foreclosures in Cuyahoga County. Comparing caller data with actual foreclosure data indicates that the distribution of the percentage of callers corresponds with the distribution of the percentage of foreclosures.

Table 4. Top 5 Zip Codes of Callers to 211

	Top 5 Zip Codes of Callers to 211 First Call for Help						Total Foreclosures in Cuyahoga County			
	Callers 2006		Callers 2007		Total Callers 2006/2007		Total Foreclosures Mar 2006 -Feb 2007		Total Foreclosures Mar 2007 -Feb 2008	
	Callers	Percent of Total	Callers	Percent of Total	Callers	Percent of Total	Number	Percent of Total	Number	Percent of Total
44105	308	9%	495	9%	804	9%	1334	10%	1289	9%
44108			440	8%	440	5%	844	6%	761	5%
44120	240	7%	385	7%	625	7%	701	5%	679	5%
44104			330	6%	330	4%	590	4%	494	4%
44128	206	6%	275	5%	481	5%	641	5%	632	5%
44112*	171	5%	275	5%	446	5%	823	6%	682	5%
44102*			275	5%	275	3%	683	5%	643	5%
44137**	171	5%			171	2%	539	4%	567	4%
Sub-total	1096	32%	2476	45%	3573	40%		29%		37%
Other	2330	68%	3027	55%	5356	60%				
Total Callers	3426	100%	5503	100%	8929	100%				

* tied for fifth place in 2007

Table 5. Top 5 Cities of Callers to 211

Top 5 Cities of Callers, 2006 and 2007						
	Callers 2006		Callers 2007		Total Callers	
	Number	Percent	Number	Percent	Number	Percent
Cleveland	1884	55%	2917	53%	4801	54%
Euclid	171	5%	330	6%	501	6%
Maple Hts.	171	5%	275	5%	446	5%
Cleveland Hts.	137	4%	220	4%	357	4%
East Cleveland	137	4%			137	2%
Garfield Hts.			220	4%	220	2%
Sub-total	2501	73%	3962	72%	6463	72%
Other	925	27%	1541	28%	2466	28%
Total Callers	3426	100%	5503	100%	8929	100%

Calls directly to the County

Since the start of the program, the County’s Foreclosure Prevention Office received 907 calls directly (not through 211). About half of these calls were referred to agencies for assistance. The other half were assisted directly by the office or were referred to other appropriate County agencies. In addition, 66,223 unique visitors have gone to the County’s website www.dontborrowtroublecc.org.

Operating support to nonprofit counseling and legal service agencies

Eligibility. Clients are eligible to receive counseling and legal services if they are a County resident, the property in question is the principal residence, the resident has the means to meet monthly obligations, and the resident wants to stay in the home. Clients who do not meet the eligibility requirements can be referred to other assistance programs.

Agencies. In the first year of the pilot, the County funded nine nonprofit counseling and legal service agencies: Community Housing Services (CHS), Spanish American Committee, ESOP, The Legal Aid Society of Cleveland (Legal Aid), Housing Advocates, Inc. (HAI), Consumer Credit Counseling Services (CCCS), Cleveland Housing Network (CHN), Neighborhood Housing Services (NHS), and Consumer Protection Association. In the second round, the County funded six agencies: CHS, Legal Aid, ESOP, CHN, NHS and United Way Services First Call for Help “211” through this program. (Note: Other agencies may have received funds through other programs for housing counseling. A good example is Spanish American Committee.)

Foreclosure Prevention Counseling. The hallmark of the County’s Foreclosure Prevention program is face to face counseling. Callers to 211 are routinely 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, and a small number of clients will attend intake sessions at more than one agency, especially those clients seeking financial assistance. Generally, though, clients attend an intake session at only one agency. All of the agencies 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. These have made the intake process more efficient and most agencies are now able to schedule clients for these initial sessions within the County's two-week requirement. It has also made the counseling process more efficient. For example, CHN reports that once all the paperwork is in, they are able to set up the first counseling session with a client in 5-7 business days.

Agencies are also becoming more familiar with one another's strengths and capabilities and are referring clients accordingly. For example, CHN administers a small amount of Ohio Housing Trust Fund monies to use as rescue grants for households earning less than 50% of AMI. NHS also administers two additional sources of rescue fund loans; the Ohio Home Rescue Fund which is part of the Ohio NeighborWorks® Foreclosure Prevention Initiative, 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 AMI. The other agencies know that in addition to the County rescue funds (described below), they can refer clients to NHS, if necessary. Both the CHN and NHS rescue funds have more restrictive income guidelines than the County rescue funds but for those clients who qualify, they can receive funds from more than one source if needed to prevent foreclosure. For example, CHN has the application forms for the NHS program, and CHN counselors can gather all the needed information and send the application with the client directly to NHS, thus saving the client from having to go through two intake sessions. This practice of referring clients to the agency that can best serve the client's needs is a positive change. It results in more efficient and effective service delivery. The one drawback is that it may result in some double counting of clients.

ESOP is the only one of the agencies that has negotiated a set of partnership agreements and relationships with more than 30 lenders and loan servicers that have agreed to effectively halt foreclosure proceedings upon receipt of a "Hot Spot Card," a specially designed intake form that includes all of the information needed by the partner lenders and servicers and facilitates workout agreements. The other agencies and 211 have the list of these lenders and services and know that they can refer any clients with loans from these ESOP partners directly to ESOP. At the same time, ESOP knows that agencies like CHN, CHS and NHS can provide in-depth counseling and so will refer clients who may have received a "workout" through ESOP but need additional counseling to one of the other agencies.

In the September 2007 interviews, all the agencies reported that they were at or over capacity in terms of the number of clients that could be seen. The County responded with supplemental funding from the DTAC funds in the amount of \$12,500 to each of the four counseling agencies to hire a part-time administrator to assist with paperwork and intake.

At the end of 2007, all of the participating counseling agencies received additional allocations of state and/or federal funds for counseling. There were two sources of these funds: the State Foreclosure Prevention Housing Counseling Program and the Federal National Foreclosure Mitigation Counseling Program. The funds were administered through Ohio Housing Finance Agency and through national intermediaries (Housing Partnership Network and Neighborworks).

<u>Agency</u>	<u>State Funds</u>	<u>Federal Funds</u>
CHN	\$145,500	\$168,000 (Housing Partnership Network)
CHS	\$125,000	
NHS	\$150,000	\$595,626 (NeighborWorks)
ESOP	\$175,000*	

*Cuyahoga County portion

(sources: FY 2007 Foreclosure Prevention Housing Counseling Program Recommended Award Recipients, OHFA and National Foreclosure Mitigation Counseling Program Awardees by State)

In addition, NHS received \$4.6 million for a statewide program of rescue loans.

Also at the end of 2007, ESOP also received Ohio Housing Finance Agency funds to expand its services statewide. There had been some discussions with ESOP regarding whether it might be possible to conduct a “Hot Spot Card” training for all the agencies involved in the Cuyahoga County program so that the agencies could better serve their clients needing the types of workouts that ESOP offers. We recommend that this happen as soon as possible and that the County recognize the diverse strengths of the agencies in its next round of funding. For example, the County could fund ESOP to work on putting in place additional partnership agreements with more lenders.

All of the agencies are on track to expend their County allocations for counseling by the end of June 2008.

Demographic Profile of Agency Clients. The four counseling agencies (ESOP, CHN, CHS, and NHS) saw 3,778 clients from March 2006 through February 2008. A demographic profile of the 3,778 clients follows in Table 6. This information is drawn from the monthly reimbursement reports submitted by the agencies to the County Department of Development. It is important to note that all demographic information was not reported on all clients and that agencies may be seeing other clients for foreclosure prevention counseling through their other programs (not 211 referrals) and that these clients would not be reflected in this data.

