

Answers, options, hope can save homes from foreclosure with positive outcomes

The primary objective of the Colorado Foreclosure Hotline has always been to work itself out of a job.

In its first month, October 2006, the Hotline received calls from 3,821 callers who reached out for help. Call volumes peaked in February 2009 with 4,582 calls to the Hotline. In recent months, calls have been in the 300s and 200s.

2014 Annual Report



Attorney General John Suthers

The Colorado Foreclosure Hotline IS working itself out of a job ... even though the effort has taken many more years than was expected.

The Hotline was born in 2006 out of the Colorado Foreclosure Prevention Task Force, a consortium of government, industry, nonprofit and community groups unified to combat the growing problem of home foreclosures. The task force was created in response to recommendations made by the

Colorado Blue Ribbon Panel on Housing, which had been studying the foreclosure problem.

When the Colorado Foreclosure Hotline was launched on Oct. 11, 2006, it became the first foreclosure hotline in the country. The goal of the Hotline team at Brothers Redevelopment and its network of HUD-approved housing counseling agencies always has been to help financially distressed homeowners avoid foreclosure. The counseling is free and available in Spanish and English.

The Hotline received its 100,000th call on Feb. 9, 2010 ... and the 150,000th call in November 2011.

As the 2013-2014 fiscal year came to a close on Sept. 30, the Colorado Foreclosure Hotline had received 177,447 calls in its eight years. And the statewide network of two-dozen partner agencies had provided personal counseling sessions with 54,833 clients.

Four out of five homeowners who participated in counseling through the Hotline and its network were able to avoid foreclosure. The Hotline and its partner agencies have consistently helped 80

percent of homeowners who received counseling avoid foreclosure.

In 2010, the Hotline received the Eagle Award from Housing Colorado, which recognizes noble and successful community housing projects.

The Attorney General's Office is proud to have played a key role with funding and support for the Hotline over the past eight years.

Some highlights:

- Over the life of the Hotline, the Colorado Attorney General's Office awarded \$2.19 million in grant funds to the Hotline to help Colorado homeowners avoid foreclosure. The funds have been awarded from the fines and penalties that the AG's Office recovered as part of settlements with banks such as the National Mortgage Settlement.

- In addition, the AG's Office has reached settlements with law firms accused of allegedly inflating foreclosure costs charged to homeowners. The Consumer Protection Section has worked on a process for compensating victims.

- In 2013, the AG's Office funded a large, statewide marketing campaign, "I Was Foreclosure," to further spread the word about the successful, free help available to homeowners through the Hotline.

- Following the devastating floods in the Fall of 2013, the AG's Office helped the Hotline, its network of partner agencies and the Colorado Housing and Finance Authority develop and disseminate a list of flood resources available to homeowners through housing counselors. The AG's Office also extended existing funding resources to include flood-related housing counseling.

The work of the Attorney General's Office is diverse and foreclosure prevention is just one aspect of what we do. Nonetheless, reaching the financial settlements that support the Hotline and benefit Colorado homeowners has been among my most rewarding work. Colorado's housing situation has turned around and that is the best news of all.

Sincerely,
John Suthers,
Colorado Attorney General ■

Hotline Director Peer looks back ... and ahead

Q What were the goals and expectations for the Hotline at the start?

A Our research indicated that we would be successful if we received around 1,500 calls a month. We never imagined we would be operating this resource longer than 2 or 3 years at the most. Calls per month peaked at the end of the 2008-09 fiscal year with 4,058 and 4,099 in August and September. The Hotline received 39,507 calls that year.

Q Describe how the work / expectations of the Hotline morphed over the years.

A We exceeded our expectations for call volume in the first month, so our perception of what the hotline could and needed to be grew in scope and length of operation. Since that first month, we have always tried to find ways that the resource could help in a greater capacity. Our outreach increased, our staff size increased, the number of network partners increased and our support for the effort also increased. In 2008, the Governor's Office supported a bill that lead to the passage of the Colorado Opportunity for Foreclosure Deferment that wove both the Hotline the Housing Counseling network into state

legislation. Colorado was one of the first and few states to pass such a law.

Q What are some of your most prominent memories?

A I will never forget the sheer volume of homeowners that the Hotline connected with, and who were referred to counseling agencies during the peak of the crisis. Agencies were almost paralyzed because of the number of calls. Even in those high-volume years, we still received calls from homeowners singing the praises

of the counselors in our network. I also remember our visits to the Call Center by Senators Michael Bennet and Ken Salazar when they sat down and answered calls on the Hotline. I have vivid memories of testifying multiple times at the State Capitol to advocate for housing counseling and show the success of the Hotline.

Q What is an acceptable, expected or "normal" foreclosure rate?

A The information varies depending on where you look. A *Wall Street Journal* story in August noted that foreclosure starts hit a pre-crisis low in the second quarter of 2014, according to data from the Mortgage Bankers Association, with starts on only 0.4 percent of loans. That was the lowest rate since the

significantly above the pre-crisis rate nationally.

