

# PRESERVING COMMUNITIES

## *Focus on Foreclosures*

Addressing current issues relating to housing and homeownership

January 2008



### FORECLOSURE FACTOIDS

Most of the loans that went into default last quarter originated between August 2005 and October 2006. The median loan length was 22 months, up from 15 months in the previous year, indicating that the pool of at-risk loans is getting larger.

An estimated 41 percent of homeowners in default emerge from the foreclosure process by bringing their payments current, refinancing, or selling the home and paying off what they owe.

SOURCE: DQ News



## OUTREACH AND EDUCATION

SHRA, in conjunction with the Sacramento Regional Partners in Homeownership, are working with local lenders, real estate brokers, and HUD-certified counselors to provide outreach and resources to assist, educate and inform homeowners facing the loss of their home and to preserve homeownership including:

- Public Service Announcement posted on Sacramento MetroCable
- Scheduling interviews on radio community affairs programming shows

The following informational meetings and workshops for the public and training sessions for lenders and counselors have been scheduled in the Sacramento area.

#### **ByDesign Financial Solutions**

##### **Free Webinars on Alternatives to Foreclosure**

January 29; February 5, 12, 25; March 4, 11, 26

Pre-register at [www.bydesignsolutions.org](http://www.bydesignsolutions.org) or (800) 750-2227

#### **NeighborWorks HomeOwnership Center**

##### **Foreclosure Prevention Seminars**

January 31; February 7, 14, 21; March 6, 13, 20, 27

Fee: \$10 Online pre-registration required at [nwsac.org](http://nwsac.org)

2400 Alhambra Boulevard, Sacramento

#### **NeighborWorks America Homeownership Education and Counseling National Foreclosure Mitigation Counseling Training Session**

February 11-15, 6-7:30 p.m.

Hilton Sacramento Arden West Hotel

#### **California Department of Consumer Affairs**

##### **Foreclosure Prevention Workshop**

February 16, 10 a.m. to 1 p.m.

Antioch Progressive Church

7650 Amherst Street, Sacramento

#### **Sacramento Regional Partners in Homeownership**

##### **Foreclosure Prevention Workshop**

February 20 – 6:30 – 8:30 p.m.

North Highlands Park and Recreation

6040 Watt Avenue, North Highlands

## COMMUNITY STRATEGY

The City, County, and SHRA are creating Foreclosure Taskforces to coordinate efforts, share resources, identify benchmarks, and facilitate an efficient local response to the foreclosure crisis. The initial focus of the Taskforce is to compile and convey accurate, precise and timely information as it pertains to the Sacramento area. To provide relief to affected communities, some avenues that will be explored include potential legal actions against problematic lenders, alternative financing options for existing homeowners, code enforcement options, and targeted public investments. Through the formation of the Taskforce, key players will continue to be identified to more acutely respond to the local foreclosure realities.

To assist the taskforces, the Agency has retained the California Reinvestment Coalition (CRC) which will provide data analysis and policy recommendations on foreclosure and subprime lending issues with a Sacramento context. The CRC will expand upon current national and state research and detail the impacts of foreclosure in the City and County of Sacramento. Findings from the research will frame discussions with the City Council and Board of supervisors regarding programmatic and policy responses. SHRA will provide a report on the findings and recommendations in March.

SACRAMENTO COUNTY AT-A-GLANCE			
Number of Default Notices		Number of Foreclosures	
2006	2007	2006	2007
6,884	17,828	1,283	7,472
Source: Sacramento Bee/DataQuick Information Systems			

## EFFORTS AND TRENDS

### NATIONAL

Representatives from SHRA met with Sen. Barbara Boxer’s staff in Stockton on January 11 as part of a series of meetings held around the state to hear the local perspective on foreclosure impacts and solutions.

Congress is considering proposed legislation for lending reform.

- S.2452 would ban some of the most abusive mortgage industry practices such as prohibiting prepayment penalties and requiring verification of a borrower’s reasonable responsibility to before loan approval.
- S.1386 would require loss mitigation activities that provide alternatives to foreclosure.
- HR 3609 would potentially help 600,000 homeowners by providing judicial modification to harmful mortgages marketed by subprime lenders.

### STATE

Several bills have been introduced in the Senate and Assembly to address the foreclosure crisis.

- SB 926 would improve notices for owners facing mortgage interest resets, require lenders to meet with homeowners facing foreclosure and improve notices to tenants in distressed properties.
- AB 69 would require monthly reporting by residential mortgage lenders on the types of loans they make or service, including the number being modified or in foreclosure.

California is anticipating millions of dollars in federal and private funding to support counseling services.

- \$230 million in HUD funding of which \$50 million is expected to be allocated to California
- \$4.6 million donated from eight financial institutions and two foundations to be distributed by the CRC

SHRA staff is participating on a Foreclosure Subcommittee of the California Redevelopment Association (CRA) Housing Committee which has identified two general types of assistance that redevelopment agencies may be able to offer:

- Pre-foreclosure assistance to help individuals avoid foreclosure
- Post-foreclosure actions to avoid the blighting effect of vacant properties and reoccupy the homes with homeowners