Table 6. Demographics of Clients Served

Demographics	Year 1 (Mar 06-Feb07)		Year 2 (Mar 07-Feb 08)		Program Total	
	Total	Percent	Number	Percent	Number	Percent
Ethnicity of Clients						
Hispanic	45	4.5%	74	3.0%	119	3.4%
Not Hispanic	945	95.5%	2399	97.0%	3344	96.6%
Race of Clients						
Single Race						
American Indian/Alaskan Native	2	0.2%	6	0.2%	8	0.2%
Asian	2	0.2%	3	0.1%	5	0.1%
Black or African American	835	81.4%	2079	81.5%	2914	81.4%
Native Hawaiian or other Pacific Islander	0	0.0%	0	0.0%	0	0.0%
White	187	18.9%	464	18.2%	651	18.2%
Multi Race						
American Indian or Alaska Native and White	0	0.0%	29	20.4%	29	19.6%
Asian and White	0	0.0%	45	31.7%	45	30.4%
Black or African American and White	2	33.3%	38	26.8%	40	27.0%
American Indian or Alaska native and Black or African American	0	0.0%	0	0.0%	0	0.0%
Other Multiple Races	4	66.6%	30	21.1%	34	23.0%
Demographics						
Male	330	32.3%	880	33.8%	1210	33.4%
Female	693	67.7%	1723	66.2%	2416	66.6%
Female Head of Household	457	43.2%	1127	41.4%	1584	41.9%
Number of clients 62 years or older	76	7.2%	256	9.4%	332	8.8%
Income Codes						
<30% of Area Median Income (AMI) - Code 1	338	31.9%	1116	41.0%	1454	38.5%
50-80% of AMI - Code 2	444	42.0%	852	31.3%	1296	34.3%
>80% of AMI - Code 3	155	14.7%	536	19.7%	691	18.3%
Total Clients Seen	1058	100.0%	2720	100.0%	3778	100.0%

Highlights of Demographic Profile:

- The majority of clients (67%) seen by the counseling agencies continue to be female, and about 42% are female heads of household.
- Clients are 81% African American, 4% Hispanic and about 18% white. This proportion has remained consistent over the two years.
- The percentage of clients age 62 or older increased by 2% from Year 1 to Year 2.
- There was an increase in the percentage of clients at both the low end and the high end of the income scale. The proportion of clients with extremely low incomes (at or below 30% of Area Median Income) increased by 10% from 32% in Year 1

to 41% in Year 2; the percentage with incomes greater than 80% of AMI increased from 14% to 20%.

- ESOP and CHS serve the highest proportions of higher income clients, consistent with their proportionately higher suburban clientele. NHS and CHN serve a proportionally lower income clientele.

Table 7. Geographic Distribution of Clients

Geographic Distribution of Clients						
	Year 1 (Mar 06-Feb 07)		Year 2 (Mar 07-Feb 08)		Program Total	
	Number	Percent	Number	Percent	Number	Percent
Cleveland	639	63.5%	1457	53.9%	2096	56.5%
First Suburbs Total	331	32.9%	1051	38.9%	1382	37.3%
Rest of Cuyahoga County	36	3.6%	193	7.1%	229	6.2%
Total	1006	100.00%	2701	100.00%	3707	100.00%

- Looking across all agencies, Table 7 shows that the majority of clients continue to be from Cleveland, however, the percentage of Cleveland clients declined 10% from 64% in Year 1 to 54% in year two. The proportion of clients that live in one of the 16 communities that comprise the First Suburbs¹² increased by 6% from 33% in Year 1 to 39% in Year 2. Clients from the remaining suburbs of Cuyahoga County increased from 4% to 7% over the same period.
- There are some variations looking across the four agencies. For example, CHS and ESOP serve a slightly more suburban clientele. The only agency to see more suburban than Cleveland residents in Year 2 was CHS. Of the 361 clients seen, 44% were from Cleveland and 55% were from the suburbs. CHN consistently sees the highest percentage of Cleveland residents at 59%, although the percentage declined from Year 1 to Year 2.
- While the majority of clients came from Cleveland and the First Suburbs, foreclosures are not limited to those cities. Counseling agencies saw clients from 38 of the 59 communities in Cuyahoga County in Year 1 and 49 of these communities in Year 2, including Solon and North Royalton, reflecting the geographic spread of the foreclosure problem.
- Although agencies do not report the distribution of their Cleveland clients by neighborhood, an examination of the distribution of total foreclosures filed in Cuyahoga County between November 1, 2005 and August 28, 2006 by neighborhood indicates that they are heavily concentrated in low-income neighborhoods on Cleveland’s east side.

Trends. Face to face interviews were conducted with staff of each of the four counseling agencies as well as with Spanish American Committee, HUD and Legal Aid in the fall of 2007. (see attached list of interviews). We also conducted follow-up

¹² First suburbs include: Bedford, Bedford Hts., Brookpark, Cleveland Hts., Cuyahoga Hts., East Cleveland, Euclid, Fairview park, Garfield Hts., Lakewood, Parma, Maple Hts., Parma, Shaker Hts., University Hts., Warrensville Hts.

telephone interviews in March 2008 to update this information, because the foreclosure landscape had changed very quickly as the state and federal governments scrambled to address the foreclosure crisis.

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

- The volume of calls to 211 has increased and the number of calls to all the agencies more than doubled from the first year of the program and has remained steady at that higher rate. All have switched to group intake workshops to accommodate the increased demand and have added workshops.
- The prevention message may be sinking in. People are seeking help earlier in the foreclosure process, with fewer facing Sheriff sales. However, Spanish American Committee reports that their clients are still waiting until the last minute to call.
- Clients are more suburban with NHS, CHS and ESOP estimating that half of their clients now come from the suburbs.
- Clients are increasingly relatively new homeowners (within the past three to five years).
- The type of mortgage is changing. There are more Adjustable Rate Mortgages (ARMs) although some agencies are seeing more of these than others. (An estimated 30% are experiencing ARM resets, based on the rescue fund data below.) The ARM adjustments are bringing in a whole new type of homeowner-- higher income, suburban.
- Clients continue to face job loss, divorce, medical issues, but these financial setbacks are compounded by ARM resets, predatory refinancing schemes and other “bad loans”. For example, NHS reported that up to three-quarters of the people they see are the result of refinance loans. ESOP reports that 95% of its clients are ARMs or refinancing loans. And a higher percentage of clients are “bad loans” with excessive interest rates and fees, no documentation, over-appraisals, etc.
- Homeowners seeking help are more elderly than in the past and more “newly poor.”
- The number of referrals to Legal Aid for legal assistance is increasing.
- Other counties are seeking information to replicate the program or make funds available so that the agencies can provide services in their counties. (Note: ESOP expanded statewide during Year 2.)
- Lenders have become more willing to do “workouts” and to work with agencies, they want to keep people in their homes. Communication with troubled homeowners is improving.
- 211 is reporting an increase in calls for renters who have been displaced as a result of their landlord undergoing foreclosure. These calls are referred to HousingCleveland.org (Note: In the coming year, the County will develop a way to serve renters.)
- 211 is reporting an increase in calls from Hispanics seeking foreclosure prevention assistance.

Legal Aid also reported on a number of trends:

- Legal Aid has taken 30 cases as of January 1, 2007, 18 are currently active, they have saved 6 houses. As of the November 2006 report, they had seen 11 clients and had 7 active cases.
- More than 50% of clients are seniors who have been in their homes approximately 20-30 years (refinances for home repair, over-appraisal of houses, refinanced into high interest loans.)
- All agencies are being asked to send cases to Legal Aid

There are several factors that can explain the trends. The number of foreclosure filings between the March 2006-February 2007 program year and March 2007-February 2008 program year increased by 1% throughout the County, while the volume of calls to 211 and the numbers of clients seen by the agencies more than doubled from Year 1 to Year 2. The increase in the number of foreclosure is not sufficient to explain the increased demand on the program. Other factors include the increasing numbers of Adjustable Rate Mortgages that were made 3-4 years ago at low “teaser rates” whose interest rates began to reset to much higher rates in 2007-2008.

Most importantly, by the second year of the pilot, there was a much greater awareness among the general public of the foreclosure problem. This was due in part to the County’s marketing efforts (the Don’t Borrow Trouble campaign, foreclosure prevention workshops in Cleveland and the suburbs, the availability of rescue funds). But at the same time, the foreclosure crisis went national and suburban as the excesses of the financial markets became apparent, the home mortgage industry began to implode, and the housing bubble (which largely bypassed Cuyahoga County in any case) burst. Wall Street investment firms and banks were going under and there was a national and international media blitz about the foreclosure crisis, much of it centered on Cuyahoga County.

The availability of rescue funds is certainly one factor in the increased demand for counseling services as homeowners seek financial assistance. Calls to 211 spiked in August 2007 when the availability of the rescue funds was announced and received widespread media attention. Steve Wertheim, Executive Director of United Way First Call for Help (UWFCFH, 211), reported that the rescue funds and foreclosure prevention were mentioned at least 15 times on television channels during the week of August 21st. In the view of one housing counselor interviewed, the rescue funds give homeowners hope that there is meaningful help available and so they are more willing to come in early when they think they may be facing a foreclosure down the road. This may be one factor explaining why a higher percentage of callers to agencies kept appointments in Year 2. (See Table 9)

Outcomes. Agencies assist clients in a number of ways. However, this assistance may not always result in saving the client’s home. For those clients who cannot save their homes, some of the agencies help them relocate. Agencies also advise them of their options which include selling their home through a short sale, “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, or other options. More information is needed about what happens to these clients and should be collected in Year 3 of the evaluation.

All of the agencies moved to group intake sessions in the Fall of 2007. After attending the intake session, clients make an appointment for a private, face to face counseling session, once they provide the paperwork needed. At least one of the agencies (CHN) has a policy to follow-up three times a year with every client. In an effort to get data on the services provided and the outcomes of clients, the Foreclosure Prevention Program Office periodically requests data from the agencies. However this data has a number of limitations that were outlined in the November 2006 report and continue to be an issue. Despite attempts to define and clarify the information requested, agencies still interpret the request differently. Most notably, some agencies define clients helped as anyone who comes in for an appointment, with the thought that the client receives, at a minimum, some useful information.