I'd like to think the chart shows that Colorado has been more successful than many other states at reaching out to families at risk of foreclosure. Certainly, the Attorney General's support of the Hotline has allowed that success. It also shows that some areas of the country are still experiencing more foreclosures than before the crisis began.

Q What trends do you foresee in housing in Colorado?

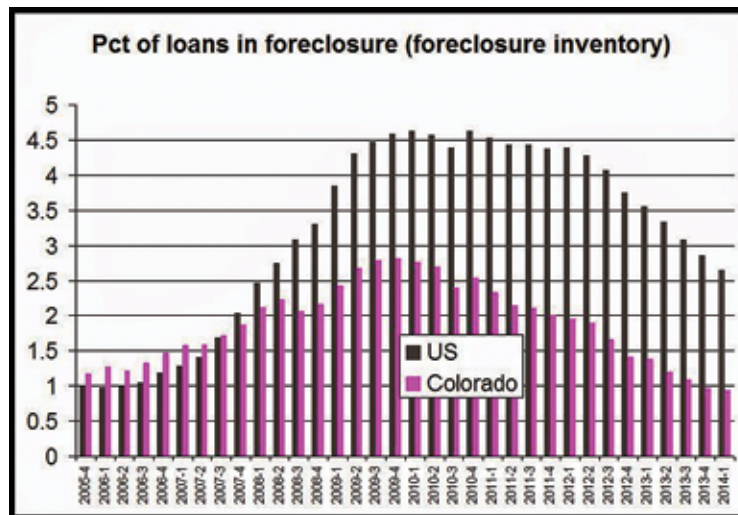
A I do not see a lot more foreclosures in our near future because home values are high and inventory is low, which means that selling a property for more than is owed on the mortgage in a short period of time is not challenging.

I see home values continuing upward, staying high and inventory staying low – at least those homes under \$350,000. I don't think we will see a change in inventory until investors – both institutional and private investors – start to sell the rental properties they purchased during the foreclosure crisis. Likely they will not start selling until the rental rates decline. Colorado continually sees an influx of people moving

in from other states and this appears to be fueling the rental market and pushing up rents.

Q What else would you like to share with readers?

A Currently, there are more reasonable down payment requirements and a plethora of mortgage assistance opportunities available for first-time homeowners than in the past 5 years. ■



Colorado Division of Housing chart

second quarter of 2006. At the crisis's worst point, in the third quarter of 2009, the foreclosure process was started on 1.42 percent of home loans.

A mid-2014 Colorado Division of Housing report showed that, in the first quarter (see chart above), Colorado's foreclosure inventory – all home loans at some point in the foreclosure process – was well above the national rates. The U.S. foreclosure inventory rate was 2.65 percent during the first quarter of 2014; still

2014 Key Counselor

The Denver Housing Authority's Becky O'Brien received the Key Counselor Award during the Colorado Foreclosure Hotline Annual Retreat in October. Director Shannon Peer presented the award. O'Brien was nominated by her co-workers. Accolades were abundant. O'Brien is a shining example of the good company found throughout the Hotline's Network Partners.



PARTNER PROFILE: Becky O'Brien, Housing Counselor

- **Company:** Denver Housing Authority
- **Founded:** 1938
- **Mission:** To serve the residents of Denver by developing, owning and operating safe, decent and affordable housing in a manner that promotes thriving communities.
- **How the Hotline/Brothers fits into DHA's work:** Brothers and the Hotline have been an invaluable partnership agency. The collaboration of many events such as Wall of Fame, Homeownership Fair and counseling seminars are just a few. Brothers gives tremendous participation and commitment to our Home Ownership Department.
- **Recent DHA accomplishment:** In 2014, DHA and our executive director, Ismael Guerrero, were recognized by the White House as a "Champion of Change" in solar deployment for its innovative energy savings programs. The Authority has received recognition for many accomplishments and innovative programs too numerous to name here. To learn more, go to: www.DenverHousing.org.
- **Your recent accomplishment:** Besides being honored to receive the Key Counselor Award at the Annual Retreat. I feel blessed that I have a position in which I am able to truly make a difference in someone's life.
- **What keeps you motivated:** The result of our work is what keeps me motivated; the satisfaction that one more family is able to stay in their home. This is best described by a client I helped who was referred by the Foreclosure Hotline. The client recently suffered the loss of a child. Helping him and his family through the process was traumatic for his entire family – imagine facing the loss of your home on top of everything. With the state's Reinstatement Program through the AG's Office, we were able to help start a new chapter for this family. This is what keeps me motivated.
- **Thought for the day:** "Look for opportunities to impact someone's life, and treat people with respect and integrity."

