

N.C. Office of the Commissioner of Banks
Fact Sheet – State Home Foreclosure Prevention Project
September 15, 2009

What is the State Home Foreclosure Prevention Project (SHFPP)?

SHFPP is a program led by the NC Office of the Commissioner of Banks (NCCOB) that began in November 2008 and involves a network of state government agencies, HUD-certified counseling agencies, legal service providers and non-profit organizations, working together to help North Carolina homeowners avoid foreclosure. The program was initiated with emergency legislation in August 2008 to address the high rate of foreclosure on subprime loans (loans with higher interest rates, usually to borrowers with credit problems).

Homeowners that call receive free foreclosure prevention counseling by a qualified non-profit housing counselor participating in the program. The counselor assists the homeowner in reviewing personal finances and assessing the options for addressing any mortgage delinquency. The counselor may also contact the mortgage servicer on behalf of the homeowner to try to work out a loan modification. In the event that counselors and homeowners run into problems communicating with the mortgage servicer, NCCOB has dedicated seven employees to assist counselors and servicers in the consideration of foreclosure prevention options. For subprime loans, the Commissioner of Banks may delay the start of foreclosure proceedings for up to 30 days, if there is a reasonable likelihood that foreclosure could be avoided.

In addition to counseling and loss mitigation assistance, homeowners with subprime loans may have their loans reviewed to assess if the homeowner may have been the victim of predatory lending. NCCOB, working with the N.C. Bar Association, private attorneys, and law school students are able to review loan documents to spot potential violations of law. NCCOB assists in connecting counselors with legal representation as needed.

NCCOB has published two reports to the General Assembly on SHFPP this year, and they may be found at <http://www.ncforeclosurehelp.org/Research.aspx>.

SHFPP statistics:

Foreclosures prevented: 1,855

Intakes completed by counselors: 5710

Grantings of 30 day extensions before a foreclosure filing: 987

Legal reviews completed by specially trained attorneys, law students, and paralegals: 778

Total economic impact of the program to date: \$160 million (\$130 million in losses avoided to the financial system due to foreclosures and \$30 million in preserved property values for surrounding neighbors).

What happens when consumers call the toll free number?

When consumers dial 1-866-234-4857 (8:00 a.m.-9:00 p.m., Mon.-Fri.; 8:00 a.m.-5:00 p.m., Sat.), they will be connected with a HUD-certified housing counselor that will provide free foreclosure prevention counseling over the telephone. The counselor can help the homeowner take steps to avoid foreclosure.

If the homeowner wishes to have face-to-face counseling services, they can be connected to a local housing counselor to schedule an appointment.

Who should call for help?

Any homeowner that is falling behind in their mortgage payments should call SHFPP for assistance. SHFPP counselors can provide budgeting advice, contact the mortgage company on the homeowner's behalf to try to work out a resolution, or inform the homeowner of various options to avoid foreclosure.

This may be the step that will prevent them from losing their home – and best of all, it's a free service. Homeowners should not wait until they receive a foreclosure notice to ask for help. The servicer should also be contacted as soon as possible.

Under no circumstances should homeowners pay anyone up front for foreclosure assistance. It is illegal to charge a fee up front for foreclosure assistance (see <http://www.ncdoj.com/Consumer/Credit-and-Loans/Foreclosure.aspx> for more information on foreclosure rescue scams). Homeowners that may have been

scammed should contact the Attorney General's hotline at 1-877-5-NO-SCAM or filing a complaint online at www.ncdoj.gov.

What counseling agencies are participating in SHFPP?

To date, there are more than 30 counseling agencies participating in SHFPP. They are:

- Alliance Credit Counseling (Charlotte-based)
- Blue Springs-Hoke County CDC
- CCCS of Forsyth Co., Inc.
- CCCS of Gaston County
- CCCS of the Carolina Foothills, Inc.
- CCCS of WNC dba OnTrack Financial Education and Counseling
- Choanoke Area Development Association of NC, Inc. (CADA)
- Consumer Education Services, Inc.
- Cumberland Community Action Program, Inc.
- Davidson County Community Action, Inc.
- Division of Family Service of the Piedmont, Inc.
- Durham Affordable Housing Coalition
- Durham Regional Community Development Group
- Franklin-Vance-Warren Opportunity, Inc.
- Guilford County Homeownership Center
- Homekeeping Mortgage Default Counseling, Inc.
- Kingdom Community Development Corp.
- Money Management International (MMI)
- Monroe-Union County CDC
- New Life Community Development Corporation, Inc.
- Northwestern Regional Housing Authority
- Olive Hill Community-Economic Development Corporation
- Prosperity Unlimited, Inc.
- Raleigh Area Development Authority
- River City CDC in Elizabeth City
- Rocky Mount Edgecombe CDC
- Salisbury CDC
- Telamon Corporation
- Triangle Family Services
- Twin Rivers Opportunities, Inc.
- United Family Services
- Western Piedmont Council of Government
- Wilmington A.M.E. Zion Housing Development Corp.
- Wilson Community Improvement Association, Inc.

What other organizations are participating in SHFPP?

Many state agencies, non-profit organizations and legal service providers, are directly involved in the effort to prevent foreclosure in North Carolina. They are:

- NC Office of the Attorney General
- NC Housing Finance Agency
- NC Administrative Office of the Courts
- NC Justice Center
- NC Department of Justice
- Legal Aid of North Carolina
- Legal Services of Southern Piedmont
- Pisgah Legal Services
- Financial Protection Law Center
- NC Justice Center
- NCCU School of Law
- UNC School of Law
- Duke University School of Law

- Campbell Law School
- Charlotte School of Law
- Connectinc.
- HUD

What organizations are involved in the State foreclosure prevention campaign?

- Center For Responsible Lending (an affiliate of Self-Help)
- State Employees' Credit Union
- NC Association of REALTORS
- Z Smith Reynolds Foundation
- Capitol Broadcasting

How is North Carolina doing in comparison to other states?

North Carolina has fared far better than most states due to its strong protections against predatory lending and the fact that home prices did not boom earlier this decade as much as some other states. North Carolina's foreclosure rate is the lowest in the Southeast according to the latest report from the Mortgage Bankers Association. Overall, North Carolina is ranked 29th in the nation in rate of foreclosure filings according to RealtyTrac. Foreclosure filings in North Carolina as of the end of August 2009 (39,903) were 7% higher than the record level in 2008. Additional information regarding foreclosure statistics can be found at <http://www.ncforeclosurehelp.org/Research.aspx>.

How long will the ads run on Fox 50?

Ads will run from September 15, 2009 through December 2009.

Does NCCOB expect ads to run in other media markets?

NCCOB and its partners are actively seeking additional funds to expand this campaign, if successful, to other media markets across the State. Homeowners anywhere in North Carolina can participate in the program simply by calling 1-866-234-4857.

Where can I find more information regarding foreclosures in NC?

More information regarding foreclosure help is available at www.fightncforeclosure.org and www.ncforeclosurehelp.org.