Recognizing the limitations of this data, especially in terms of making any comparisons across agencies (because each agency defines the data points slightly differently), Table 8 shows that according to these reports, the four counseling agencies received calls from 9,459 clients, of whom 4,311, or about 46% made and kept appointments. Agencies were able to assist 52% of the clients who came in for appointments to avert foreclosure through various methods, including loan workouts (35%). Specific agency data is included in Appendix 1.

Table 8. Client Outcomes, All Agencies

Program Totals	Year 1, Mar 2006 - Feb 2007		Year 2, Mar 2007-Feb 2008		Program Total	
	Number	Pct	Number	Pct	Number	Pct
Calls from UWFCFH-211	3341	-	6118	-	9459	-
Appts kept	1230	100.0%	3081	100.0%	4311	100.0%
No. F/C averted	495	40.2%	1756	57.0%	2251	52.2%
- Loan Workouts	203	16.5%	1294	42.0%	1497	34.7%

The definitions follow:

- Calls from United Way First Call for Help: The number of calls agencies received as referrals from 211.
- Appointments Kept: Number of clients who showed up for their first appointments. (to differentiate from those who just call and never get counseling)
- Number of Foreclosures Averted: The number of clients who were able to avoid a foreclosure. This includes, loan workouts/modifications (and other scenarios that have the borrower keeping their home such as reverse mortgage; homeowner coming current on mortgage; forbearance plan, where borrower repays past-due balance over time, but loan terms are not altered; refinance of loan balance with another lender; bankruptcy filings.)

- **Loan Workouts:** Refers to successful resolutions for the client through workouts or modifications on their loans from the lender.

Other data is collected including:

- **Number of Borrowers Helped:** Borrowers who received meaningful assistance (can include someone who has questions about foreclosures, request for budget help, other type of assistance) from counseling agency.
- **Unable to Help:** Refers to the number of clients who were only able to be counseled up to a certain point in the process.
- **Counseling ended for any of several reasons:** Borrower unable to sustain a workout plan, failed modification and forbearance agreement, Borrower has previously filed Bankruptcy, borrower could not refinance, borrower could not afford the property, not enough income, borrower did not bring in requested documents, after numerous requests.

However, there is widespread variation among agencies in the way in which they report this data, and therefore it is not included in this report.

It is also instructive to look at the relationship between appointments kept to the number of referrals made by 211. Table 9 illustrates that of the referrals made by 211 in the two years of the program, about 40% resulted in a call to an agency and about 46% of those resulted in a client seen by the agency. (On average, callers were given referrals to 2.4 agencies.) The percentage of calls resulting from referrals was consistent from Year 1 to Year 2, while the percentage of appointments kept by those who called agencies increased from 37% to 50%. This information can be useful for planning purposes.

Another way to look at the data is to compare the number of callers to agencies who were referred by 211 to the number of calls to 211. In Year 1, this percentage was 85%. In Year 2, the number of calls to agencies was actually higher than the number of calls to 211, suggesting that people are calling more than one agency.

Table 9. Percentage of Clients who Follow-up on Referrals from 211

Program Totals	Year 1, Mar 2006 - Feb 2007		Year 2, Mar 2007-Feb 2008		Program Total	
Agency Information	Number	Percent	Number	Percent	Number	Percent
Calls to UCFCFH-211	3937	NA	5718	NA	9655	NA
Referrals from UWFCFH-21	8424	NA	15,007	NA	23,431	NA
Calls from 211 referrals	3341	40%	6118	41%	9459	40%
Appts kept	1230	37%	3081	50%	4311	46%

Data Collection and Counselor Max. In the second round of agency contracts, the County attempted to consistently collect data on services provided and client outcomes with a request that all of the agencies report intake, service and outcome data using Counselor Max, a data management system for housing counseling agencies, developed

by Freddie Mac. All of the agencies except NHS¹³ agreed to use Counselor Max, in some cases, retraining staff and redoing their other databases to accommodate the County's request. However, data is not being reported on a consistent basis to the County and the County has not made use of its administrative privileges to review and monitor the agency data.

One of the benefits of Counselor Max is that it can be customized to meet the needs of the program. Program staff met with evaluators early in 2007 to discuss the components of a customized data collection system. However, the system has not yet been customized.

This lack of consistent data significantly detracts from the ability to assess the outcomes of the program. Counselor Max could provide data on the nature of the client's problem (an ARM reset, the loss of a job, a medical emergency, credit card debt, an upside down mortgage or other cause) as well as data about how the client was assisted (loan workout, financial literacy counseling, budgeting, or some other assistance). It is possible to collect all of this data using Counselor Max, but there are other data collection systems that could be used as well. Each agency collects this data and has it in its own database and files, but it is not centrally collected and thus could not be analyzed for this report.

Rescue Funds (TANF and DTAC)

As noted above, beginning in June 2006, the County made rescue funds available, first on a pilot basis using \$75,000 in TANF funds and then, in August 2007 the County Prosecutor and Treasurer made available from a special one-time authorization, \$1.5 million in DTAC funds. These funds were available to homeowners in cases where additional money was needed to bring a homeowner current on his or her mortgage payments or otherwise prevent foreclosure. These "rescue funds" give the counseling agencies a much-needed resource to assist their clients in saving their homes.

The rescue loan funds 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 an escrow fund for taxes and insurance must be included. There is no income limit for eligibility. The County requested that agencies provide four follow-up counseling sessions over the course of the year, for which they would be paid \$150 per session. However, no agencies have requested these follow-up payments to date. (See Appendix 2 for "Rules for Cuyahoga County Rescue Loans")

¹³ NHS reported on May 13, 2008 that it will be switching to Counselor Max through its national affiliate, NeighborWorks® in the future.

The five participating counseling agencies (including Spanish American Committee) submit rescue fund applications to the County’s Department of Development. Administrative responsibilities are shared between that department and the Foreclosure Prevention Program office of the County Treasurers office. The turn-around averages about two weeks, but has been longer, which can be an issue, especially when the lender has a deadline or threatens to impose additional fees. The County can also do a quick turn-around in some cases.

Between August 17, 2007 and April 30, 2008 the DTAC rescue funds have helped 239 households avoid foreclosure and make their mortgage payments more affordable. The total amount of rescue fund dollars expended was \$635,486. The average rescue fund payment was \$2,659 per household (see Table 10).

The state authorization of the use of the surplus DTAC funds for rescue expires June 30, 2008. County officials are seeking an extension and a reauthorization for a similar use of future surplus DTAC funds.

Table 10. Rescue Fund Amounts

Funds Received		
Less than \$1000	4	2%
\$1000-1999	31	13%
\$2000-2999	45	19%
\$3,000	159	67%
	239	100%

n=239, the number of clients receiving rescue fund loans

The Foreclosure Prevention Program office analyzed 196 rescue fund loans that were made as of April 7, 2008. Of the 196 households, 137 or 70% used the rescue funds to bring their mortgage payments current, enter into a repayment plan or otherwise stay in their home. The remaining 30%, or 59 households had mortgages that became unaffordable as a result of Adjustable Rate Mortgage resets. These 59 homeowners were able to renegotiate mortgage terms to a lower, fixed interest rate, and/or waive fees. The Foreclosure Prevention Program has calculated that these 59 homeowners saved over \$3.37 million as a result of these lower interest rates, for an average savings of \$57,000 per homeowner over the life of the mortgage.

As the map in Figure 1 illustrates, rescue fund recipients are scattered throughout the County but there is a distinct cluster (about 35 percent) in the zip codes that correspond with southeast Cleveland neighborhoods and the suburbs of Garfield Heights, Warrensville Heights and Maple Heights and Shaker Heights. Detailed information on zip codes of rescue fund recipients is in Table 11.

Table 11. Rescue Fund Recipients by Zip Code

Rescue Fund Recipients by Zip Code		
Zip Code	Recipients	Percentage
44128	17	9%
44125	13	7%
44137	13	7%
44105	11	6%
44111	11	6%
44120	11	6%
44102	9	5%
44108	9	5%
44109	9	5%
44110	8	4%
44146	8	4%
44103	7	4%
44106	7	4%
44122	7	4%
44112	5	3%
44118	5	3%
44121	5	3%
44144	5	3%
44127	4	2%
44132	4	2%
44104	3	2%
44113	3	2%
44117	3	2%
44119	3	2%
44129	3	2%
44135	2	1%
44139	2	1%
44142	2	1%
44143	2	1%
44107	1	1%
44115	1	1%
44116	1	1%
44123	1	1%
44130	1	1%
Total	196	100%

n=196, the number of rescue fund applicants for whom zip code information was available as of April 7, 2008.