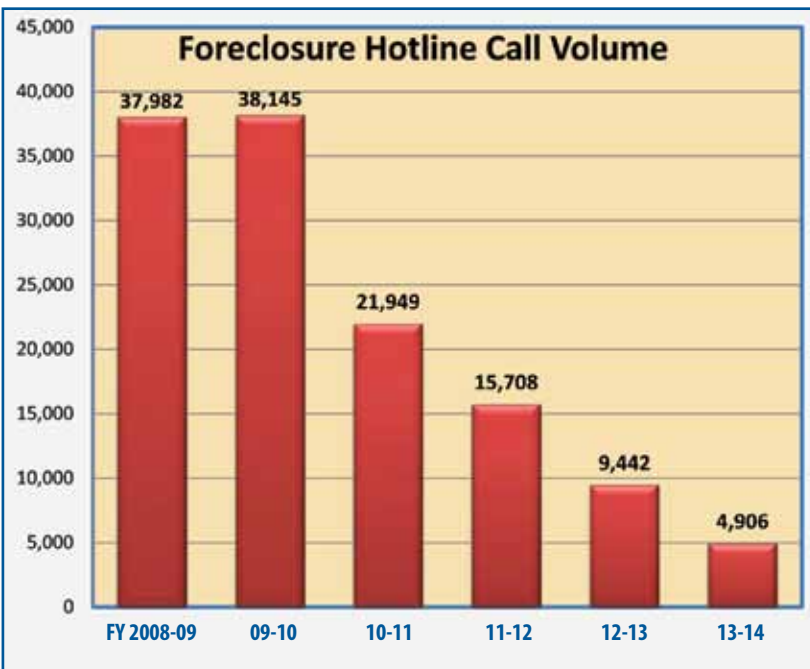
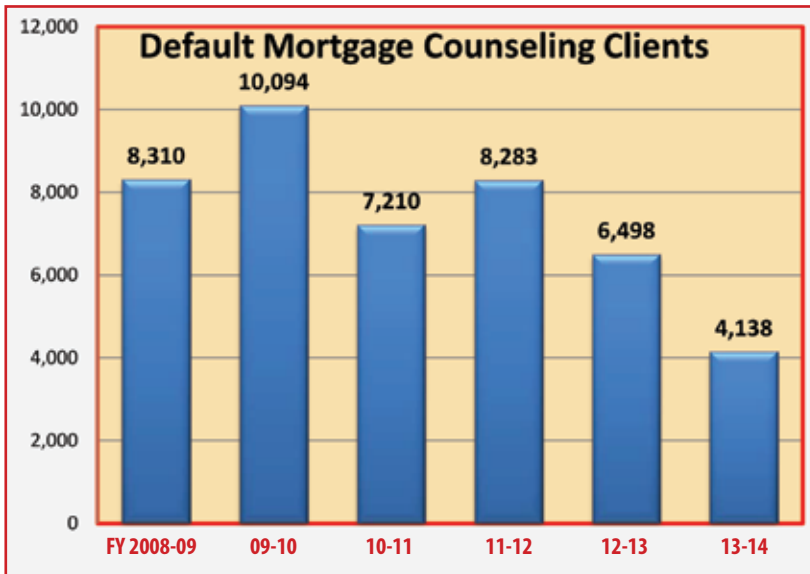
Colorado Foreclosure Hotline Network Partners

- Adams County Housing Authority
- Boulder County Housing and Human Services
- Boulder County Housing and Human Services – Longmont
- Brothers Redevelopment, Inc.
- Catholic Charities Diocese of Pueblo
- City of Aurora – Community Development
- Colorado Housing Assistance Corporation
- Community Resources and Housing Development Corporation – Alamosa
- Community Resources and Housing Development Corporation – Westminster
- Consumer Credit Counseling Services of Southern Colorado – Colorado Springs
- Del Norte Neighborhood Development Corporation
- Denver Housing Authority
- Douglas County Housing Partnership
- Family & Intercultural Resource Center
- Grand Junction Housing Authority
- Greenpath, Inc.
- Housing Solutions for the Southwest
- Neighbor to Neighbor – Fort Collins
- Neighbor to Neighbor – Loveland
- NeighborWorks of Pueblo
- NEWSED Community Development Corporation
- Northeast Colorado Housing, Inc.
- Northeast Denver Housing Center
- Southwest Improvement Council
- Tri County Housing and Community Development Corporation
- Upper Arkansas Area Council of Government (Central Colorado Housing)

Colorado Foreclosure Hotline 2014 Sponsors



2014 by the numbers



Housing Counseling Outcomes

Currently receiving counseling	40%
Mortgage modified	14%
Other	6%
Brought mortgage current	6%
Initiated forbearance /repayment plan	5%
Mortgage foreclosed	5%
Withdrew from counseling	5%
Pre-foreclosure sale	4%
Bankruptcy	3%
Partial claim (FHA lender)	2%
Sold property	2%
Referred to other agency	2%
Entered debt management	2%
Referred for legal assistance	2%
Mortgage refinanced	1%
Received second mortgage	0%
Executed a deed-in-lieu	0%

Top 10 Zip Codes for Call Volume

Zip	#	City	County
80013	77	Aurora	Arapahoe
80015	68	Aurora	Arapahoe
80239	63	Denver	Denver
80219	52	Denver	Denver
80229	52	Denver	Adams
80233	51	Denver	Adams
80011	50	Aurora	Adams
80022	50	Commerce City	Adams
80012	48	Aurora	Arapahoe
80221	45	Denver	Adams