Cuyahoga County Rescue Fund Recipients, July 2007 through March 2008

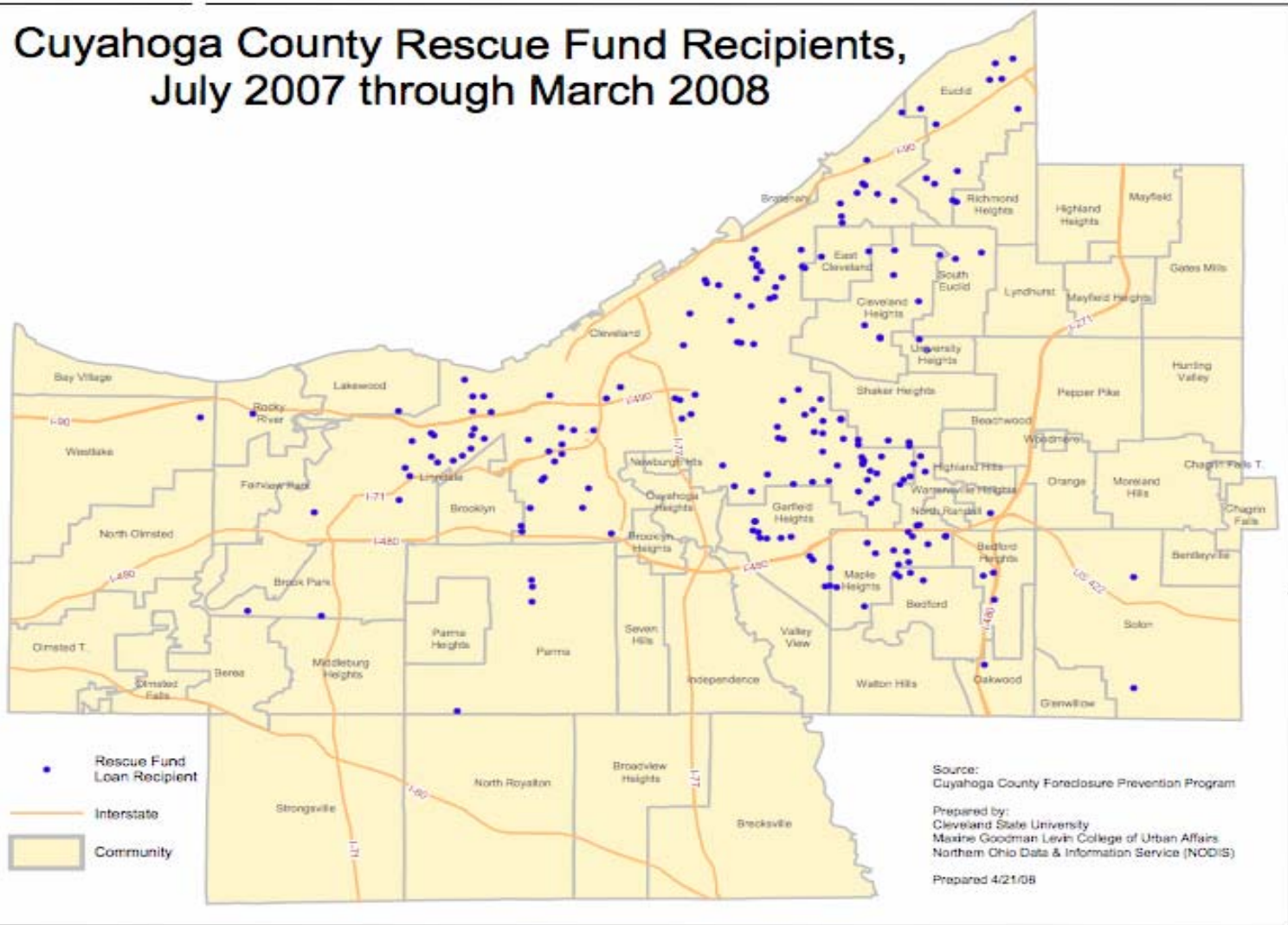


Table 12 shows the breakdown of rescue fund recipients by counseling agency or the number of rescue fund applications submitted to the County on behalf of homeowners they have counseled. NHS submitted the highest percentage (41%), followed by ESOP, CHN, CHS and Spanish American Committee.

Table 12. Rescue Fund Applications by Agency

Rescue Fund Applications by Agency		
Agency	Recipients	Percentage
NHS	99	36%
ESOP	96	35%
CHN	26	9%
CHS	26	9%
Span Am	26	9%
HRRC	2	1%
Total	275	100%

n=275, the number of applications submitted through 4/30/08

Agencies were asked their opinions about the effectiveness of the rescue funds. There is a sense that availability of the funds is prompting more clients to seek assistance earlier in the process, it gives them hope that they can save their home because they see that financial assistance is available. The benefit of this should not be underestimated. The earlier a homeowner contacts a counseling agency, the more likely the agency is to be able to assist the homeowner in keeping his or her home.

There is also a sense that the funds are making the biggest financial difference for those homeowners who are exceptionally far behind on payments. For the majority of homeowners, the availability of rescue funds enables the agencies to negotiate more favorable workouts.

There are also several concerns related to use of the rescue funds. First, it will be important to monitor the workout agreements with an eye toward whether lenders are increasing the amount of money they are requiring, knowing that the rescue money is available. Second, it will be important to make sure that the rescue fund money is supplementing, not substituting for the client's contribution to the workout. And, as raised under Goal 1, given the limited availability of funds, have these interventions actually avoided foreclosure or merely postponed it? Second, would these funds have had a greater preventive effect if used to enhance counseling or for some other purpose rather than payments to homeowners?

In addition, there are some issues with the administration of the rescue funds. The paramount concern voiced by the agencies is that the turn around time is too long. Generally, the turn around time is about two weeks from the time an application is submitted until a check is available, but it can take as long as three weeks. During this time, it is possible that additional fees may accrue or a bank may proceed with foreclosure. However, there were no reports that this has happened. The County has

been working to speed up the process and in some cases, checks have been made available in 1-2 days according to a scan of the data available.

The process is complex, with three County offices/agencies, the counseling agency, the lender/servicer and the homeowner involved. The details are outlined in Appendix 2. Briefly, the counseling agencies counsel the borrower and negotiates the workout with the servicer. The application is completed and the necessary documentation is compiled and sent to the County's Department of Development. They are logged and checked for completeness. County staff approve or deny the loan. County prepares the check to the servicer. The agency then picks up the check from the Department of Development, processes the workout agreement between the borrower and the lender including whatever amount the client is paying to the lender. The final paperwork is then returned to the Department of Development.

Another issue is that even though the County requires that the agencies conduct four follow-up sessions with the recipients to track their progress and provide follow-up counseling if needed, there is reportedly very little follow-up taking place. The rescue funds give the agencies a very useful tool to assist homeowners in keeping their homes. But the County recognized that it would be very important to track these loan recipients to make sure they were keeping up with the required payments as outlined in the workout agreements and that they were not running into other problems. The follow-up sessions are an integral component of the rescue fund program.

Recognizing the importance of these sessions and the fact that it would cost agencies additional money to provide the sessions, the County offered to pay each agency \$150 per follow-up session. However, none of the agencies have requested this money to date, although CHN reported that they are doing phone and in-person follow-up and are asking all foreclosure assistance clients to sign up for Home Smart, their post-purchase program. CHS reported that is just starting to do follow-up calls and in-person sessions and NHS reported that they are contacting people by phone to try to schedule face-to-face appointments. The results for all the agencies are mixed with varying levels of success in reaching clients.

Financial Literacy Efforts: The Northeast Ohio Coalition for Financial Success

The County's Department of Development coordinates the Northeast Ohio Coalition for Financial Success. Formed in late 2007, the coalition started as the Northeast Ohio Learn and Earn Coalition. It is a diverse group of organizations dedicated to increasing, promoting and coordinating financial literacy efforts in Cuyahoga County.

The goal of the Coalition is to develop advocacy for public awareness, education & participation for all persons in Cuyahoga County through the most effective financial literacy tools and coordination of financial education efforts.

Participants in the Coalition include financial institutions, nonprofit organizations, faith-based organizations and government agencies. The Coalition currently consists of an

advisory committee that makes recommendations to the Cuyahoga County Board of County Commissioners through the Cuyahoga County Department of Development which coordinates the activities of the Coalition.

Members of the Coalition currently include:

Ashland University
Better Business Bureau, Inc.
City of Cleveland Department of Consumer Affairs
City of Cleveland Department of Community Development
Cleveland Housing Network
Cleveland Saves
Cleveland State University
Cuyahoga County Prosecutor's Office
East Side Organizing Project
First Suburbs Development Council
Home Repair Resource Center
Key Bank
NAACP
National City Bank
Neighborhood Housing Services of Greater Cleveland
NID-HCA
State of Ohio Treasurer's Office
The Phe'be Foundation
U.S. Department of Housing and Urban Development – Cleveland Field Office
United Way 211/First Call for Help
Weco Fund, Inc.
Cuyahoga County Department of Development
The Federal Reserve Bank of Cleveland serves as Facilitator to the Northeast Ohio Learn and Earn Coalition

In addition to regularly convening the membership to discuss ways to most appropriately approach financial literacy in the area, in 2008 the Coalition began hosting and advertising financial literacy workshops, webinars and classes across Northeast Ohio. It has also created a website <http://www.neocfs.org/>.

Assessment of Progress

- **Collaboration, Communication and Coordination are Key:** In the 2006 report, one of the keys to the success of the program was identified as the high degree of collaboration, communication and coordination among all the County agencies involved in foreclosure. At that time, Sandy Turk, Director, Office of Budget and Management, convened a monthly meeting attended by designated representatives of each of the 11 county agencies involved in some aspect of the foreclosure process. This group focuses on coordinating the internal, operational issues related to foreclosures.

The coordination effort, headed by Sandy Turk, Director, County Office of Budget and Management, remains ongoing, but with multi- agency meetings held far less frequently since the coordination effort has largely been institutionalized. However, it is recommended that this group continue to meet, at least quarterly, and that the meetings be used to track progress, identify issues that would benefit from collaboration and focus on specific issues and topics, as appropriate.

Equally important is the coordination between the County, the service agencies and the 211 program. At the time of the 2006 report, Mark Wiseman, Director, Foreclosure Prevention Program, convened a monthly meeting of the nine participating agencies to identify and resolve issues, refine the understanding of the strengths of the agencies, identify gaps and overlaps and better coordinate service delivery.

Update: In the second full year of operation of the pilot program, these meetings took place much less frequently. All of the agencies found these meetings very useful and requested that the meetings start-up again, as there are many issues that they all face that would benefit from more collaboration and communication. One very specific topic is how the agencies can learn from one another's strengths. A good example is sharing the ESOP "hot spot card" process.

Angel Guzman, Consumer Affairs Director, City of Cleveland chairs a group that holds monthly meetings at NHS that are attended by all the foreclosure counseling agencies funded by the County as well as the County staff. One of the issues this group is addressing is the expansion of counseling services to include rental assistance for homeowners who cannot keep their homes.

- **Adaptability.** In the 2006 report, it was reported that the County worked with the agencies and with 211 First Call for Help to quickly adapt from what all thought would be a program of early intervention and prevention to one of crisis intervention.

Update: The County continues to be flexible and adaptable, responding to agency needs and suggestions. For example, when it became clear that there would be a large increase in calls in August 2007, the County asked the evaluators to contact the agencies and find out what they needed. The evaluators met with each agency and convened a meeting of all the agencies. As a result of these interviews and meetings, agencies identified the need for assistance with paperwork and intake. The County Foreclosure Prevention program was able to make an additional \$12,500 available to each agency to hire a part-time administrative person who could expedite the paperwork and intake process.

- **Leverage:** All of the agencies involved in the County foreclosure prevention program are experienced in housing and/or credit counseling, foreclosure prevention and workouts, and/or legal assistance. In the 2006 Report, it was noted that the \$272,000 that the County had allocated to the seven counseling agencies, was, in

effect, leveraging their expertise, their varied relationships with lenders and national networks, and their access to other sources of funding for mortgage assistance and rescue funds.

Update: To date, the County has allocated \$947,500 to the agencies for the time period of February 2006 through June 2008. This money continues to leverage the expertise and networks of the agencies. Through their national networks, NHS and CHN received additional counseling monies and in the case of NHS, rescue fund dollars. In addition, ESOP, NHS, CHN and CHS have received state and federal counseling funds. \$75,000 in TANF funds and \$635,000 million from the one-time special use of DTAC monies have been used for rescue funds to date.

Between August 17, 2007 and April 30, 2008, the DTAC rescue funds have helped 239 households avoid foreclosure and make their mortgage payments more affordable. The total amount of rescue fund dollars expended was \$635,486. The average rescue fund payment was \$2,659 per household.

An analysis of 59 of these homeowners who were able to renegotiate mortgage terms to a lower, fixed interest rate, and/or waive fees, saved an estimated \$3.37 million as a result of these lower interest rates, for an average savings of \$57,000 per homeowner over the life of the mortgage.

Concerns Identified in 2006 Report and Current Status

Concern: Need added emphasis on early intervention. The County anticipated that 60% of the clients would need education and pre-purchase counseling. Instead, an estimated 90% of the people are in crisis, well into the foreclosure process and in some cases only weeks away from Sheriff's sale.

Many agencies cited the need to reach people earlier in the process so that they can avoid foreclosure. They cited the need for mandatory financial literacy programs in area schools. Now that the counseling component is running relatively smoothly, the County is beginning to ramp up the early intervention education and marketing component using the "Don't Borrow Trouble" campaign. Efforts are underway to target people when they first experience a crisis that could result in financial distress such as the loss of a job, a health care emergency, or other precipitating factors.

Status: By all accounts, the prevention message is beginning to sink in. The County's Department of Development coordinates the Northeast Ohio Coalition for Financial Success. Formed in late 2007, the coalition started as the Northeast Ohio Learn and Earn Coalition. It is a diverse group of organizations dedicated to increasing, promoting and coordinating financial literacy efforts in Cuyahoga County.

The goal of the Coalition is to develop advocacy for public awareness, education & participation for all persons in Cuyahoga County through the most effective financial literacy tools and coordination of financial education efforts.

This, combined with the ongoing media attention to the issue and the availability of rescue funds is resulting in homeowners coming in much earlier in the foreclosure process.

Concern: Public awareness vs. system capacity. One reason the County was hesitant to more broadly advertise with the “Don’t Borrow Trouble” campaign early on in the program was that they did not want to create demand that could not be met by 211 and the agencies. It was suggested in 2006 that this was a prudent approach in the initial months of the program, but as the agencies became better able to provide services, and if more County funds became available, a more widespread public information campaign would be beneficial and better address the early intervention goals of the program.

Status: As agency capacity increased, the County ramped up its outreach and marketing efforts through the “Don’t Borrow Trouble” campaign. This marketing and outreach, along with the media attention to the foreclosure crisis, resulted in an increased demand for services, pushing the capacity of the agencies to the maximum. The County responded by making additional funds available to the counseling agencies. Agencies responded by shifting to group intake sessions and using the County funds to hire additional administrative and counseling staff, and making referrals to partner agencies based on the needs of the client. The overall program is moving closer to functioning as a system, resulting in more efficient and effective service delivery. There is still work that needs to be done in this area, however and that should be a goal of the program for Year 3.

Concern: Funding Level and Agency Capacity. One of the unstated objectives of the program is to develop and strengthen the capacity of the participating housing counseling agencies to better meet the needs of people in foreclosure. In the 2006 report, most of the agencies reported that they have been reluctant to hire additional staff for a number of reasons: no long-term commitment of funds from the County, they were able to handle the increased caseload at that time and they were providing additional training for their staff.

Status: Since that time, the County has more than doubled the funding for agencies and they have hired additional staff and provided all their staff with ongoing training. The capacity of the agencies has greatly increased as a result of participating in the program.

Concern: Agency reimbursement method: In the 2006 report, the County’s reimbursement process was a significant concern voiced by the agencies.

Status: The County adapted, and now reimburses each agency based on the scope of service and how the budget was negotiated.

Concern: 211 referrals to agencies and among agencies: In the 2006 report, a number of concerns with 211 were reported. One concern was the small number of referrals to Spanish American Committee and the lack of a bi-lingual staff person. Another concern was that most of the referrals were going to a small number of agencies.

Status: Communication between the agencies and 211 has greatly improved and the referral system seems to be functioning more smoothly. However, despite attempts at hiring, 211 still does not have a bi-lingual person on staff and must use a language bank service for Hispanic clients.

Concern: Hispanics may be underserved: As reported in 2006, only 3% of all clients served by any of the agencies were Hispanic.

Status: The percentage of Hispanic clients served remains at about 3%. However, this data does not include information from Spanish American Committee, because it was not funded through this program in Year 2.

Concern: Collaboration/Potential program management issue: In 2006, a concern was identified about the dual management structure of the program. The director and staff of the Foreclosure Prevention Program are housed in the Treasurer's office. The program director coordinates the day-to-day response by the various counseling agencies and performs ongoing analysis of their efficiency. However, the contracts and reporting relationships with the participating agencies are through the Commissioners' Department of Development, which also plays a role in advocacy and community interface.

This management arrangement arose out of the particular circumstances of the initiative. In addition, in 2006, there were a total of nine County agencies involved in some aspect of the Foreclosure Initiative.

It was reported in 2006 that, while on paper, the dual management structure might be problematic, in practice it worked quite well due the extraordinary level of communication and cooperation on the part of the all the staff involved. It was raised only as a potential issue, and as such, it should be monitored.

Status: This has become more of an issue in the second year of the program. At the start of the program, there was a heavy emphasis placed on the importance of communication and coordination that came from the top levels of County government (the Commissioners and the top administrators). As the program has become institutionalized, the level of attention given to cross-agency

communication and coordination has fallen off and as a result, the high level of communication, coordination and cooperation among County agencies has declined.

Maintaining collaboration and communication is hard work and requires constant attention. It is a stated objective of the program. As the coordination meetings convened by County Budget Director, Sandy Turk, become less frequent and without the regular meetings of the Foreclosure Prevention Program and Department of Development staff that had been convened regularly by the staff of the office of the County Administrator, the collaborative nature of the program has suffered. Yet, this is a critical component of the program. It is recommended that increased attention be placed on improving communication and coordination going forward.

Concern: Data collection and reporting: In 2006, it was reported that the County needed to collect consistent data on a regular basis to track the progress toward expected outcomes for the initiative overall and for each agency. Data needs included the type of services provided by each agency (with each service type clearly defined), the number of calls each agency receives from 211, the number of appointments made, the number of appointments kept, how quickly people are seen, referrals to other agencies due to inability to see the client in a timely manner, the number of referrals to other agencies due to inability to provide the needed service, expected outcomes for each client, the actual outcomes of each client, the actual number of hours spent per client, the number of cooperative agreements, the number of legal actions filed, the number of foreclosures averted, etc.

In 2006, it was reported that the data that is collected by the County from the contract agencies on a regular basis is for reimbursement and contract performance purposes. To request reimbursement, agencies submit a County form and the HUD-9902 form each month to the County Department of Development. Three agencies receive CDBG funds as well as County general funds. These agencies have slightly different reimbursement forms to complete. They report total hours spent, client demographics and services provided. This is the only data collected consistently on a monthly basis from the agencies.

However, the quality and consistency of the data submitted by the agencies on these forms could be improved to enable the County to better track progress toward expected program outcomes. In an effort to collect more reliable outcome-oriented data, in July 2006, Mark Wiseman sent an e-mail to each of the agencies requesting some additional information:

- The number of calls received
- The number of appointments made
- The number of people actually seen

- The number of people receiving services
- List of lenders worked with
- Number of loan workouts
- Number of foreclosures averted
- Number of people unable to help

While useful, it was noted that this data has its limitations. This data was only collected once, and it is not clear that all the agencies interpreted the request in the same way and reported comparable data for comparable time periods. Further, not all of the agencies responded.

It was also reported in 2006 that an effort had been made by the Foreclosure Prevention Program staff to explore the potential of creating a common database for sharing data. This effort identified a number of obstacles, however, including confidentiality issues, problems assimilating data due to inconsistency in data capture and reporting, and agency capacity to both collect and report the data.

Status: In Year 2, the County attempted to consistently collect data on services provided and outcomes with a request that all of the agencies report intake, service and outcome data using Counselor Max, a data management system for housing counselors, developed by Freddie Mac. All of the agencies except NHS¹⁴ agreed to use Counselor Max, in some cases, retraining staff and redoing their other data bases to accommodate the County's request. However, data is not being reported on a consistent basis through Counselor Max to the County and the County has not made use of its administrative privileges to review and monitor the agency data.

One of the benefits of Counselor Max is that it can be customized to meet the needs of the program. The evaluation team held three meetings with program staff to identify the data points to be included in a customized data collection system. However, this was never implemented.

This lack of consistent data significantly detracts from the ability to assess the outcomes of the program. Counselor Max could provide data on the nature of the client's problem (is it an ARM reset, the loss of a job, a medical emergency, credit card debt, an upside down mortgage or other cause) as well as data about how the client was assisted (loan workout, financial literacy counseling, budgeting, or some other assistance). It is possible to collect all of this data using Counselor Max, but there are other data collection systems that could be used as well. Each agency collects this data and has it in its own database and files, but it is not centrally collected and thus could not be analyzed for this report.

¹⁴ NHS reported on May 13, 2008 that it will be switching to Counselor Max through its national affiliate, NeighborWorks® in the future.

Despite a significant investment of time on the part of the agencies in changing over to Counselor Max (all agencies were using it except NHS), this remains the most significant challenge for the evaluation team and will be a significant issue for the County going forward if it wants to be able to report program outcomes, costs, etc. It is strongly recommended that a data collection system that all parties **will use** be put in place as soon as possible.

Status of Recommendations from 2006

Recommendation: **Establish explicit and meaningful goals and objectives to guide program activities and to be used in future evaluations.** This program is attempting to address a multi-faceted problem facing the residents of Cuyahoga County. Goals and objectives should be attainable and measurable. It is not clear that there is a formally adopted statement of goals and objectives for the Foreclosure Prevention Program.

As the program enters its second year, a statement of goals and objectives should be formalized and agreed upon by the relevant County agencies and the non-profit partners. This can be used to guide funding and other program related decisions.

Participating agencies should have a common understanding of the goals and objectives as well as the measures that will be used to track their progress as they work with the County to meet these goals and objectives.

Status: On January 19, 2007 the evaluation team convened all of the County agencies involved in the foreclosure initiative to revisit goals and objectives of the program for the second year. The meeting was also meant to start building stronger relationships among the participants and to clarify the goals for evaluation purposes. Based on the discussions at that meeting the following objectives were identified:

Foreclosure Initiative Objectives

For individuals and homeowners:

1. Assist homeowners facing foreclosure stay in their homes
2. Empower and educate individuals so that they can avoid high-risk loans
3. Educate individuals about financial issues

For communities:

4. Minimize the negative impact of foreclosures on neighbors and community
5. Increase the level of financial literacy county-wide.
6. Raise community awareness of high risk loans
7. Engage cities as partners
8. Minimize impact of vacant and abandoned property on homeowners, neighborhoods and cities

For program operations:

9. Successfully prosecute predatory lenders.
10. Develop a long-term plan for foreclosures for the County (or take the lead in developing a plan for the Community)
11. Utilize technology
12. Coordinate across county agencies
13. Communicate and partner with cities

Recommendation: **Explore the need for a rescue fund.** In the 2006 report, it was recommended that the County explore the need for a rescue fund.

Status: In June 2006, the County designated \$75,000 in Temporary Assistance to Needy Families (TANF) funds as rescue funds on a pilot basis. Homeowners facing foreclosure who also met TANF eligibility requirements could qualify for a one-time payment of up to \$3,000 per household. 38 families received these funds. The average amount was \$2,500 with over half of the awards for \$3,000. These funds were used by June 2007.

On August 17, 2007 the County announced that an additional \$1.5 million in rescue funds would be available. County Treasurer Jim Rokakis laid the groundwork for this with a request to the state legislature to authorize a one-time special use of part of the surplus in Cuyahoga County's Delinquent Tax Administration and Collection (D-TAC) funds. The legislation provided that up to \$3 million from any surplus in a county's delinquent tax and assessment collection fund may be used for foreclosure prevention and for abating nuisances in the form of deteriorated residential building in foreclosure, if the county's population exceeds 1.2 million and the board of county commissioners adopts a resolution authorizing such use. This effectively limited the program to Cuyahoga County. The state legislation also said that the monies must be expended before July 1, 2008.

Recommendation: **Identify program costs and future funding sources.** The total costs of the prevention program were initially estimated at \$1

million per year for three years. In 2006, it was recommended that actual costs be carefully tracked over the remainder of the first year to get a better idea of the costs by task as the program moves forward (start-up, marketing, counseling, staff, outreach, operating, evaluation etc.) For example, for the counseling segment alone, agencies report that they spend an average of 5-6 hours per client in this program and that one full time housing counselor could be expected to serve about 400 clients over the course of a year.

Status: Much more accurate data about program costs is available. As illustrated in Tables 1 and 2, over the two years of the program, a total of \$2.2 million has been spent on Foreclosure Prevention. Of that amount, 43% or \$947,000 went to agencies to provide counseling and legal assistance services. Agencies have served 3,778 clients or an average of \$250 per client. In addition, \$1.3 million has been spent on operating and program expenses. This includes \$710,486 for rescue fund loans to 277 of those clients (\$635,486 and 239 people from the one-time use of DTAC funds and \$75,000 and 38 people from the one-time use of TANF funds).

In April 2008, the Department of Development asked agencies to estimate their cost per client. The estimates varied widely from a low of \$250 for CHN to a high of \$500 for NHS. Over the third year of the pilot program, agencies expect to serve an additional 5,500 clients, again with the numbers varying widely by agency from a low of 240 for CHS, to a high of 1,300 by ESOP.

Recommendation: **Set standards and provide incentives for service delivery and quality.** In 2006, it was reported that agency contracts state that clients should be seen within 7 days, but this was not always the case. Some agencies have a two-week wait before a person can be seen. Related to this is the need to address the issue of under-performing agencies. There is a great discrepancy among the agencies in terms of the numbers of clients they see. It was suggested that adjustments be made that take advantage of each agency's particular strengths and offers sufficient funding for each agency to provide the level of services needed.

Status: Agencies report that through group intake sessions they are able to see clients more quickly and that once clients have attended the group intake sessions they are better prepared for their appointments, enabling the agencies to see clients more quickly. However, in Fall of 2007, there were still reports that some clients at some agencies were waiting more than two weeks. At that time, the County was able to give each of the counseling agencies an

additional \$12,500 to hire a part time administrative person to speed up the process. The effectiveness of this needs to continue to be monitored.

The discrepancy among the agencies in terms of the numbers of clients they see continues to be an issue, as the tables in Appendix 1 indicate. ESOP continues to serve the greatest number of clients, and has the highest percentage of foreclosures averted. However, it is important to note that ESOP provides a very specialized service, loan workouts, based on its partnership agreements—it specializes in workouts with particular lenders and servicers. The other agencies very often refer clients who need these services and have agreements with the ESOP partners to ESOP. The other agencies provide more in-depth counseling. Both types of service are needed to serve a wide range of client needs.

It is probably fair to compare the three “counseling agencies” (NHS, CHN and CHS). They see between 300 and 1,000 clients per year, again, a wide variation. CHS reported that 363 clients kept appointments in Year 2, NHS reported 558 and CHN reported 990. (ESOP reported 1,170.) ESOP sees 1,170 clients. CHN and CHS both report that they are able to help about 44% of clients avert foreclosure. NHS reports that it is able to help 28% avert foreclosure. ESOP is able to help 82% avert foreclosure.

Recommendation: **Implement a targeted early intervention, education and prevention component.**

Status: The County’s Department of Development coordinates the Northeast Ohio Coalition for Financial Success. Formed in late 2007, the coalition started as the Northeast Ohio Learn and Earn Coalition. It is a diverse group of organizations dedicated to increasing, promoting and coordinating financial literacy efforts in Cuyahoga County.

The goal of the Coalition is to develop advocacy for public awareness, education & participation for all persons in Cuyahoga County through the most effective financial literacy tools and coordination of financial education efforts.

Participants in the Coalition include financial institutions, nonprofit organizations, faith-based organizations and government agencies. The Coalition currently consists of an advisory committee that makes recommendations to the Cuyahoga County Board of County Commissioners through the Cuyahoga County

Department of Development which coordinates the activities of the Coalition.

Recommendation: **Engage banks, servicers, agencies, cities and the state and federal government as partners in prevention.** The County should invite banks and lenders to the table not just to provide funding but also to be partners in finding a long-term approach to dealing with the foreclosure crisis and its aftermath.

Status: The County has built and strengthened these partnerships through the program. It is seen as a leader in the battle against foreclosures. As it moves forward with the Land Reutilization Authority and other innovative programs, it will need to continue to engage these partners.

Recommendation: **Continue advocacy at federal, state and local level.** The high incidence of foreclosure is in large part the result of loose federal regulations for the financial services industry, efforts by the federal government to stop subsidizing low-income renters by giving them greater opportunities and incentives to become homeowners, and other tax and policy decisions. These policy and regulatory changes have the potential to have the largest impact on the number of foreclosures.

Status: The County continues to be a strong advocate at the state and federal level and Treasurer Rokakis has become one of the most active County Treasurers in the country in advocating for solutions to the foreclosure crisis.

2008-09 Recommendations:

Recommendation: **Work to create an ongoing, effective foreclosure system.** First and foremost, this will require a continued commitment to support the operations of the counseling agencies so that they can continue to achieve the desired outcomes. It will also require a renewed commitment to communication, coordination and collaboration among all of the partners: the County, the agencies, the financial institutions, municipalities and state government. Much progress has been made in moving toward aligning the strengths of the various partners and identifying gaps that continue to need attention. The County continues to be flexible and adaptable and is very responsive to agency needs.

Two areas in which the County may choose to focus any additional resources might include:

- **Targeted outreach:** Data is now available through NEO CANDO and Cleveland State that would enable the County to identify small geographic areas/neighborhoods that are experiencing high numbers of foreclosures or that can expect to experience high number of foreclosures in the near future. Targeting these areas with workshops (which proved to be very effective in August 2007), door-to-door contact or other very direct means would be beneficial in early intervention. This outreach should be done through trusted sources including community development corporations, city council people or block clubs. There may also be ways to tie the outreach to the financial literacy effort and to involve local lending institutions.
- **Renters:** The impact of foreclosures on renters who are displaced when their landlord goes into foreclosure has recently been documented (Policy Matters) and the County has already said that it will dedicate resources to serving renters in the next round of funding.

Even if the number of new foreclosure cases begins to level off or decline, the magnitude of the crisis and the impact on homeowners, cities and the financial industry will be felt for many years to come. As these problems worsen, it will be increasingly important to work toward a system of solutions. The County is well positioned to lead this effort and the proposed Cuyahoga County Land Reutilization Corporation will be a key part of this system of solutions.

Recommendation: **Continue to refine the goals and objectives as needed based on new program developments.**

Recommendation: **Continue the Rescue Funds and Track Progress of Recipients.** The availability of the rescue funds has made a difference in two important ways. First the availability of the funds is an incentive for people to seek counseling assistance and to seek it earlier in the foreclosure process, which is the goal of the program. Second, it has helped 239 homeowners to date to avert foreclosure with an average loan of \$2,659 per household.

However, it is strongly recommended that agencies conduct the four required follow-up sessions with rescue fund recipients and

report on the progress to the County. Tracking is an opportunity to provide early intervention should recipients run into trouble maintaining payments. To date, these follow-up sessions take place sporadically, if at all. In addition, a sample of recipients should be “tracked” to determine if they are able to keep up with their payments over the long term and to document the impact of receiving the rescue funds. One suggestion that might serve to minimize the paperwork on the part of the agencies is to give the agencies the “follow-up funding” at the time of closing of the loan and then require them to submit certification that the four counseling sessions have taken place.

It is also recommended that the County work with the agencies to streamline the application process with the goal that it take 7-10 days.

The state legislative authorization granted in August 2007 to use surplus DTAC monies for foreclosure prevention includes a provision that the funds must be spent by June 30, 2008. The County is seeking to extend this deadline and to reauthorize the use of any future surplus for foreclosure prevention. Without these funds, the County would have to identify another source of funds if it elects to continue with the rescue loans.

Recommendation: Continue to track program costs and expenditures.

Recommendation: Resolve data collection and reporting issues. Data collection and reporting continues to be a significant barrier to documenting the outcomes of the program. In Year 2, the County requested that all agencies use Counselor Max, a data management system for housing counseling agencies developed by Freddie Mac. All of the agencies except NHS agreed to use Counselor Max (NHS reported on May 13, 2008 that it will be switching to Counselor Max through its national affiliate, NeighborWorks.) Efforts to develop a consistent and regular reporting system should continue and be resolved as soon as possible.

Recommendation: Continue and Expand Financial Literacy Efforts. The County Department of Development has taken the lead in coordinating the Northeast Ohio Coalition for Financial Success, involving financial institutions, nonprofits, faith-based organizations, and government agencies. These efforts should be continued and strengthened with a plan for sustaining and increasing the funding for the effort by encouraging all the partners to contribute to operating and program costs.

Recommendation: Develop a sustainability plan. The accuracy of data about program costs has improved. Over the first two years of the program, a total of \$2.2 million has been spent on Foreclosure Prevention. Of that amount, 43% or \$947,000 went to agencies to provide counseling and legal assistance services. Agencies have served 3,778 clients or an average of \$250 per client. In addition, \$1.3 million has been spent on operating and program expenses. This includes \$710,486 for rescue fund loans to 277 of those clients (\$635,486 and 239 people from the one-time use of DTAC funds and \$75,000 and 38 people from the one-time use of TANF funds).

In April 2008, the Department of Development asked agencies to estimate their cost per client. The estimates varied widely from a low of \$250 for CHN to a high of \$500 for NHS. Over the third year of the pilot program, agencies expect to serve an additional 5,500 clients, again with the numbers varying widely by agency from a low of 240 for CHS, to a high of 1,300 by ESOP.

Additional research is needed comparing the effectiveness of face-to-face counseling, which is the hallmark of the County program with telephone counseling, which is the practice in many other programs. The face-to-face counseling used in Cuyahoga County is noted as a “best practice” in the report. However, some additional research that could document its cost-effectiveness in comparison with other programs would make a stronger case.

With this cost data, the County, agencies, municipalities and lending institutions should work together to develop a financing plan for sustaining the initiative.

Recommendation: Continue to be a strong advocate at federal, state and local level.

CONCLUSION: It will be important going forward for the County to develop a long-term plan for addressing foreclosures that includes communicating and partnering with cities, and minimizing the negative impact of foreclosures on neighbors and communities.

Since the 2006 report, the landscape around the foreclosure crisis has changed significantly. Mortgage brokers, lenders and servicers are facing new federal and state rules and regulations, as described above.

The local housing market, which has always been relatively weak, has grown even weaker. More and more homeowners are walking away from their homes. This, combined with the increasing numbers of vacant and abandoned properties, is having a negative impact on the tax base of cities in Cuyahoga County and of the County itself.

Even if the number of foreclosure cases begins to level off or decline, the magnitude of the crisis is such that the impact on homeowners, cities, and the finance industry will be felt for many years to come. As these problems worsen, it will be increasingly important to work toward a system of solutions. The County is well positioned to lead this effort, as suggested in 2006, engaging municipalities, lenders, agencies, state and federal government officials, as described above.

The proposed Cuyahoga County Land Reutilization Corporation (LRC) described above, will be a key part of this system of solutions. In addition, there will need to be provision for a strong planning and redevelopment function within or affiliated with the LRC.

Appendix 1

Agency Data on Outcomes, as Reported to the Foreclosure Prevention Program Office, County Treasurer

Program Totals	Year 1, Mar 2006 - Feb 2007		Year 2, Mar 2007-Feb 2008		Program Total	
CHN	Number	Pct	Number	Pct	Number	Pct
Calls from UWFCFH	228	-	1406	-	1634	-
Appts kept	215	100.0%	990	100.0%	1205	100.0%
No. F/C averted	67	31.2%	461	46.6%	528	43.8%
- Loan Workouts	23	10.7%	197	19.9%	220	18.3%

Program Totals	Year 1, Mar 2006 - Feb 2007		Year 2, Mar 2007-Feb 2008		Program Total	
ESOP	Number	Pct	Number	Pct	Number	Pct
Calls from UWFCFH	275	-	1700	-	1975	-
Appts kept	169	100.0%	1170	100.0%	1339	100.0%
No. F/C averted	98	58.0%	1000	85.5%	1098	82.0%
- Loan Workouts	75	44.4%	950	81.2%	1025	76.5%

Program Totals	Year 1, Mar 2006 - Feb 2007		Year 2, Mar 2007-Feb 2008		Program Total	
NHS	Number	Pct	Number	Pct	Number	Pct
Calls from UWFCFH	1142	-	1312	-	2454	-
Appts kept	377	100.0%	558	100.0%	935	100.0%
No. F/C averted	95	25.2%	165	29.6%	260	27.8%
- Loan Workouts	56	14.9%	59	10.6%	115	12.3%

Program Totals	Year 1, Mar 2006 - Feb 2007		Year 2, Mar 2007-Feb 2008		Program Total	
CHS	Number	Pct	Number	Pct	Number	Pct
Calls from UWFCFH	1696	-	1700	-	3396	-
Appts kept	469	100.0%	363	100.0%	832	100.0%
No. F/C averted	235	50.1%	130	35.8%	365	43.9%
- Loan Workouts	55	11.7%	88	24.2%	143	17.2%

Definitions of terms (provided by Mark Wiseman, Director, Foreclosure Prevention Program office.)

Calls from UWFCFH: The number of calls received by agencies as referrals from 211.

Appointments Kept: The number of clients who showed up for their first appointments. (To differentiate from those who just call and never get counseling.)

Number of Foreclosures Averted: The number of clients who were able to avoid a foreclosure. This includes loan workouts/modifications and other scenarios that have the borrower keeping his or her home such as reverse mortgage; homeowner coming current on mortgage; forbearance plan (where borrower repays past-due balance over time, but loans are not altered), refinance of loan balance with another lender, bankruptcy filings.

Loan Workouts: Refers to successful resolutions for the client through workouts or modifications on their loans from the lender.

Appendix 2.

Rules for Cuyahoga County Rescue Loans Authorized by Board of County Commissioners under Resolution 073211 Issued by Directors of Development and Foreclosure Prevention August 6, 2007

The intention of this loan program is to provide one-time loan assistance to Cuyahoga County 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.

Counselors are expected to negotiate loan modifications when unsuitable loan terms have caused the payment difficulty. Counselors are also expected to screen applications for ability to sustain payments on the modified loan. Homeowners who cannot sustain loan payments should be assisted to negotiate the sale of their home and locate more affordable housing suitable for their current income and other living requirements.

The rules listed below are only guidelines, subject to reasonable interpretation by the Department of Development and Foreclosure Prevention Office. Homeowners will not be assisted with Cuyahoga County Rescue Loans if they already have sufficient assets and/or income to resolve their mortgage payment difficulties without County assistance. Landlords and/or Investors will not be assisted with Cuyahoga County Rescue Loans.

Qualifications for Borrowers to become eligible for the Cuyahoga County Rescue Fund

1. Borrower must have missed one or more mortgage payments
2. House must be borrower's primary residence
3. House can have no more than 4 units
4. Lender must agree to fix the interest rate if the loan is currently an adjustable rate mortgage
5. The income that the borrower has must be able to sustain the required loan payments after the workout
6. Borrower must agree to attend one counseling session per quarter in the year following the execution of the County Note & Mortgage
7. Real Estate Taxes and Insurance must be escrowed by the Lender/Service as part of the workout

Cases with the following characteristics will be taken under advisement

1. ARM loans that are non-exploding, or otherwise affordable for that particular borrower.
2. Lender refuses to issue a workout letter
3. Lender refuses to waive attorney/late fees
4. Lender refuses to escrow Insurance
(Refusals to escrow taxes will not be considered)

Required documents

1. Refer to the attached Instructions and Checklist
2. Proof of income includes current pay stubs, written verification of all other permanent income such as Social Security Award Letter or Pension
3. Verification of workout should be in writing from the lender or servicer, and should include verification of any agreed modification of loan terms
4. Additional verifications may be required during the review process

Flow of work

1. Borrower calls 211 and is referred to one of five authorized nonprofit agencies
2. Nonprofit agency counsels borrower and negotiates workout with servicer
3. Borrower and nonprofit agency gather and complete all required documents
4. Nonprofit agency submits documents to County Department of Development
5. County staff review documents, get additional information if needed
6. County approves or denies loan, nonprofit agency is notified by email
7. County prepares check to servicer (or to nonprofit if servicer won't provide W-9)
8. Nonprofit picks up check, Note and Mortgage from County (Development)
9. Borrower signs Note and Mortgage at nonprofit agency office
10. Nonprofit sends check and other required documents to servicer
11. Nonprofit returns signed Note and Mortgage to County (Development)
12. County (Development) files Mortgage and records loan in its servicing system
13. Nonprofit counsels borrower every quarter for a total of one year (4 sessions)
14. Nonprofit invoices County (Development) \$150 for each quarterly counseling
15. County (Development) handles all loan payoff and subordination requests

Contact Persons for Agency Staff:

Angela Henderson
Housing Development Specialist
Department of Development
112 Hamilton Court, 4th Floor
Cleveland, OH 44114
(216) 443-1862

Mark Wiseman
Director
Foreclosure Prevention Program
1219 Ontario Street, Room 113
Cleveland, OH 44113
(216) 443-7461

source: Cuyahoga County Department of Development

Appendix 3.

Cuyahoga County Foreclosure Initiative, Interview Participants and Dates of Interview

Spanish American Committee:

Rose Rodriguez-Bardwell, Executive Director
Francis Cintron, Housing Counselor
September 17, 2008

Legal Aid Society of Cleveland:

Harold Williams, Attorney at Law
September, 20, 2007

Neighborhood Housing Services of Greater Cleveland, Inc:

Lou Tisler, Executive Director
Paula Miller
October 16, 2007

Cuyahoga County Department of Development:

Paul Oyaski, Director
March 18, 2008

Paul Herdeg

Sara Parks Jackson, Program Officer
August 28, 2007, October 16, 2007, December 19, 2007

Cuyahoga County Treasurer:

Jim Rokakis, Treasurer
April 11, 2008
Michael Sweeney, Administrator, Tax Department
March 11, 1008
Mark Wiseman, Director, Cuyahoga County Foreclosure Prevention Program
August 28, 2007, October 16, 2007, March 24, 2008

Community Housing Solutions

Andy Nikoforovs, Executive Director
Jay Bagdasovan, Associate Director
September 6, 2007

Cleveland Housing Network

Jeanne Morton, Center Manager
September 1, 2007

East Side Organizing Project (ESOP)

Mark Seifert, Executive Director
September 5, 2007, January 16, 2008

211 First Call for Help, United Way of Cleveland

Stephen Wertheim, Director, 211 First Call for Help
September 4, 2007

Cuyahoga County Auditor's Office

Rick Kansa
April 8, 2008

HUD

Doug Shelby, Cleveland Field Office Director
Bradley Payne, Team Leader, Single Family Program Support Division
Lucy Loughhead Miller
September 11, 2007

Clerk of Courts Office

Keith Hurley
April 21, 2008

Common Pleas Court

Magistrate Stephen Bucha
April 21, 2008

Sheriff's Office

Pat Kresty
April 22, 2008

Common Pleas Court

Judge Nancy McDonnell
Judge Eileen T. Gallagher
April 23, 2008

County Prosecutor, Tax Foreclosure Unit

Colleen Majeski
May 6, 2008

County Prosecutor, Predatory Lending and Mortgage Fraud Unit

Michael Jackson and Dan Kasaris
May 8, 2008

Chief of Housing, Warrensville Heights

Ariane Kirkpatrick (referred by Ken Montlack)
May 8, 2008